

COSATU Secretariat Report to the Ninth National Congress to be held on 18 to 21 September 2006, Gallagher Estate, Midrand

Preface

The Eighth National Congress of COSATU was a watershed in all respects. It adopted a medium-term vision and programme for COSATU aimed at building working-class power. The 2015 Plan, as it is commonly known, argues that we need to connect efforts to build our organisation with struggles for quality jobs in order to strengthen the power of the working class.

This Ninth National Congress is critical for the future of COSATU because it serves as a key platform to assess our work based on the programme we adopted three years ago. Our central task is to answer crucial questions: Are we still on course in relation to the implementation of our 2015 Plan? How do we judge our performance in the last three years? What can be done between 2006 and 2009 to cement areas of success and address weaknesses?

The three pillars of our 2015 Plan are:

1. Defending our political gains and opening space in society and the Alliance for a working-class agenda.
2. Systematic and rigorous implementation of an organisation-building programme so that COSATU has grown to four million members by the Tenth National Congress, with improved ability to serve our members, protects vulnerable workers and maintains unity and political coherence.
3. Retention and creation of quality jobs based primarily on work around sector strategies.

The Eighth Congress was a success, not only because it adopted the 2015 plan, but because it positioned COSATU in relation to the challenges of the time. It helped to unite the Alliance and to focus the movement as a whole on the challenge of defending our electoral victories. Immediately after the Congress, the Alliance achieved a landslide victory for the ANC in the 2004 elections.

We have made some progress in all the areas identified by the 2015 Plan. Still, to achieve our goals by 2010 will require much more consistent efforts. Our key weaknesses remain inadequate capacity, inconsistency and perhaps even a lack of political will to implement key decisions of the Federation.

As part of the preparations for the Congress debates, we developed and circulated a political discussion paper summarising and analysing developments over the past three years, located in broader trends over the twelve years since the democratic transition. We won't repeat that analysis in this report, but will pull out the main issues where appropriate.

Part I: Political Report

1. Introduction

The 2015 Plan's political vision is anchored around the following elements,

1. Democratising the state: We committed ourselves to asserting a working class agenda in the programmes of the state; deepen social dialogue and participatory democracy; revise the electoral system and ensure that the Alliance drives transformation.
2. Building the Alliance: We set criteria to assess the Alliance and guide our work in strengthening it in line with our vision. To that end, we also set ourselves the task of building the ANC, the SACP and the mass democratic movement. As part of this, we agreed to mobilise our members and the public strongly around the elections.
3. Ideological development: We committed ourselves to all-round ideological work to assert and defend the ideas of the working class in the public arena and to deepen the class-consciousness of workers.

This report first reviews the political environment. It analyses key elements, including the nature of the state and class formation, as well as political developments since the Eighth Congress. The second section reports on political engagements.

2. The political environment

2.1 Transformation of the state - strengthening our democracy

The main question for this Congress is whether we made sufficient progress to allow us to proclaim that we are on course. Sections of the COSATU discussion paper on the balance of forces and the state should help us in this analysis.

At the Eighth National Congress we argued that the Alliance and even the ANC operate mostly as an adjunct to the state, instead of being the driver. This has not changed in the past three years. At the same time, economic power remains firmly in the hands of white monopoly capital. In this context, we can argue that we have a kind of the dual power, with political power in the hands of the democratic forces and economic power residing with white capital.

This does not mean that no progress has taken place. Since the Eighth Congress, the ANC increased its electoral strength, and now controls all provinces and indeed most of the local governments. Its political and electoral power is uncontested. In addition, we have seen substantial efforts to transform the state, especially the major social services, to meet the needs of the majority. In contrast, serious challenges remain in the economics functions (the DTI and other departments as well as regulators for electricity, telecommunications, and so on) and the security system (the judiciary, the army and the police).

The exercise of political power led to workers and the poor registering a number of important gains during the past twelve years. As a core element and beneficiary of democracy, workers' rights at work have been protected. Workers have also benefited from provision of basic services and social grants.

Despite these gains, the condition of the working class has not improved in many areas. Capital uses its power to find new ways to extract cheap labour by bypassing labour laws through sub-contracting and increasing reliance on atypical labour. Workers' share in the national income continues to decline even though it increased very slightly from 2002 to 2005. Unemployment remains stubbornly high and in many cases the quality of jobs has dropped.

South Africa remains one of the most unequal societies in this world, although the incomes of poor households have increased slightly in the past three years. An opportunity for upward mobility and to amass wealth coexists with mass poverty, leading to a deepening gulf between the rich and poor.

This analysis of economic trends led COSATU and the SACP to argue that in economic terms capital has gained more from democracy than the working class.

Based on this conclusion, both formations declared that they want the second decade of freedom and democracy to be a working-class decade. This conclusion is critical because it talks to the failed economic expectations of the majority. That conclusion goes to the fundamental question about the nature of our democracy and the NDR.

In contrast, government has tended to downplay the failure to improve the economic situation for most of our people. This reluctance to accept that economic progress for the majority has been slow led us recall how Gorbachev, as cited in the recent African Communist, captured this type of denialism:

“Government and the Party Leadership gradually became alienated from the ordinary working people; they formed an elite that ignored the opinions and needs of ordinary people. From the side of the leadership came the propaganda of success, notions of everything going according to plan, while on the side of the working people there was passivity and disbelief in the slogans being proclaimed ... the leadership organised pompous campaigns and the celebration of numerous anniversaries.

Political life became a move from one anniversary celebration to another.” The leadership becomes intolerant of criticism and masks failure by promoting conspiracies of imperialist plots to subvert the revolution and encourage a general siege mentality. Anyone who dares criticise the leadership is labelled a counterrevolutionary and their integrity questioned.

As this is happening, liberal institutions run a huge onslaught to impose a neo-liberal hegemony praising what it terms “pragmatist” and bold leadership whilst condemning as naïve and dangerous populists those who point to an alternative development path. The bourgeoisie’s institutions run opinion polls every few months to inform the masses trapped in poverty and unemployment that the majority of them are very happy.

Areas for debate and Policy proposals

1. The economic ruling class in our country remains predominantly monopoly white capital, although like any group there are fractions with somewhat different interests. The 2015 Plan contends, however, that our state remains a contested terrain. The working class within the liberation movement seeks to impose its values and agenda whilst the ruling class resists these efforts and encourages the state to continue to defend the current accumulation path.

Despite this fierce contestation, we now must ask if the pendulum has shifted to a point where capital has fully captured the South African state. Have things moved to a point where the post-1994 state essentially serves the agenda of capital? What does it mean to say the state inevitably acts as an instrument of class rule, to defend the interests of the ruling class?

2. What are our specific demands about the structure and systems of the state?

What are specific demands to deepen our democratic transformation and empower working class forces to better shape the character of our state? In particular, what do we mean by participatory democracy, and what is the role of the mass movement in a developmental state?

2.2 Fighting corruption and consumerism

Increasingly we have seen the impact of opportunities for black capital on the political leadership. In particular, the issues of corruption, consumerism and alliances with business have become immediate. For one thing, it cements the control of capital over the state. For another, if political office translates into opulence, we risk discrediting politics as a whole in the eyes of ordinary people.

We need to find effective strategies to end competition amongst our leaders around consumption and return to competition around service, solidarity and activism. We must put an end to this big hurry to get rich faster and quickly. It can't be accepted that a trade union leader would also have private shares. Measures called for by ANC constitutional structures and many others to end the use of political office to pursue wealth and opulence must be introduced without any further delays.

The most potent weapon against corruption is a strong organisation. The challenge is to empower ordinary people to fight corruption.

Areas for debate and proposals

1. At a practical level, if an individual has substantial private business interests, can she or he realistically carry out full-time service obligations in government or in unions? There is a problem where people are simply distracted from their core work by their investments. We must debate if it is possible to be a public representative whilst at the same time acting as a business man or woman.

2. Another fundamental question arises. Are the salaries the society pays to its public representatives not adequate? If they are adequate, why then it seem to be increasingly the norm for public representatives to have all manner of outside activities and investments to earn more money? COSATU has long argued that our public representatives are remunerated more than adequately.

3. Finally, and most fundamentally, how do new opportunities for ownership affect the class position and interests of our leaders? Class position is not defined only by ownership. It relates to the entire complex of economic interests and integration into social groups. Above all, then, how can we ensure that our leaders in the unions, government, service organisation and other structures maintain organic links to workers and the poor, even if they no longer share workers' economic and social conditions in the townships, informal settlements, villages and farms? At what point and how does investment in private enterprise change the class interest of those involved?

4. What specific demands can we make to end corruption and the conflicts of interest arising when elected leaders and high-level officials seek outside business opportunities?

2.3 The Jacob Zuma matter and other key developments

2005 will go down in history as the year that saw divisions in the ANC, and by extension the Alliance, that were unprecedented in the post-apartheid era.

On the surface, the main cause of debates in the Alliance was the handling of the affair around Comrade Jacob Zuma. The roots of the problem in the Alliance, however, go far deeper than the Jacob Zuma case. They lie in the growing resistance to the demobilisation of the democratic movement and the efforts to shift the ANC toward what the discussion document for Congress calls a centre-left class project. In particular, for the past three years, COSATU was again caught in a situation where it forms part of an Alliance with the ruling party, yet that Alliance does not guide government policies.

COSATU argued that Comrade Jacob Zuma was unfairly stripped of his position in government before the judicial process had run its course. The 2005 Central Committee resolved that the corruption charges were part of a conspiracy against him. The Central Committee accordingly demanded that the charges against him be withdrawn, that he be reinstated to his position as the Deputy President of South Africa, and that if this failed he be given a fair trial by the courts. It was agreed that COSATU would support comrade Jacob Zuma during the corruption trial, which is still underway.

When rape charges were subsequently brought, the CEC agreed that COSATU would act in a way which respected both the rights of the accuser and the accused. This position reflected our long-standing positions on violence against women. Comrade Jacob Zuma was acquitted of the rape charge.

CEC has repeatedly resolved that COSATU does not necessarily support Jacob Zuma for president. Rather, we support him against a trumped-up case that has seen the unacceptable use of state agencies as part of political contestation.

Obviously, individual members and or even leaders may have particular views.

COSATU's position, however, is that ANC members through their branches will decide on these matters in the ANC conference.

COSATU is united on this stance. We demonstrated this at 2005 Central Committee and at every CEC since then. Yet a few individual leaders, who do not object during Constitutional meetings, nonetheless move out of these structures to speak to the press to claim that there are divisions in COSATU. In addition, these individuals sometimes portray COSATU as being opposed to the ANC President. They act as if the open and democratic discussions in COSATU's Constitutional structures are somehow manipulated by a few national office bearers. All too often, these anonymous voices misrepresent the positions of our collective leadership as personal decisions of this or that individual.

We must fight the new demon where leaders are more at ease expressing their disagreements in the media than in debates with one another or in constitutional structures. The Mail and Guardian in particular is neither a COSATU publication nor a leftwing paper to use in an internal debate about our disagreements. Certainly it should never be used for leadership contests.

The deeper problem lies in the alienation of the majority of Alliance members from policy development and implementation. The fundamental causes of controversy in the Alliance are:

- The dominance of the ANC by those it deployed in government. In effect, Cabinet controls the main constitutional structures of the ANC both directly and through patronage. Government leaders have huge resources, making it possible for them to dominate policy discussions. Moreover, the use of patronage – deciding who will get which positions at national, provincial and

local level – multiplies their influence throughout the state and the ANC. The power of those who lead the state appears in the fact that the NEC often gets key documents, such as the elections manifestos and ASGI-SA, only after civil society, including COSATU.

- Government leaders often use their power to suppress disagreement, rather than opening space to resolve problems. As a result, conflict just re-emerges again later in a different form. The protests sparked by handling of comrade Jacob Zuma largely reflect the long-standing frustration with this suppression of debate.
- At provincial and local level, the jockeying for power by different factions has been both open and vicious. Rightly or wrongly, this experience has shaped perceptions amongst many Alliance activists about national politics as well.

Bitter disillusionment followed from cases like the use of trumped up charges against activists in the Eastern Cape and purging of comrades in provincial governments. As a result, the belief has arisen amongst many cadres that every political appointment, change in the elections list or corruption charge reflects pressure from a rightwing or leftwing faction.

- The decision not to transform fundamentally the inherited state structures in 1994 has led to the alienation of many activists. This decision had three important consequences. First, the inherited rules largely excluded cadres who did not get formal tertiary education from worthwhile positions in the government. Second, it ensured that leading positions in the government and the bureaucracy were highly paid, making them worth fighting over. Finally, it retained the bureaucratic and hierarchical systems of the state, making it possible for officials in many cases to ignore the views of civil society, including the ANC's own constituencies – working people and the poor. Taken together, these factors created fertile ground for the evolution of a culture of careerism amongst relatively privileged youth and educated people, while excluding and alienating many who had sacrificed their lives for the struggle. For older, marginalised activists, comrade Jacob Zuma was important not just as a matter of principle, but as a symbol of their own exclusion after 1994.

These problems are reinforced by growing loss of patience with the slow pace of change in many areas of society (which is not to deny that change is indeed happening). In 2005, this type of unrest emerged not only in the Zuma affair and in sporadic township riots, but also in bitter wage strikes and mass support for the Jobs and Poverty Campaign.

The Minister of Safety and Security reported over 5000 legal protests and almost a thousand unprocedural protests in the 2004/5 financial year. Protest action forms an inherent part of our democratic order. Nonetheless, we cannot see it as desirable that we have now reached levels last seen before the democratic elections in 1994.

This trend reflects the fact that many people feel excluded from state decisions, and can only use power to make their needs heard.

The problem has been worsened in the past year or so by the increasing use of violence by the police against demonstrations, including strike action. All too often, local governments or the police refuse permits for marches or demonstrations, then use the pretext that a march was illegal to unleash police violence. The police themselves often do not have the training to manage crowds except with rubber bullets and unnecessary arrests.

To understand these processes better, COSATU needs to conduct a more thorough analysis of class formation and the organs of the state. How have they changed since 1994, and who has been empowered or disempowered in that process?

Areas for debate and proposals

1. Does Congress support the broad thrust of COSATU's stance as outlined in this section?
2. Do we agree on the characterisation of the events leading up to and the fundamental roots of the crisis in the Alliance and the country?
3. How do we address the new culture of certain union leaders speaking to the media on conditions of anonymity, in covert opposition to decisions arrived at democratically by constitutional structures?

2.4 Class formation

As the socio-economic report points out, the economy has grown relatively rapidly in the past two years. Growth has been largely rooted in high commodity prices and lower interest rates. As a result, we have seen relatively little expansion in manufacturing or agriculture, with the main growth in employment in retail and construction.

This type of growth means that inequality and unemployment remain major challenges. Improvements in living standards have largely resulted from increased government spending on services and grants. Joblessness remains extraordinarily high, and many working people earn less than the poverty line. The majority of young African adults have never had a paying job.

South African capital is still predominantly white and highly concentrated. Its agenda has been to check the power of the democratic state and weaken the labour movement.

In 2004, the SACP published an important document on class formation. It argued that both capital and labour have changed since 1994. In particular, capital has undergone two major transformations.

First, it has been transnationalised, with a significant number of former South African-based conglomerate corporations moving abroad. The effect of this move has been to subject the companies involved to the logic of the operation of global market forces, and more particularly to pressures to perform against the expectations of delivering "shareholder value" in the market to which they shifted their primary listing. These forces clearly seem destined to lead to at least some former South African conglomerates becoming minor transnational corporations.

By extension, South Africa will become only one – and probably a progressively less significant – focus of their operations.

The second major development at the level of capital has been the rise of a small, but increasingly influential, stratum of black capital. Increasingly inter-related and inter-connected with this stratum is a larger black professional middle class, including significant numbers of senior state officials for whom a career in "the private sector" is increasingly seen as a logical progression.

The SACP asks, "How has black capital emerged and conducted itself? Has the pattern of corporate empowerment deals that occurred in the first ten years of the NDR created conditions conducive to the rise of a capitalist stratum willing or able to act in any way different to that of the rest of the bourgeoisie? Is there any real evidence of patriotic or developmental conduct? Why has "black economic empowerment" – defended programmatically as a broad concept intended to impact on the mass of black people – had such limited success in promoting small business activity in disadvantaged areas?"

The changing character of classes in South Africa raises broad political challenges to the National Democratic Revolution and working-class leadership. Class interests in the broad front led by the ANC are beginning to take shape, in particular through state support for BEE. In this context, how do we maintain working-class hegemony and prevent other strata from being won over to the agenda of capital? How do we maintain working class values of solidarity in the context of the advancement and indeed enrichment of a few among the oppressed masses?

Increasingly, the concern has been voiced – in 2006, even by the President – that the growth of black capital has gone hand in hand with a new ethos and morals defined by crass materialism and consumerism. The problem was reflected in the words of one ANC leader, who proclaimed, "I did not join the struggle to become poor." This quote typifies the emerging class contradictions within the democratic movement. Indeed there is nothing inherently wrong with aspirant black entrepreneurs seeking wealth. COSATU cannot oppose the deracialisation of capital when a mere 5% of the companies listed in the Johannesburg Stock Exchange is in black hands. The much talked-about BEE does not even begin to touch the domination of our economy by whites in general and the mining and finance complex in particular.

What is certainly wrong and worrying is that the headlines on progress by a few individuals stands in stark contrast to the deepening levels of unemployment and casualisation of workers, as well as rising inequalities even within the former black communities. What is certainly wrong is that some of this aspirant black bourgeoisie left alone would stand on the carcass of the working class in pursuit of greater wealth and a deracialised but still narrow accumulation path, at best replacing the white oligarchy with a black one.

COSATU has long argued that genuine restructuring of the economy requires fundamental shifts in both production and ownership. In particular, we must work practically toward both mass employment creation and socialisation of the means of production. That is why we argue for a stronger public sector, and an interventionist industrial strategy, as well as government support for cooperatives, stokvels, union investment companies and control of the retirement funds by workers.

As long as there is only very little progress toward these demands, the fundamental question has become: to whose benefit is the South African National Democratic Revolution – the black bourgeoisie and their white allies, or the working class and the poor?

Areas for debate and proposals

1. Analysis of class formation helps us answer the question posed about the state - whether it can be argued that the transitional state has veered decisively towards capital? In the context of a fierce battle over the nature of democracy and the direction of economic policy, have things moved to a point where it can be said that the post-1994 state serves the agenda of capital or the wealthy in our society?

2. More importantly, how do we counter this development? In particular, what should our demands be, including through the Jobs and Poverty Campaign and in engaging on BEE, to counter the current trends in class formation in capital?

3. At the same time, we have to address the growing differentials amongst workers themselves. There is a growing army of atypical workers who are not in the unions. In addition the gap between the rural and urban poor is widening.

What demands and what political and organisational programmes will we embark upon to address this?

2.5 The role of the Alliance

We remain deeply worried about the state of the Alliance. This problem is that we sound like a broken CD that keeps repeating itself. The only area of improvement in the past three years has been consistency in holding Alliance Secretariat meetings.

This truly helped to manage the deeply problematic political situation arising out of the Zuma affair.

Otherwise the situation persisted where the Alliance, including COSATU, is generally sidelined from the process of policy formulation and transformation. Six months before elections, without even an Alliance summit to formally endorse the elections strategy or the Manifesto, we get drawn into elections task-teams that work efficiently to mobilise the base and rally the troops. In the victory celebrations, the public hugging follows.

Yet a few months down the line the reality of being sidelined returns, leading to public disagreements over key policy directions. Another intolerable bout of questioning bona fides and casting aspersions follows. This happened in 2002, again in 2004 over our mission to Zimbabwe, and most recently in the case of the Zuma affair.

Central to this problem is the dilemma that each component of the Alliance has different expectations about the role of the Alliance, in particular around its relationship to the state.

The Eighth National Congress resolved that, "The Alliance, as the political centre, must agree on policies and devise a strategy and structures to ensure that political leaders and government departments implement agreed policies." Regrettably, many in the ANC do not share these views. A notion is freely expressed that the Alliance should periodically adopt elections manifestos, then leave government to implement it. Similarly, some people argue that the Freedom Charter and the RDP identify the core Alliance policies, and we should consider everything further as implementation to be run solely by the government.

From this perspective, it is argued that the Alliance's only job is to mobilise mass support for government programmes, which can effectively be drafted unilaterally without the involvement of the Alliance partners. All our public statements would then be aimed at criticising and condemning the DA and other conservative forces and to sing praises to the government. Our role would be to mobilise for the next elections when they come up and mobilise members to attend imbizos and events to mark historic days.

In engaging with the ANC on this issue, COSATU suggested three possible scenarios for the relations between the Alliance and the state.

1. The current situation, where the ANC has neither the power nor the technical capacity to direct the state on most issues. Increasingly, the ANC and the Alliance would be reduced to a route to jobs in the state and a mechanism for mobilising voters. The labour movement – like business – would seek to lobby government separately, and the Alliance would become a thing of sentimental value, rather than an effective coalition for change. This is effectively scenario five in the discussion paper.

2. The role of the ANC and Alliance could be to act as a voice for the poor in shaping government policies, in line with the Eighth National Congress resolution on the political centre and broadly the 2015 Plan. To start with, that would mean creating space for engagement in the ANC and the Alliance, so that key policies would be discussed before and not after they are finalised by Cabinet. Procedures would have to be established to ensure that the Alliance can really engage with basic policy principles before final policies are published. This approach provides the opportunity to ensure genuine mobilisation of our people as well as building real consensus about basic state strategies amongst our people.

3. The ANC and its allies could manage government directly. This would require, amongst others, collective decisions on deployment and the elaboration of the government programme of action through the ANC, with its allies. The risk here is that the Alliance would be overwhelmed by technical details. In that case, it could prove increasingly unable to represent its members.

Areas for debate and proposals

The central question is why we keep debating this same issue over and over in every Congress, without making progress. The Alliance has not worked close to what we demand of it.

Is the problem that we do not have the power to force implementation of an agreement based on the role we would like the Alliance to play in the transition? Is it that we have not in reality swelled the ranks of the ANC and ensured it would be sympathetic to the issues we are raising? Is it the success of a project by capital to impose a low-intensity democracy in order to secure neo-liberal policies?

What concrete demands can we raise to push implementation of our demands about the relationship between the state and the Alliance?

Finally, have political realities changed enough to warrant a review of the basic tenets of our political strategy of using the Alliance to engage with the transition, or does it require a new approach to the Alliance? If the latter, what will work?

2.6 Possibilities for Change

Since 2003, there have been some important shifts in government policy. In particular, the state has among others adopted a more expansionary fiscal policy, committed itself to large scale public investment, retreated from its privatisation programme and announced a commitment to developing an active industrial policy. These changes result in part from COSATU's demands and mass action. They represent real progress compared to the free-market approach espoused after 1996.

The shifts in state policy do not yet, however, constitute a genuinely transformatory development strategy, and they contain numerous contradictions. Still, they have created greater fluidity and opportunities for engagement and contestation.

At the same time, the progress of left-wing governments in Latin America points to continued moves internationally away from the neo-liberal consensus of the 1990s.

The recent deadlock at the World Trade Organisation (WTO) suggests that the global South has improved its ability to mobilise to defend its interests.

Areas for debates in the Congress needs to discuss

1. How we characterise and interpret the state's policy shifts in the past three years, and how we should respond to current proposals such as ASGI-SA.

2. What we see as the role of the state and the Alliance in the current situation of increased fluidity.

3. How should we take forward the 2015 Plan on the Alliance in the current situation?

3. Political Activities

Elections campaigns

Both the national elections in 2004 and the local-government elections in 2006 proved again that there is no viable alternative to the ANC and its Allies. There will never be a successful challenge to the ANC and Alliance hegemony, in particular from the right. Only leftwing programmes have a mass appeal. The transformation project driven by the ANC and its Allies has struck a chord with the overwhelming majority of our people.

COSATU proved a major factor in both the 2004 national and the 2006 localgovernment elections. Our experience during the campaigns suggests that whilst our people have concerns and disappointed expectations, they will not use the elections to protest.

Still, the continued decline in voter turnout has become a source of concern. In addition, we continue to see the Alliance function very well for elections, then completely fail to carry out other resolutions or campaigns between elections.

The 2004 elections: ANC support increased by 2% in 2004 compared to the 1999 elections. This is a substantial increase – but the population grew about 10% in the same period. For the first time, the ANC won the largest number of votes in KwaZulu Natal and the Western Cape. The ANC now leads coalition governments in these provinces.

In these elections, the NNP essentially collapsed, leading to the merger with the ANC. The UDM was cut to size. The PAC, AZAPO and SOPA have proven that they cannot provide an attractive left alternative to the ANC. The IFP is now a purely regional party i ts share of vote dropped from 11% in 1994 to 7% in 2004.

The relatively progressive platforms and emerging policy shifts in the period before 2004 helped to unite the Alliance. This stood in contrast to the situation we faced in the 1999 elections, and to the 2001/2 period which saw the Alliance teetering on the brink of collapse. All the Alliance parties and the rest of the democratic movement again felt that the ANC took their concerns to heart. COSATU was able to throw its entire organisational machinery behind the ANC campaign.

An important feature of the 2004 elections was the ANC's renewed focus on doorto-door and workplace campaigns. This approach went far toward returning confidence in the leadership. Moreover, it meant that the ANC leaders came face to face with the problems our people face. Instead of leaving it to the opposition to highlight the challenge of poverty and unemployment, the leaders of the people – whilst correctly pointing out that the gains of the past ten years outweigh the setbacks - nevertheless agreed that there are still daunting challenges to overcome.

The only blight in this otherwise successful campaign was the fact that the Manifesto process was not as inclusive as in the past. COSATU was largely excluded from the drafting process.

COSATU ran a highly visible and effective campaign, possibly exceeding our efforts in previous elections. The Alliance sang our praises for the critical role we played.

The 2006 elections: The local-government campaign in 2006 was altogether more difficult. Challenges arose because of the Jacob Zuma situation. They also reflected the perception that local government is the most incompetent and corrupt sphere of government, real disappointments on service delivery and conflicts over the ANC's election lists.

The ANC won a higher majority overall, with a larger turnout than in the last local government elections in 2000. The opposition once again demonstrated that it could not reach beyond its ethnic strongholds. The DA in particular could not even hold on to the Coloured vote, losing substantial numbers to the ID and the ANC. The so called social movements, too, were not able to win much at the polls, with most of the civics and the anti-privatisation movement gaining no seats at all, and very few votes.

The main problems in the outcome were:

- The ANC was not able to translate its control of the city government in Cape Town in recent years into an electoral victory. Although it gained some ground, the majority of Coloured voters in particular still supported the ID and the DA.
- Community anger over the decision to shift Khutsong to North West Province from Gauteng resulted in a nearly complete boycott of the elections there.
- The elections turnout in Gauteng was very low, below the 2000 levels and the poorest in the country. Yet Gauteng is a critical province both economically and politically. We need to understand why so many people stayed away from the polls in this key region.

A critical issue underlying tensions around the local government elections was the inadequate provision of basic services. The past 12 years have seen a real upgrading of most black communities, which has accelerated in recent years. But the fact remains that for many people, the gains still lag far behind expectations.

Moreover, for most working people the cost of water, electricity, education and health has soared since 1994. The introduction of prepaid meters in Soweto worsen this situation.

Some in the movement argue that the periodic riots in townships do not involve a substantial share of the population and therefore do not pose a real political challenge. That approach ignores signs that the unrest reflects broader anger.

In addition, the Alliance as a whole, including COSATU, was unusually poorly prepared for the elections. Despite agreement as a Federation to support the ANC as usual, the fact is that many affiliates did not provide the same level of support as in the past.

Even worse, most of our provinces reported that the Alliance did not adequately co-ordinate its campaign. Instead, COSATU felt very much left on its own. The Alliance did not develop a common approach to hotspots and in some cases COSATU could not even get the necessary materials.

Various factors contributed to this situation.

1. The Jacob Zuma controversy distracted the Alliance partners from the preparations for the elections in 2006.

2. Virtually every province reported that the list process was extremely divisive.

Alliance candidates often felt excluded from the process at local and sometimes even provincial level. As a result, in many areas it proved difficult to ensure active support for the campaign, although COSATU worked to prevent members from running as independents. In some parts they did. For example in Thabazimbi three independents from the Alliance won against ANC approved candidates.

3. The Manifesto was developed, for the first time, entirely without participation by the Alliance partners, including COSATU. The resulting document does not

4. The demarcation of cross-border townships caused major difficulties. Pushing through the demarcation over often bitter protest just before the elections has certainly made campaigning difficult, indeed almost impossible, in some towns.

5. In the Western Cape, once we won the 2004 national elections, factions in the ANC and the Alliance started a dog fight, instead of focusing on consolidating the hard-won victory.

In its analysis of the elections, the CEC argued that the following were needed to address the problems of governance that became apparent during the 2006 elections.

1. The ANC and the Alliance must take the time to discuss issues and find ways to engage with the people more systematically, so that legitimate grievances can be addressed and discontented voters drawn back into electoral process and, better still, active support for the ANC.

2. The state must ensure not just increased access to services, but access in ways that are seen as affordable and adequate. As long as the leafy suburbs enjoy very high service standards, our people's expectations are not going to decline.

As long as the average household must survive on R1000 or so a month, most people will not be able to pay much for basic services. We have to find ways to manage these realities with much greater sensitivity.

3. We need to focus much more on employment creation. This is really the only way to deal with the services backlog in the long run. We need as an Alliance to review ASGI-SA and to establish a more thorough development strategy that will ensure every government programme, from the economy to social services, prioritises the creation of decent work.

4. COSATU wants to see the Alliance and government at all levels intensifying the war against unemployment, poverty and inequality. These social evils lie at the root of the discontent which leads to both abstentions and street protests. Local councils have an important role to play in this war through the provision of basic services, which do so much to improve the lives and morale of the people.

Voter turnout: We are concerned about the immediate and long term implication of declining voter turnout in the past two elections. In 2006, more than half of registered voters did not exercise their right to vote. Whilst we know that participation at national elections is much higher, the fact remains that in the 2004 elections a million registered voters did not cast their vote. Moreover, we only have rough estimates on how many South Africans have not even registered to vote.

Falling participation in elections is consistent with previous local elections and still represents very high turnout by international standards. But it is not good enough for our young democracy.

Low voter turnout suggests a dangerous trend – that large numbers of our people are starting to disengage from the political system and the transformation process.

The risk is complacency. We can win at the polls, and still face massive dissatisfaction, alienation and anger. Unless we deal with the problems honestly and urgently, the Alliance will likely face, not reduced participation and support in the elections, but rather on-going protest action, political divisions, demobilisation and alienation, with potentially devastating consequences for our longer-term aims.

Areas for debate and proposals

1. This analysis of the elections reflects CEC discussions on these matters. Does the Congress broadly agree with it?

2. Is the role we played in elections consistent with the 2015 Plan? How do we improve on this and address weaknesses in the future?

3. How do our election efforts relate to our other engagements in the Alliance?

3.2 Building the Tripartite Alliance

A successful Alliance Summit reached some critical decisions in its meeting on 22 - 23 April, 2005. Our concern is that many of the most important issues have not been taken forward. This failure to implement our agreements can only undermine and weaken the Alliance in the longer run.

The Summit agreed that the Alliance, working together with our government, had not sufficiently mobilised our energies and resources to ensure that there is indeed a dynamic implementation of the resolutions of the Growth and Development Summit (GDS). In particular, it expressed concern at slow progress in reaching agreement on how to implement the GDS decision on 5% of investible income. The Summit agreed that the Alliance should continue examining options that would encourage growth in fixed capital formation, including prescribed assets.

The Summit agreed that we need to take forward our discussion, debate and implementation of programmes that will help put South Africa onto a sustainable growth and development path that creates and protects jobs and that ensures decent work and livelihoods for all. Further it agreed to make urgent interventions to address job losses. It called for an appropriate and more competitive exchange rate that will assist South Africa to create and save jobs, and build and expand local industry. Appropriate monetary policy is only one part of urgent measures that are required. A package of short-term interventions should include local procurement, trade and industrial policy measures. The summit endorsed a number of the key COSATU demands including targets for local procurement of up to 75%.

Further the Summit agreed that the Alliance

“...functioned effectively in the midst of electoral campaigns, our local level structures unite dynamically and there is a general unifying sense of purpose. Outside of election periods, and despite a great deal of ongoing Alliance interaction, we have not always been able to consistently carry through our unity and our popular mobilisation. We acknowledge several problems and challenges. Unconstructive public attacks on each other have not helped and we have agreed to conduct our debates and air real differences, where they may occur, in ways that build unity, and enable the Alliance to provide leadership to our society in general. We have also agreed that each of us need to strengthen our organisations, especially at the community and shop-floor level so that we are able to strengthen each others' campaigns.”

Areas for debate and proposals

1. Again the central question to be asked is whether we are on course in implementing our 2015 Plan in relation to the strengthening of the Alliance.

What have been the achievements and what weaknesses we must seek to address moving forward? Have the political developments of the past three years moved so rapidly that we must review the basic tenets of our political strategies?

2. SANCO participates in the Alliance. The Summit agreed that SANCO would be part of the Alliance whilst acknowledging that none of the parties have formal positions to expand the Tripartite Alliance. What position does Congress take?

3.3 Work with the SACP

The COSATU political discussion paper attempts an analysis of the SACP and the role it has played. We won't repeat the review of the SACP's main strengths and weaknesses.

We held a major bilateral with the SACP in April 2004. After analysis of the postapartheid social order, we agreed that the main beneficiary of economic transformation since 1994 has been capital, not the working class. We agreed to ensure more synergising of our campaigns.

The SACP has been very active at the campaign level in the main on the basis of its Red October activities. These campaigns included the demands for the transformation of the financial sector, for land and agrarian reforms, against poverty and hunger, etc. The SACP relaunched the Young Communist League, which immediately brought in new style of politics and has helped to enhance the image of the SACP generally whilst engaging the young on the ideal of socialism.

The SACP also worked with COSATU and a good number of affiliates on political education. This work is extremely important as it help us continuous engage with ideological question and clarify our perspectives about what socialism is and how we attain it un der the current conditions. This work must be intensified moving forward.

The SACP in a principled stance has supported all our campaigns just as we supported all its campaigns. Accordingly it remains visible amongst organised workers' campaigns and COSATU likewise is visible in its campaigns. Politically it has provided defence to COSATU and has played its vanguard role well.

Areas for debate and proposals

1. The SACP has issued a discussion paper on state power. What is the COSATU Congress take on this discussion? How do we wish to engage our own members on the vexing questions posed by the SACP discussion paper? What internal political processes should we follow to debate and finalise our views on the matters raised?
2. What does it mean to be a vanguard party in circumstances where a revolutionary trade union movement plays the role of a leading detachment of the working class?
3. What is the role of the SACP and COSATU in addressing the increasing economic fragmentation of labour between the majority, who have formal jobs, and the substantial minority (about a third of all workers) in vulnerable sectors and informal work? How do we ensure solidarity and organisational cohesion - how do we avoid political gaps and artificial divisions between organised and unorganised workers?
4. How can the SACP actively promote solidarity between the rural poor and the urban poor, between casualised/atypical workers and their counterparts in the permanent positions, between blue collar and white collar workers, between black and white workers, between men and women workers, between the young and the older workers? What campaigns, organisational and political programmes should it undertake?
5. The SACP as the vanguard should champion the unity of labour and help us realise the dream of one country - one Federation. What role should the SACP play in this regard? How should we get around conditionalities placed by NACTU and FEDUSA that we drop the principal political weapon of our people, which is the Alliance?

6. And last and most important, both the SACP and COSATU agreed in their bilateral that they remain committed to the struggle for socialism. Again the SACP in particular and COSATU in general must answer a question about what is socialism in its detail and how we get there under today's conditions in South Africa and internationally. What is the relationship between the struggle for socialism and the National Democratic Revolution today, given the reality that the ANC is pursuing a market path?

3.4 Work with the ANC

We held a successful bilateral with the ANC in July 2006 and agreed that we should be meeting more frequently. We agreed that we have responsibility to strength each other's formations. We agreed that we must have joint political education programmes. The suggestions we submitted to the ANC on how we can take forward these agreements were as follows. Subsequently the Alliance Secretariat met to take forward these suggestions and agreed as follows:

Theoretical questions

During a debate a number of questions were raised suggesting that the Alliance may not be sharing theoretical perspectives on a number of issues. The questions listed below were flagged as part of the debate.

- Do we have different theoretical perspectives on the character the NDR - what it is and what it should accomplish? Linked to that question is whether there are secondary disagreements on the relationship between the NDR and the struggle for socialism and its relationship with the capitalist system. Is the black bourgeoisie part of the motive forces?
- In the same vein another question arises. The ANC is the leader of the NDR and Alliance. What is the character of the ANC? Can the ANC lead a struggle to socialism or is natural that it consolidates the system of capitalism?

Political Education

There is a complete agreement that this work is long overdue. The task is to establish a task-team that would develop a content of the political education that we should run at the bilateral level between the ANC and COSATU and within the Alliance as a whole. The first task in the process is to get all components to submit paper on the nature of the political education they have. This would help the taskteam to develop content. In addition the task-team would look at how we synergise and resource implications.

Proposal: establish a task-team of one a side with one technical back to receive submission of components programmes and do this work.

Jobs and Poverty Campaign and Economic Policies There has never been a systematic discussion on the economic policies within the Alliance. Debates have been happening through the media or through structures created for social dialogue such as NEDLAC. Part of the debate has been apparent different conclusions we reach when making an assessment of what has been the impact of economic and social transformation to the lives of the people. The government did a major study as part of commemorating the first ten years of democracy and made a conclusion that we are on course to build a better life for all.

COSATU and the SACP, in the same vein whilst acknowledging progress in a number of fronts, made a conclusion that the main beneficiaries of economic transformation have been white capital.

The Alliance Secretariat decided to develop a short discussion paper to respond to the challenge of economic transformation, job creation and eradication of poverty.

1. new developmental path and strategy 2. active industrial strategy 3. agrarian reform 4. expanded public works 5. macro economic strategy to support this programme

Relationship between ANC/Alliance and the state

A number of issues arise from how we have managed a relationship between the ANC, components of the Alliance and the state. COSATU has over and over stated that the root problem is that the state often leaves the ANC and its Alliance behind on policy issues feeding into perception of low intensity democracy and marginalisation. Linked to this is the nature of democracy that we are building and how we interpret the Freedom Charter proclamation that the people shall govern.

Does it mean narrow representative democracy or do we seek to build participatory democracy with the masses of the people playing a much more active role in the processes of transformation?

Proposal on the way forward: COSATU should write an input raising its main concern that would relate to the following:

- Returning political power to the ANC and Alliance and managing the relationship between ANC /Alliance and the state and ensuring that the ANC and the Alliance leads the state instead of vice versa.
- Establishing the ANC and the Alliance as the political centre
- Building institutions of social dialogue as the key component of participatory democracy.
- deliberate strategies to embark on the campaign to ensure a much more active base that engages with the transformation - learning lessons from other revolutions

Areas for policy and proposals

1. The 2015 Plan calls for workers to swell the ranks of the ANC. It is difficult to measure our success in this area since we don't keep such records. The survey we conducted through NALEDI indicates that all in all, COSATU workers are far more active in organisational life than non-union workers or workers who are members of other Federations. 35 percent of COSATU members belong to an ANC branch, and 14 percent to an SACP branch. In contrast, only 20 percent of members of other unions belong to an ANC branch, and only 17 percent of non members. In addition, a number of regions, locals and socialist commissions debated and attempted to take forward the resolution on building ANC and recruiting workers to join en masse.

2. We need to ask why we have been unable to ensure a clear working class voice in the ANC. What are the obstacles to implementing the 2015 Plan in this area?

3. The discussion on the state and the discussion document for Congress point to major problems in the functioning of the ANC and its relations to the state.

How can we respond better to these issues?

3.5 Building Broader Working Class Formations - Building Organs of People's Power

3.3.1 Youth and student formations

We held a successful bilateral with the leadership of the ANC Youth League and agreed that our relationship should not be defined by the provocative attacks they launched on the Federation at the height of the COSATU's Jobs and Poverty Campaign in 2001/2. Since then our relationship has moved from strength to strength.

The ANC Youth League has in the past clearly moved away from its earlier focus on sports and beauty contests into championing the political and socioeconomic demands of the youth. Today the ANC Youth League is an important ally of COSATU.

The SACP relaunched its Young Communist League on 13 December 2003. Since then COSATU has worked closely with the YCL on a number of fronts, including on the Jobs and Poverty Campaign. The YCL and the ANC Youth League have also worked well together. They have coordinated the broader Progressive Youth Alliance, which includes SASCO and COSAS, that has raised the voice of young people on a number of issues. COSATU has worked well with the Progressive Youth Alliance in particular around the Jobs and Poverty Campaign.

SASCO and COSAS remain close allies, but are weakened by their dependence on fundraising to run the programmes. COSATU continues to support them financially and many COSATU unions also provide assistance.

3.3.2 Women's formations

Our relationship with the ANC Women's League has not matured independently from the Alliance. The COSATU gender structures have however worked with it in particular in the Women's Coalition and now in the run-up to the launch of the Progressive Women's Movement.

There are two challenges that we must address in Congress. The first is to create a truly working-class-led progressive women's movement that would independently champion women in general and working-class women's issues in particular.

Second the progressive women's alliance should not evolve into a women's committee of the Alliance but must endeavour truly to unite all progressive women.

Third, we should ensure that the Women's Coalition is dealt with appropriately.

3.3.3 Working with other civil society formation and NGOs

The Eighth Congress provides us with a framework for working with the civil society formations. Informed by this framework, we have sought to improve our relations with civil society including academia.

In many provinces, however, we are not effectively coordinating this work. In some provinces, in particular in the Western Cape, we have been largely successful even though we had to deal with the problem of miscommunication leading to perceptions that we were relaunching the United Democratic Front.

Areas of cooperation have included joint campaigns on the WTO, HIV/AIDS, coalitions on jobs and poverty, the Basic Income Grant Coalition, the Peoples Budget campaign, as well as international solidarity campaigns.

There is a need to improve this joint work with civil society. A conservative interpretation of the Eighth National Congress resolutions, in particular to require that these formations upfront agree not to attack the ANC-led government, may mean we can never work with them. But if we in a mature way understand that many of them will continue to be highly critical of the ANC government and the strategy of the Alliance itself, we can manage working relations with them without giving them a platform to attack the Alliance instead of working on the agreed issues.

SANCO continued to weaken as an organisation. It is currently in crisis with suspensions and counter suspensions, and court interventions on the order of the day. As the result of this instability we have not been able to work with them on any major issues. As we argue in the political paper, however, nature does not allow a vacuum. Other forces have long occupied the space and are now championing the grievances of residents.

3.6 Building workers' unity

We continue to work relatively well with both FEDUSA and NACTU in NEDLAC, the MLC and other structures such as the Presidential Working Group and where applicable in the international forums.

This however has not brought us closer to unity and to the realisation of our historic dream for one country, one Federation - one union, one industry. FEDUSA, NACTU and CONSAWU - now joined by Solidariteit - have teamed up to form a Federation they said would be a rival of COSATU, although even all taken together they are all far smaller. From the press reports it appears that this process is facing its own challenges, with the PSA disaffiliating from FEDUSA and NAPTOSA from CONSAWU.

It is not clear what this means.

In the meantime all these formations are united in their claim that they will not merge with COSATU until it agrees to abandon the Alliance - the very weapon that we have used to win freedom and provide all workers with their rights in the Constitution and progressive labour laws. It is clear that we are dealing with matters of inferiority complex, including fears of being swallowed up.

COSATU has in the past debated these issues without taking firm positions outside its recommitment to the Alliance. This Congress must address this.

COSATU and each of its affiliates did not aggressively drive unity processes in the past three years. COSATU has limited its interventions to writing letters instead of ensuring a systematic and purposeful engagement. Affiliates have done little if anything at all in terms of getting mergers at the sectoral level. Had there been aggressive pursuit of our goals at the sectoral level it would be much easier to reach unity at the Federation level.

3.7 Social Dialogue and NEDLAC

Social dialogue is a cornerstone of a functioning participatory democracy. COSATU has throughout its history engaged and won countless victories through social dialogue combined with mass action.

For the first time in many years, a labour caucus for NEDLAC was convened in mid-2004 and again in 2006. This was an important platform to evaluate NEDLAC and the input of the labour constituency. The caucus adopted important decisions aimed at improving coordination within the labour constituency, strengthening NEDLAC as an institution and reviving the GDS process.

A number of trends have developed that are worth noting.

- More government Ministers are reluctant to table policy and legislation for debates. The general excuse is that NEDLAC processes are cumbersome and tend to delay the speedy finalisations of such policies.
- More and more Ministers are not keen to participate. This was highlighted in the recent NEDLAC annual Summit where there was only the Minister of Labour and his DG in attendance together with the keynote government speaker the Deputy President. Everyone else did not turn up.
- Business leaders or real captains of industry continue not to attend or participate in NEDLAC.
- Labour, COSATU in particular, is not faultless in this regard. Most of our key leaders do not participate in NEDLAC.

If we are not careful and if we do not review our strategy, we may be feeding into a bigger agenda aimed at eroding social dialogue. The value of social dialogue as an avenue of contesting ideas cannot be overemphasised. Given this state of affairs we should ask whether the MLC and the Presidential Working Group are not beginning to displace NEDLAC as the key site of social dialogue.

COSATU's own leaders are more likely to come to the Presidential Working Group than to NEDLAC. Yet the Presidential Working Group works only as a sounding board, certainly not as social dialogue where we can genuinely affect policy.

The MLC does create real space for dialogue. But it too is beginning to witness dwindling numbers from both labour and business. MLC recently has been picking up debates on what is to be done about the stubborn crisis unemployment and poverty. It has also debated the commitment made by all in the GDS summit on 5% of investible income.

Areas for debate and proposals

Generally, both in NEDLAC and in other sites for social dialogue, we have not been successful in assessing both our representatives and the agenda they are driving.

Congress needs to debate how we take these issues forward.

3.8 Ideological work

The basis for our political effectiveness is continued educational and ideological work.

That means both building working-class hegemony in public debates, and ensuring on-going debate and discussion on key issues at all levels of the labour movement.

The Communication Unit report underlines the modest improvement in media work by affiliates and provinces. Affiliates and provinces are increasingly beginning to use media to communicate on behalf of their members. Provinces are also beginning to use local media, especially radio, to communicate with the broader public.

Overall we have revived political education work at the Federation level. A number of schools are been organised to deepen political consciousness of the working class. The Chris Hani Brigade has taken off the ground. The only problem is high turnover among participants. We consistently have to replace comrades who get leave the unions or even who get promotions by management.

Socialist forums, although disrupted by the elections, are also important avenues for mass education and debate within the movement. Just like the locals the socialist forums keep on being relaunched endlessly unless there is a big debate happening in the Federation. We must find a way of address this weakness.

However, locals are still the biggest challenge for education delivery. A pilot project has revealed the demand for education, especially shop steward education. Challenges posed by locals are broader than education and we need a sustained programme to rebuild and resource this layer of the organisation.

We have seen a turnaround in our education coordination and delivery. This rise in education delivery was linked to the three-year education plan adopted soon after the Eighth National Congress in 2003. Some of the unions have re-established their education department, but some still have no budget or programme for education.

Overall, these achievements lay the basis for ongoing ideological work, but they are not sufficient. One area where we seem to be lacking is around sustained work in the public domain. Very few of our leaders and officials bother to enter the public discourse to shape its direction, defend the union movement and to assert the class agenda of the working class. We need to discuss how we prioritise this work compared to other requirements.

Part II. Organisational Report

1. Introduction

The Organisational Report first reviews the overall development of the organisation and affiliates. It then looks in more detail at COSATU activities, including the CEC and Central Committee, campaigns, education, communications and policy engagements. The third part analyses the functioning of COSATU's provinces, and the final section reports on associated organisations - Naledi, the Chris Hani Institute and Kopano ke Matla.

2. Organisational Overview

The 2015 Plan directed us to undertake conscious, consistent organisational review and development in order to meet new challenges. This process has two aims. First and foremost, we must build a strong

trade union movement that excels on workplace issues and defence of members in the face of attacks by employers.

Second, we must continue to engage on priority policy issues, above all to ensure employment creation and strengthen social protection.

This main task of the Ninth National Congress is to assess if we are still on course in relation to the 2015 Programme. Clearly, we have made progress in many areas.

We should not be self-critical to the point where we ignore our strengths and achievements. After all we are the biggest civil society formation in our country and the biggest membership based movement. By far we are the most vibrant, democratic and worker -controlled organisation. We are independent but not politically neutral. We are visionary and by far the only organisation that has an active internal organisational review. We are the only organisation that prepared for the transition and clarified its role including an advance plan through the September Commission's scenarios.

We have through a consistent record earned the title of being the moral campus of our country. We are a revolutionary and transformative trade union that is respected on the home front and across the globe for its dynamism and unique blend of trade unionism.

These are our strengths. We seek to fortify them as we said in the last Congress through consistently analysing our strengths and weaknesses and seeking to improve our strategies.

Talking about these strengths does not mean we should not openly confront the weaknesses of the Federation. As we said through the organisational review process, ours is not to compare ourselves with nobodies or corner-fish-and-chips formations. Our task is to at all times compare us only with the best of our traditions and strengths.

In the COSATU political discussion paper we listed the following as weaknesses that require urgent attention.

1. Failure of the recruitment campaign. Although COSATU has grown in the past three years, we have been unable to reach the two-million membership target set at the last National Congress. Affiliates have not taken the recruitment campaign seriously.
2. Failure to implement decisions. A frightening culture has developed where leaders take decisions with much ease in constitutional structures and then fail or sometimes even refuse to implement them. This tendency risks reducing the Federation into a debating society with no organisational cohesion.
3. Lack of progress on trade union unity. The creation of CONSAWU and now the unity process involving NACTU, CONSAWU and FEDUSA is an indictment of COSATU and the democratic movement as a whole. There has also been the failure to merge unions and cartels as envisaged in the previous Congress in COSATU's 2015 programme.
4. Failure to organise atypical workers. No significant inroads are being made into organising farm workers, domestic workers, casuals, contract workers and other vulnerable workers.

5. Inadequate progress on the position of women workers. Although estimates suggest that women constitute above 40% of COSATU's membership, women are under-represented in the agenda and structures of the Federation.

Moreover, sectors where women are strongly represented – domestic work, retail and agriculture, in particular – remain poorly organised.

6. Retreat from the workplace. Outside of wage struggles, there is no coherent strategy to challenge management prerogatives and democratise the workplace. This emerges in weak work on skills development and employment equity, amongst others. An unintended consequence of focusing on macro issues may be the abandonment of the shop floor.

7. Softness in engaging capital. At a strategic level COSATU has focused its energies, correctly, on the state. The downside of this approach is that capital has been left relatively unscathed. COSATU has sought to use the state to discipline capital but rarely developed a Plan B where it would directly pressure business itself.

8. Lack of control over union investment companies. With a few exceptions, union investment companies are a law unto themselves. They act contrary to the Central Committee decision that they should adopt strategies to transform the economy.

9. Involvement in divisions in the liberation movement. There are obvious and naked attempts by some in the liberation movement to lobby and recruit leaders in COSATU who will be sympathetic to their cause. This undermines our cohesion. It has become difficult to have sensitive leadership debate without it appearing in the Mail & Guardian.

10. Careerism. The syndrome of some leaders to negotiate with their CVs under their arms must be confronted. In this case positions in unions are used to cultivate chances to advance personal careers in government and in the private sector.

Despite progress in some areas, COSATU did not adequately take forward the organisational development programme resolved by the Eighth National Congress. The key problem remains a lack of capacity to drive the process. Even when COSATU successfully intervened to support affiliates, its limitations appeared. For example, we are unable to consistently support CWU, SADTU, FAWU and SACCAWU.

The main organisational development projects all stalled, including the recruitment campaign (which is analysed below), systematic improvements in financial management, a strategy on investment companies, and membership systems. COSATU was also supposed to establish a network as a platform to share information and experiences and to coordinate organisational development work.

COSATU did succeed in taking forward the Workers' Survey, which is being made available separately. It contains a huge amount of information on how workers see their unions, which must feed into our organisational debates.

The slow progress on organisational development tasks raises two fundamental issues. First, are we realistic in our planning in this area? Second, are affiliates and NOBs sufficiently committed to

implementing decisions arrived at in Constitutional structures, including Congresses and Central Committees?

With the Organisational Review Commission report adopted by the Eighth National Congress, the key challenge facing the Federation is to translate this programme into a concrete set of implementation programmes and structures to address identified weaknesses and multiply the strengths.

As we reported in the Third Central Committee held last year, the affiliates who tend to need the Organisational Review the most are the very weak and those who are strong take the advantage and move. This creates even greater levels of unevenness in the Federation.

The big unions tend to be able to grow further and better. The small unions tend to decline and face serious problems.

The Third Central Committee received a comprehensive report from the Secretariat which was a combination of analysis developed since the Eighth National Congress as well as the analysis of the organisation from the General Secretary's provincial visits and identification of strengths and weaknesses. The Third Central Committee in response took a number of decisions meant in particular to respond to the challenge of lack of implementation. These resolutions were on:

1. Organisational discipline, internal democracy and worker control;
2. Union finances, support for shop stewards and staff and management systems;
3. Union education;
4. Servicing membership;
5. Revitalising the recruitment campaign.

Policy Areas and Debates

1. It would not be correct to keep on repeating our commitments to the Organisational Review without identifying why it is not progressing as expected. Our key task is to translate existing resolutions into an implementation programme. In this regard we must look which areas to prioritise in the resolutions adopted by the Third Central Committee and the Eighth National Congress.

2. We must address lack of capacity at both the Federation and affiliate level.

In COSATU, the leadership is able to identify in conjunction with the affected affiliates a number of interventions and processes that must be pursued. All too often, however, COSATU does not have the capacity in head office to take these proposals forward. Our organising unit has only four people – secretaries for organising, campaigns and gender, plus an administrator. Most affiliates similarly lack personnel to drive organisational development. How can we address these challenges?

4. Membership and recruitment

Membership increased by 5% in the past three years, reversing the decline experienced in the early 2000s. As the following table shows, COSATU grew extraordinarily rapidly in the late 1980s and again after 1994, but has had more or less the same number of members for the past decade.

The following table shows union membership from 1991, using numbers reported by the unions to COSATU for purposes of assessing affiliation fees.

Membership from 1991 to 2006 (rounded to thousands) PAWUSA affiliated to COSATU in November 2004 with a membership of 18 000.

In the past three years, POPCRU, SADNU, SADTU, NUMSA and especially SATAWU saw significant growth. Virtually all the other unions lost members. In contrast, in the three years to the Eighth National Congress, virtually every union recorded a decline in membership. The following table shows the change in unions' membership since the Seventh Congress.

Union	1991	1994	1997	2000	2003	2006
CEPPWAWU	88,000	78,000	94,000	74,000	65,000	62,000
CWU	21,000	23,000	40,000	35,000	32,000	25,000
DENOSA	n.a.	n.a.	73,000	70,000	71,000	64,000
FAWU	129,000	121,000	140,000	119,000	119,000	115,000
MUSA	n.a.	n.a.	n.a.	n.a.	1,000	NEHAWU
18,000	64,000	163,000	235,000	235,000	204,000	NUM
270,000	311,000	311,000	290,000	279,000	262,000	NUMSA
273,000	170,000	220,000	200,000	173,000	217,000	PAWE
n.a.	n.a.	n.a.	n.a.	n.a.	400	PAWUSA
n.a.	n.a.	n.a.	n.a.	17,000	POPCRU	n.a.
n.a.	29,000	22,000	22,000	n.a.	SACCAWU	97,000
102,000	102,000	102,000	102,000	102,000	108,000	SACTWU
186,000	150,000	150,000	120,000	105,000	110,000	SADNU
n.a.	n.a.	n.a.	8,000	8,000	9,000	SADTU
n.a.	59,000	146,000	219,000	215,000	224,000	SAFPU
n.a.	n.a.	n.a.	n.a.	n.a.	1,000	SAMA
n.a.	n.a.	n.a.	n.a.	n.a.	5,000	SAMWU
60,000	100,000	117,000	120,000	120,000	118,000	SASAWU
n.a.	n.a.	n.a.	18,000	18,000	9,000	SASBO
n.a.	n.a.	70,000	63,000	63,000	61,000	SATAWU
70,000	74,000	91,000	103,000	74,000	133,000	

Change in union membership from 2000 to 2006

The next chart shows the change in the composition of membership by industry since COSATU was founded. The past three years saw some growth in the share of manufacturing and private services, a decline in mining, and stabilisation in the public-service unions.

Composition of COSATU membership, 1995 to 2006

Change in numbers % change Union 2000 to 2003 2003 to 2006 2000 to 2003 2003 to 2006

SATAWU	-28,913	59,050	-28%	79%	NUMSA	-27,000	43,808	-14%	25%	POPCRU	-3,937	29,183	-6%	44%
SADTU	-4,200	9,840	-2%	5%	SACCAWU	0	5,319	0%	5%	SACTWU	-14,930	5,216	-12%	5%
SADNU	-169	1,329	-2%	17%	SASBO	-537	-1,741	-1%	-3%	SAMWU	0	-1,960	0%	-2%
CEPPWAWU	-8,720	-3,232	-12%	-5%	FAWU	0	-4,399	0%	-4%	CWU	-3,304	-6,688	-9%	-21%
DENOSA	1,204	-7,075	2%	-10%	SASAWU	3	-8,696	0%	-48%	NUM	-10,971	-17,057	-4%	-6%
NEHAWU	0	-31,090	0%	-13%										

While the growth in the past three years is welcome, it remains far from the target of 10% a year adopted by the Eighth National Congress. This is not because of lack of pressure from COSATU. In fact failure to reach the recruitment targets is a typical example of affiliates taking decisions with ease in meetings, but neglecting systematic follow through. Yet organising the unorganised is a central mandate for all unions.

The Eighth National Congress adopted a strong recruitment framework arising out of the work of the Organisational Review Commission and the Second Central Committee. This framework was further developed immediately after the Congress.

Key elements are:

1. Consistent preparation and implementation 2. Consolidating COSATU affiliates as the dominant union in every sector 3. Improving service to members 4. Support to vulnerable workers 5. Link to commitment to strengthening the Alliance The framework included:

- A commitment by affiliates to set up and resource structures to drive and monitor recruitment,
- A commitment to ensuring higher density especially in manufacturing, where less than half of formal-sector workers belong to union,
- An agreement to set targets for recruitment for every affiliate, leading to 10% growth a year,
- A decision that COSATU would coordinate strategies to recruit workers in vulnerable sectors, and
- Agreement to report to COSATU to permit overall monitoring of the campaign.

In the event, few unions have set up the structures as agreed, and only SACTWU, NUM and POPCRU report to COSATU on progress.

We have not seen a concerted strategy around vulnerable workers.

- FAWU has begun research for a strategy to recruit farm workers. Nonetheless, progress is not fast enough.
- COSATU began a process to explore ways to set up structures for hawkers and other self-employed workers. We need to decide how to take this project forward.
- We have no plans in place for dealing with low union density in retail, or for meeting the needs of domestic workers.

5 State of COSATU Affiliates

We here first provide a very brief overview of each affiliate, including COSATU interventions where relevant, and then look at the unity processes undertaken in the past three years.

5.1 Individual affiliates

As can be expected, the strength of affiliates varies. However, in this period unions that were in crisis have turned the corner and there are visible signs of improvement in a number of areas.

During the last three years, COSATU made a number of important interventions to help support affiliates. In most cases, however, it became clear that the Federation lacked capacity to sustain its interventions. In 2004, COSATU NOBs held scheduled meetings with affiliates, which however petered out in the last year.

This section provides a very brief overview of affiliates. A more detailed analysis will be contained in the State of COSATU assessment by NALEDI.

2.1.1 CEPPWAWU

The union is steadily improving since the merger process and the subsequent split that produced GAWUSA. It has experienced a good spell of political stability over the last two years. It is, however, facing a constant challenge from Solidarity and SACWU in SASOL.

CEPPWAWU has lost members steadily for the past ten years, but the rate of decline slowed from 2003. Restructuring in the wood and paper sub-sector is leading to increased subcontracting, which is presenting the union with a problem to organise.

Still, density in its industries remains very low, and there is a lot of scope for growth.

2.1.2 CWU

The union is steadily improving from near-extinction. CWU was completely ill-prepared for the restructuring of Telkom and the Post Office and failed to diversify its membership base from these two entities. Leadership inertia and organisational stagnation followed.

Membership was not growing but the union could continue to operate without incurring losses. In other words, the union was in a comfort zone and unable to break out of this cocoon.

The Federation had to intervene and the CWU leadership was Gladman Ngubo, past COSATU cultural activist at the COSATU's 20th anniversary celebrations receptive and cooperative. An initial effort to support organisational development as the basis for recruitment was not sustained due to lack of capacity. Yet the potential to grow is huge. The new CEC must return to this matter at earliest opportunity.

The union faces rivalry from Solidarity in Telkom and the need to step up recruitment across the entire telecommunications and broadcasting industries. Within Telkom, it must contend with subcontracting by stepping up its recruitment campaign.

CWU has continued to lose members, falling from 32 000 to 25 000 in the past three years.

2.1.3 DENOSA

The union is one of the more stable COSATU affiliates and has faced minimum internal political wrangles. However, like all health sector unions it is confronted with the challenge of providing an alternative strategy to improve health care and conditions of service for health care workers.

A problem for COSATU remains the duplication of nursing unions. The merger between DENOSA and SADNU is moving forward only slowly, and like all mergers will certainly pose challenges for leadership to maintain unity.

DENOSA has seen a gradual erosion in membership, which a sharper fall in the past three years from 71 000 to 64 000.

2.1.4 FAWU

This is among oldest unions in South Africa. Yet it has historically been beset by leadership wrangles. Even though FAWU managed to emerge out of the recent spell of divisions in the leadership it is a matter of concern that the union faces this COSATU's stalwarts, John Nkadimeng, Rita Ndzanga, Billy Naire, Archie Sibeko and Erick Mtshali at COSATU's 20th Anniversary celebrations.

The union faced a bitter power struggle in its last Congress held in October 2004. It could not mend the rifts thereafter and was plunged into a crisis when its former President attempted unilaterally to suspend the new General Secretary. COSATU intervened, resulting in the union drafting an organisational programme which it is now implementing. Membership is growing again after years of stagnation; the finances are in healthy state; and leadership is more coherent. The challenge remains to implement the organisational review process.

In the past three years, FAWU's membership dropped from 119 000 to 115 000.

2.1.5 MUSA/PAWE

The union has now merged into a new entity, the Creative Workers Union. It operates in one of the harder-to-organise sectors. First, it confronts a mostly casualised membership base, which impacts on its resourcing and ability to sustain its programmes. As such, the union's remains relatively small and its peak has been around 1000 members. Second, it faces a steep challenge to convince employers that performing artists are workers that should be afforded the status in our labour laws. Third, it is finding it extremely hard to maintain its gains largely due to the absence of a bargaining forum in the industry.

2.1.6 NEHAWU

The turnaround in NEHAWU is one of the success stories of the last three years. We must recall that the union was not in good standing due to failure to pay affiliation fees, which in turn reflected a financial and organisational crisis.

The union's previous Congress was a turning point that has produced a high degree of unity in the leadership. The NOBs programme to visit members to amongst others deal with their grievances and issues has helped members to regain confidence in the union. This programme exposed weaknesses that were later dealt with sufficiently.

NEHAWU has turned around a huge deficit into a net surplus of over R10 million, through improved financial systems as NEHAWU President, Noluthando Mayenda -Sibiya, her election was widely celebrated as the victory for gender equality well as recruitment. NEHAWU is also beginning to reassert its power and has initiated important transformatory campaigns around public hospitals in particular. The union lost around 30 000 members, but has since stabilised. In 2006, it reported 204 000 members, with consistent growth in the previous period.

COSATU intervened to assist NEHAWU in a variety of ways. The CEC's visionary leadership and patience have contributed to a remarkable turnaround.

2.1.7 NUM

This year marks the 50th anniversary of the historic African Mine workers strike and more than twenty years of NUM's existence. By far, NUM is the single biggest affiliate of COSATU and one of the most rock solid. NUM has managed to maintain its size despite the jobs bloodbath in mining. It is also one of the innovative unions in the Federation and has adopted a long term organisation building plan.

The last Congress of the NUM saw ugly scenes at the union twice was in court to defend itself in the face of challenges from within.

NUM's membership dropped from 279 000 to 262 000 in the past three years. The loss mostly reflects the loss of mining jobs, as virtually all black miners are NUM members.

The main area the union can grow is in construction, which still has very low levels of organisation.

2.1.8 NUMSA

Historically perhaps one of the most militant and most consistent affiliate of COSATU, NUMSA played a significant role in the evolution of the Federation's thinking on a range of issues principally bargaining and skills development.

As a result of a robust bargaining strategy, NUMSA has managed to improve wages for workers in auto manufacturing. However, it is also organising in sectors like metals production, which has experienced high output growth combined with slow growth in jobs, and appliances, which has seen major job losses. Still, it is one of the few unions to experience membership growth in the last three years.

When the union faced a bitter power struggle in September 2004 Congress, COSATU decided to intervene since this was the second time around without a great deal of progress being made.

NUMSA reported a substantial increase in membership in the past three years, growing from 173 000 in 2003 to 217 000 in 2006.

2.1.9 POPCRU

After many years of internal instability, POPCRU has now reached organisational maturity and is among one of the most stable unions in COSATU. It has led various struggles to improve the working conditions of its members in the police and correctional services.

Not only has the union amassed substantial resources as a result of its effective financial management, it has also experienced growth in the last three years. Its membership climbed from 67 000 in 2003 to 96 000 in 2006.

2.1.10 PAWUSA

The union affiliated towards the end of 2005 and the challenge is how fully to integrate into the Federation.

2.1.10 SACCAWU

The union has shown remarkable resilience by managing to stave off challenges related to the Provident Fund and near financial meltdown. Even though it continues to face serious organisational challenges, it has displayed a high degree of unity of purpose, which is evidence of organisational cohesion.

It is encouraging to note that SACCAWU has mounted historic struggles to champion the interest of casuals, who now make up at least a third of all retail workers. Because of these struggles the union has recruited new members, principally casuals, setting the tone for strategies to deal with vulnerable workers.

SACCAWU grew from 102 000 in 2003 to 108 000 in 2006. Still, only about one retail worker in five belongs to a union.

SACCAWU has started to grapple with organisation building and has established an organisational development commission under the leadership of its President.

Nevertheless, it faces daunting challenges that strains its limited financial, human and other resources. Plant/company based collective bargaining means the union is engaged in negotiations throughout the year. Moreover, it has to provide service to geographically dispersed work places – a problem compounded by the mushrooming shopping malls.

COSATU worked closely with SACCAWU to develop the organisational review that has led to the union registering important progress.

2.1.12 SACTWU

The union remains robust despite the massive job losses in the clothing and textile sector. It has enjoyed a long spell of internal cohesion and stability.

SACTWU's visionary leadership enabled it not only to survive the job loss blood bath but to gain new ground and articulate a strategy for the sector. It has developed innovative ideas to promote local procurement and explored the use of power as well as engagement at sectoral level to save the industry.

SACTWU's recruitment drive provided important ideas for COSATU's recruitment framework. Despite the massive job losses in the industry, the union increased its membership from 105 000 to 110 000 in the past three years.

2.1.13 SADNU

Though small, the union has demonstrated high levels of stability and internal cohesion. The main challenge now is to ensure unity of all nurses through the merger with DENOSA. SADNU's membership rose from 8000 to 9000 in the past three years.

2.1.14 SADTU

SADTU is one of the biggest affiliates of COSATU and the largest teachers' union in Southern Africa. The union is relatively stable and has enjoyed a period of internal cohesion after its previous turbulent Congress.

SADTU is now confronted by the fact that there is limited scope to grow as unionisation of teachers in the general education stream has reached saturation point. Options open to SADTU for growth are merger with other teachers unions, to organise non-educators in the schools, and to expand to further education

and higher education. The last option would require clear demarcation in terms of NEHAWU's efforts in this area.

SADTU has managed to grow substantially in the past three years, rising from 215 000 in 2003 to 224 000 in 2006.

John Zikhali, President of SACTWU died tragically in a car accident

2.1.15 SAFPU

Provided us with no information

2.1.16 SAMA

Provided us with no information

2.1.17 SAMWU

Provided us with no information. SAMWU's membership has remained fairly stable at 120 000 for the past ten years. It dropped to 118 000 in 2006.

2.1.18 SASAWU

Provided us with no information. SASAWU's membership dropped from 18 000 to 9000 in the past three years. This is a huge concern.

2.1.19 SASBO

SASBO's membership declined from 63 000 in 2003 to 61 000 in 2006.

2.1.20 SATAWU

For the better part of the last three years, the union was confronted with postmerger challenges, which eventually led to a breakaway union that tried to resuscitate the now defunct SARHWU. Nonetheless, SATAWU has succeeded to overcome the challenges, even though there may be problems from time to time.

The turn around in the union has been rewarded by recognition within the global union movement, reflected in the election of comrade Howard Randall as the President of the ITF.

SATAWU spearheaded some of the most highly contested strikes of the past three years, ranging from Equity Aviation, SAA and Transnet to the security guards and cleaners. Worker militancy and commitment have underpinned the union's ability to survive the varied attacks from employers. At Equity Aviation and in the security guards' strike, low-paid workers sustained some of the longest strikes in South Africa.

In addition, for the first time SATAWU working with other unions brought the SAA to its knees. In the SAA case relatively skilled personnel embarked on an unprecedented strike, indicating a major breakthrough

for unionisation. At Transnet, we saw cross-racial solidarity among the workers at the point of production. This indicates that workers are yearning for unity across colour and occupational lines.

SATAWU reported phenomenal growth in the past three years. Its membership soared from 74 000 in 2003 to 133 000 in 2006.

5.2 Unity process and mergers

The political section covered the challenges we are facing at the Federation level to achieve unity. COSATU have however long committed itself to the process of building cartels as the step to create super unions.

The Eighth National Congress instructed us to finalise integration between FAWU and SAAPAWU and between DENOSA and SADNU, conclude work with NEHAWU, kickstart work with SACCAWU and SACTWU, and generally encourage mergers in all our sectors. All these mergers and integration processes were seen as constituting Phase 1 of progress toward cartels and superunions. This Ninth Congress must review the process and decide on how we proceed.

2.1.21 FAWU and SAAPAWU

The process has been finalised. The FAWU Congress held in October 2004 marked the historic point where farm workers became part of the food processing sector under COSATU. Since then, FAWU has stepped up its efforts to recruit and protect farm workers, making slow but definite progress. In addition to the increase in membership, it is conducting research to ensure greater progress in future.

Farm worker recruitment statistics September 2004 to August 2006

2.1.22 DENOSA and SADNU

The unity process between DENOSA and SADNU has rather been slower than expected. There were occasions where COSATU National Office Bearers had to intervene to deal with the stumbling blocks. We are at the point where the joint unions National Office Bearers task-team have been working towards finalisation of all related matter towards the DENOSA National Congress scheduled for October 2006. If all goes well this will be the point unity between the two unions.

2.1.23 SACCAWU and SACTWU Virtually no progress has been made toward this objective. The renewed commitment to organisational development at SACCAWU should help. A first step would be to improve co-ordination around the campaigns to ensure local procurement in retail.

Region Branch Recruited Farms Development

Eastern Cape Oscar Mpetha 976 11 Free State Harrismith 549 17 Gauteng Krugersdorp 390 11 Gauteng Johannesburg 540 3 Leboa Bokone Bophirima Far West 491 11 Leboa Gauteng Lephalale 1063 34 Rural office established Leboa Gauteng Thabazimbi 500 8 Mpumalanga Piet Retief 1176 13 Mpumalanga Groblersdal 1198 5 KwaZulu Natal Greytown 466 6 TOTAL 7350 119

2.1.24 SAFPU, MUSA and PAWE

COSATU played a critical role in ensuring a successful unity process involving MUSA and PAWE but unfortunately excluding SAFPU. A merger Congress will take place in November 2006. A new constitution exists. All other related merger questions have been finalised. The new union organising artists will be called Creative Workers Union of South Africa - CWUSA.

2.1.25 Public sector unions

NEHAWU and SAMWU remain committed to unity, but little progress has been made. Various public-sector workshops have been held, but they have not led to organisational developments in this regard.

With the public sector unions having employed a coordinator attached to COSATU, we are now in a better position to drive this process as well as building the broader public-sector cartel.

6. Organising the self-employed

The November 2004 CEC approved a project to explore organising the self-employed in the informal sector, most of whom are street-based retailers (hawkers) and, in the former homeland areas, subsistence farmers. The project would focus on retail. A proposal was developed by consultants and former activists of the Self-Employed Women's Union (SEWU), which was work-shopped in February 2005 with representatives of eight unions and NALEDI.

As the following table shows, the share of informal employment has remained fairly stable since 1996. The employment survey changed in 2001, which may explain the decline compared to 1999.

Share of employment in the informal sector, 1997 to 2005 Source: Calculated from Statistics South Africa, October Household Survey, for 1997 and 1999, and Labour Force Survey for 2001, 2003 and 2005 Just over half of informal workers are self employed, and most of them are employed in retail.

Employment by sector in the informal sector, September 2005 Source: Calculated from, Statistics South Africa. Labour Force Survey September 2005. Pretoria. Database on CD-ROM.

	Formal	Informal	Domestic employee	self employee	self total	Number employed (millions)
	8.3	0.4	1.4	1.6		
% of total employed in:						

Wholesale and retail trade	21%	33%	24%	59%	n.a.
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Manufacturing	17%	9%	6%	12%	n.a.
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Agriculture, hunting, forestry and fishing	7%	8%	16%	10%	n.a.
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Construction	7%	8%	18%	7%	n.a.
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Community, social and personal services	23%	12%	11%	6%	n.a.
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Transport, storage and	5%	5%	8%	4%	n.a.
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Financial intermediation, insurance, real estate and	14%	24%	3%	2%	n.a.
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Private households 0% 0% 14% 0% 100% Informal workers have much lower incomes than formal workers, as well as facing greater insecurity, often much longer hours, and a lack of benefits. Close to three quarters earn less than R1000 a month, virtually none have a retirement fund, and around a quarter works over 60 hours a week.

The vast majority are African, and half of the selfemployed are women.

Informal workers are more likely than formal workers to be under 30 years old.

Conditions of work and demography in the informal sector, September 2005 Source: Calculated from, Statistics South Africa. Labour Force Survey September 2005. Pretoria. Database on CD-ROM.

Organising the self-employed poses challenges for the labour movement, which is historically based on the unity of workers to negotiate with their employers. The challenges include:

- The labour laws generally do not apply to the self-employed, but rather regulate relations between employers and employees. This means there is no framework for bargaining and few minimum standards, for instance to set hours of work.
- For the self-employed, negotiations must focus on new issues, such as securing the right to trade from municipalities, obtaining cheaper inputs from suppliers, and establishing collective benefit schemes.
- The issue of scope becomes more difficult, since membership is no longer defined by relations to an employer.
- Some political problems may arise. Do the self-employed invariably have the same interests as the proletariat? How do we ensure a stable progressive character for the proposed organisation?

The workshop in 2005 came up with the following proposals.

1. All unions should organise the informal sector within their scope, and report regularly on progress.

2. COSATU should set up a project to organise self-employed street vendors and producers, with the following guidelines.

a The organisation would campaign amongst others for the right to trade (mostly engaging with local government); for access to financial services; for government services such as identification papers, social grants and social insurance; and for formation of co-ops.

b Collective bargaining by the association would follow the norms of mandating and accountability. It would focus on the identified campaigns plus other demands raised by members. The association could work with SAMWU to negotiate with municipalities, and could engage with the Employment Conditions Commission on minimum rights and standards. (A problem is that the BCEA does not apply to the self-employed.) c To ensure the working-class character of the project, only the self employed with no more than three "assistants" (but not employees) could join. The new association would set a quota for women leadership.

d The organisation would charge subscription fees, and may also try to get government support e The organisation would work with the Dora Tamana Cooperative Council and National Association of Cooperatives of South Africa to support co-ops for producers in particular.

3 The workshop proposed June 2006 as the formal launch date for the new organisation. It said COSATU should employ a co-ordinator and set up a steering committee including regional and union representatives to provide assistance.

4 The workshop set up a technical committee comprising Pat Horn - StreetNet International; Chris Bonner - Coordinator of WIEGO Organisation & Representation Program; Mummy Japhta – COSATU; Frans Baleni – NUM; COSATU Organising Secretary (convener); Isobel Frye – NALEDI; and Khoboso Nthuso, the former SEWU General Secretary.

5 We have cooperated with LO-TCO of Sweden on this work. They provided us with the funding for the workshop detailed. In addition they have approved funding for the start up of the informal sector project on condition that we submit audited statements for the initial grant they provided us to hold workshops.

6 We have also increased cooperation with StreetNet.

Policy proposals

The implementation of COSATU's resolution (resulting from the Strategic Planning Workshop on Organising in the Informal Economy, held on 10 and 11 Feb 2005) to extend its organisation of workers in the informal economy by:

1 all affiliates extending their scope of organisation into the informal work in their sector;

2 establishing a COSATU project for the organisation of street vendors and producers (including home-based) groups to be organized into co-ops – i.e. those who do not fall under the scope of the present affiliates.

3 engage a national coordinator dedicated to the implementation of the project – to work with organisers around the country

4 establish a steering committee (10 members) to assist and guide the coordinator with the following terms of reference:

- work towards the establishment of the new union
- develop the constitution of the union
- set up basic organisational infrastructure
- define in more detail the approach to adopt on recruiting, including bringing in members from other initiatives/stakeholders Campaign on World Class Cities and the FIFA World Cup

Noting the tendency for authorities to prepare for such high-profile international events by endeavouring to create “World Class Cities” which:

- attract foreign investment;

- have modern up-to-date infrastructure;
- have no visible signs of urban decay;
- have smooth traffic flows;
- have no visible poor people or social problems;
- and noting that such preparations often result in the eviction of informal traders working in public spaces without recourse to alternative means for earning their livelihood, thus exacerbating poverty and joblessness;

Resolve:

- To participate in StreetNet International's WCCA campaign to create a new more inclusive concept of World Class Cities for All with the participation of street vendors (the focus being on the most vulnerable vendors including women) and other groups of the urban poor.
- To support and promote the demands of the WCCA campaign to the municipalities of South Africa that no group or individual should be unduly disadvantaged by any urban improvement or urban renewal initiatives in preparation for the FIFA World Cup of 2010, and no relocation of street traders should be done without making available viable and acceptable alternatives which are accessible to even the poorest traders.

7. Finances

7.1 COSATU

COSATU continues to function within its budget. The main problems are:

- Increasing reliance on external funds for policy engagements and education,
- Failure of affiliates to pay levies to which they agreed, and some delays in meeting affiliation fees, and
- Inability to maintain real wages and salaries, which contributes to high turnover of staff.

In the run up to the Eighth National Congress COSATU experienced a serious financial crisis. The main reason was that a number of major affiliates were also experiencing problems that resulted in them not being able to pay their affiliation fees. As of December 2003, affiliates owed COSATU a staggering R4, 6 million in affiliation fees alone. Over half the money was owed by NEHAWU and SACCWU.

At the end of the 2005 financial year, this situation had improved dramatically. The affiliates owed only R1, 5 million, with only SAFPU in arrears. All affiliates were in good standing in terms of their affiliation fees.

Most of the unions have signed debit order with the Federation. At this point we are building some reserves that have reached more than R6 million. Our hope is that we don't have to spend all this for this and Provincial Congress expenses. As the following table shows, in 2005 COSATU ran a surplus, compared to the deficit of 2003.

Summary of accounts, 2003 and 2005

July 2006 show some re-emerging problems, however. As the following table shows, affiliates owned R3.7 million in affiliation fees. Moreover, most had not paid up on the political and other levies to which they agreed, leaving them a total of almost R10 million behind.

Year	2003	2005	Operating Expenditure	25,912,655	34,593,284	Affiliation fees	23,841,701	28,328,528
Total income	27,280,761	33,751,130	Operating expenditure less total income	-1,368,106	842,154	Affiliation fee per member	1.13	1.44
		% of operating expenses not covered by affiliation fees		8%	18%			

Amounts owed to COSATU in July 2006

COSATU's total income increased from R 27 million in 2003 to R33 million in 2005.

Affiliation income in 2003 was R24 million, compared to R28 million in 2005. The increase amounts to 7% a year in real terms. It results from both the increase in the Federation's total membership and increases in the affiliation fee per member.

Income by source, 2003 and 2005

The income figures suggest a decline in the share of grant income. They do not, however, reflect projects that were paid in kind, for instance when donors bore the cost of a workshop without going through COSATU's accounts.

COSATU has not set the units up as cost centres, so it is virtually impossible to identify the use of funds by units. Unit expenditure in the COSATU budget does not reflect salary or other operating costs, only other expenditure on specific projects. It therefore does not provide a reliable guide to COSATU's priorities.

Deloitte & Touche, COSATU's auditors, raised the following qualification and comments about the financial position.

The auditors cannot trace all income back to source in the affiliates. Nor can they set up a "group account," which would include all entities controlled by the Federation.

1. The auditors cannot verify whether the membership numbers given by affiliates are accurate, so they cannot tell if the affiliation fees are correct in those terms.

2. The special CEC called in July 2006 to review the financial statements acknowledged and accepted these qualifications. In essence, the qualifications reflect the fact that auditing standards are set up for companies, not for union Federations.

Nature of debt	Amount (in rand)	Affiliation fees	3,760,733.00	Shopsteward Journal	582,439.00	Levies
Political Fund 2005	1,774,208.75	General Strike	508,033.00	Local Elections	32,000.00	Political Fund 2006
2,929,457.20	TOTAL	9,586,870.95	Type of income	2003	2005	% Increase
		Affiliation fees		23,841,701	28,328,528	13%
		Grants received		2,464,670	4,116,190	150%
		Interest received		208,012	429,372	38%
		Other income		766,378	877,039	5%
		Total		27,280,761	33,751,129	25%

7.2 Cubah Properties

The financial situation of Cubah Properties has improved compared to the previous years, although there are still problems especially around the collection of rental income – Cubah’s main source of revenue. Cubah managed to rent out spaces that have long been vacant, and the new tenants pay their rental reliably. The only vacant space is now the seventh floor.

Unfortunately, because some tenants are still not meeting their obligations, we have been unable to transfer the hoped-for amount of R200 000 into an investment account for renovations. Currently, however, the investment is at R1, 4 million.

The main tenants who do not pay reliably include COSATU itself, which owes R1, 4 million; the SACP, at R190 000, Dora Tamana Co-operative Centre at R118 000, MUSA and SAFPU at over R70 000 each, and SASAWU at R45 000. COSATU settled the SACP debt out of its levies about a year ago, but there have been no payments since then.

8. Regional demarcation

As a result of the 2003 Congress resolution and following extensive research by Naledi, in 2005 COSATU started a process to align its regional borders and names with those of the country’s provinces. This process should end sometime in 2008 with the creation of separate Free State and Northern Cape provinces.

This new demarcation amongst others is aimed at addressing coordination problems with the Alliance components and government. But it has caused serious problems for the private sector unions. To these unions, the challenge for demarcation is not political but to ensure cost-effective service for workers.

For this reason, the COSATU demarcation was never intended to drive demarcation by affiliates. Still, the difficulty these unions faced during the recent COSATU Provincial Congresses needs to be noted. They had to recalculate their membership based on locals that now suddenly fell into different COSATU provinces. For example, when COSATU’s Northwest Province held its Provincial Congress, SACCAWU had to recalculate its members to exclude the Vaal Triangle and other locals. This is no easy matter.

Areas for debate and proposals

a. Does the Congress reaffirm its previous decision regarding the demarcation of COSATU provinces? If this is endorsed then the Congress must make the consequential constitutional amendments to have the name “region” replaced by “province” in the constitution.

b. Does Congress agree to the formation of separate provinces for the Free State and Northern Cape?

9. State of the national structures

9.1 National Office Bearer collective

The COSATU NOBs have overall worked very well as the collective. They meet fortnightly to receive report from the Secretariat and account for the deployment and activities in between the meetings. They have made countless interventions in all areas of work of the Federation. This helped profile the

Federation. They assisted in providing the Federation the cohesion and the respect it enjoys locally and internationally.

In 2004 the team adopted a document called *modus operandi* following some tensions arising out of managing administration and mandates in the context of the constitution. In this document, the team allocated key responsibilities in order to ensure collective leadership and sharing of responsibilities.

Tensions re-emerged in the latter part of 2005 leading to a *bosberaad* in March 2006 facilitated by the Presidents of SAMWU and NUM with Professor Eddie Webster acting as scribe. The March 2006 *bosberaad* broadly reaffirmed the *modus operandi* document. It agreed that the NOB collective would rigorously take forward decisions of constitutional structures.

Regrettably, in the run up to this Congress, the media has attempted to play up and sensationalise reports of tensions within the NOB collective. We have to manage this situation.

9.2 Constitutional structures

As agreed at the 2003 Congress, the Executive Committee (EXCO) was removed and replaced by CEC meetings every two months. The CEC meets four times a year on occasions it is forced to convene special meetings when necessary. The CEC is constituted by the National Office Bearers of COSATU and of affiliates with some represented by four and others by two depending on their membership size.

The CEC has functioned very well over the period under review. There remain two weaknesses. First, with a few important exceptions, political debates are dominated by General Secretaries. Second, the debates are dominated by a small group of unions, with others remaining largely silent. This reflects the uneven development in the Federation.

The Third Central Committee in 2005 held a highly successful meeting on industrial policy, organisational development as well as adopting an extensive resolution to defend the ANC Deputy President Comrade Jacob Zuma. The final document on industrial policy, which was revised in light of the Central Committee discussions and resolutions, is being circulated separately.

The Central Committee continues to play a critical role in that in between the Congresses it brings together about 500 shop stewards and activists of our movement to debate major policy directions for the Federation. It is an important platform that underlines the democratic and vibrant nature of the Federation.

10. State of COSATU provinces and locals

Overview

Our provinces continue to be important links with the grassroots as they implement COSATU decisions. Many of our regions are beginning to incorporate socioeconomic issues and struggles in their daily work. They are now called upon to play a strategic role in provincial development summits and other industrial strategy processes. The common problem facing the provinces in this connection remains capacity constraints and inadequate support from the head office.

Provinces are also expected to provide leadership and support to locals as well as engage with local economic development processes. Provinces are not able to cope with these processes and lack human and financial resources to follow all political and socio economic process.

All the provinces say that support from affiliates could be improved. Critical problems include:

1. Poor reporting back from the CEC by affiliates. Largely members depend on COSATU provinces for report back on decisions taken by the CEC.

2. Inadequate participation in COSATU's provincial structures, in particular the Gender Forum and the organisers' and educators' forums 3. The failure of the affiliates to prioritise support for COSATU locals.

We have made major efforts to revive the locals in recent years, including holding a locals summit and increased support for the Socialist Forums. Locals have always been backbone of COSATU.

Still, we have to ask why our locals must continuously be re-launched. Some common problems can be identified.

11. Locals do not have a budget or employees to coordinate their activities. They have to rely on the dedication and effort of the local office bearers.

12. Some unions do not take attendance at locals by shopstewards very seriously.

This is particularly a problem where a few unions dominate local structures.

13. In many instances our locals are asked to respond to local development initiatives, but have no capacity.

13.1 Eastern Cape

The province no longer lives in the shadow of its former Regional Secretary Pinkie Ntsangani whose tragic departure in 2002 weakened the province. The leadership that took over quickly addressed the challenges and is now a formidable team that leads the Federation. The main strength of the province is cohesion and unity displayed in the recent re-election of all Provincial Office Bearers unopposed.

The PEC and therefore the affiliates play an important role to lead the Federation in particular during the mass campaigns of the Federation. The lapse in the ability to get affiliates to participate evenly in campaigns following the death of Comrade Ntsangani has been addressed.

The province experienced a degree of instability at the level of the Alliance. A popular Premier, who is the chairperson of the provincial ANC, was redeployed to the Ministry of Sports and Culture. The Deputy Chairperson, who was also an MEC, was fired together with a number of others believed to be sympathetic to the left project. Unsubstantiated allegations of corruption were levelled against some leftwing cadres in government and parastatals. This caused problems as many believed that there was a deliberate political programme to root out left-leaning cadres in the provinces and replacing them with the rightwing using trumped up corruption charges that haven't been proven. The list process for the 2006 local government elections proved particularly divisive and demoralising.

Some locals take sides in unstable ANC subregions, which can spill over into instability within the Federation. In some locals this is so overwhelming that the focus of these locals is on nothing else but these disputes. A related problem is that of Alliance structures either not existing or not functioning at all at the local level.

In addition, some of workplaces where we have been strong are now seriously contested politically. Our own shop stewards base is beginning to show political allegiance to other reactionary formations. We have two groups of shop stewards – one group is the one that is just an extension of the industrial relations system or an extension of management, and the second group of activists who see the union as a school for socialism.

New Provincial Office Bearers are:

1. Chairperson - Zanoxo Wayile - NUMSA 2. Deputy Chairperson - Mpumelelo Saziwa - SADTU 3. Treasurer - Buyiswa Ntlangwini - CWU 4. Provincial Secretary - Xola Phakathi - SATAWU

The state of locals in the Eastern Cape

Free State/Northern Cape

The province is the undoubtedly a champion of mass mobilisation and campaigning. It is always number one in pulling workers to participate in COSATU campaigns. May Day rallies and other gatherings are always attended better than other provinces.

This strength reflects that the PEC has become coherent and unity has been achieved. Locals are in a better position. Politically the province is also engaging well with the Alliance with relations in particular in the Free State province at healthy state.

Serious weaknesses emerged though in the elections process. COSATU was excluded from the list process in some areas, and the gender quota was used to push down some COSATU candidates. As a result, some locals refused to join the campaign despite visits by Provincial Office Bearers.

Despite these problems, the province held bilaterals with the ANC and attended its lekgotla in both the Free State and Northern Province. We agreed on a joint Alliance programme of action and education.

The SACP has raised its profile, running successful campaigns around the financial sector and land reform, amongst others. SANCO has faced crises in both the Free State (due to severe divisions) and the Northern Cape, where it faced serious financial problems. The province worked well with SASCO and COSAS as well as other civil society formations such as SACC and NAPWA, with whom we cooperated on May Day and the Jobs and Poverty Campaign.

New Provincial Office Bearers are:

1. Chairperson - Xolisile Qayiso - NEHAWU 2. Deputy Chairperson - Sibongile Makae - SADTU 3. Treasurer - Bonny Marekwa - POPCRU 4. Secretary - Sam Mashinini - NUM

The state of locals in the Free State/Northern Cape

13.3 Gauteng

The province has never really reached its full potential. It is the most strategic with the biggest of the manufacturing sector members. Its main weakness is the lack of consistency in its own programme resulting in a lack of its own independent public profile. Yet when it comes to national actions it pulls the biggest worker gathering arising out of the concentration of members and geographical advantages.

The Alliance presents strategic stability in the province. It has not, however, been as effective as hoped in influencing government policies. SANCO is still reeling from structural weaknesses in the province. Still, more than 80% of its Gauteng branches are functional. In terms of other social movements, the province agreed to distinguish between those that use acceptable legal tactics and those that rely on anarchist adventurism. We have a constructive relationship with TAC.

The province found it difficult to set up programmatic relations with the student movements COSAS and SACO because of the transitional nature of their leadership.

New Provincial Office Bearers are:

1. Chairperson - Phutas Tseki - NUMSA 2. Deputy Chairperson - Mpho Mokone - SAMWU 3. Treasurer - Pinky Mncube - SADTU 4. Secretary - Siphwe Mgcina - CEPPWAWU

State of the locals in Gauteng

13.4 KwaZulu Natal

The biggest advantage is apparently the culture of mass attendance and participation of members not only of COSATU but other components in all activities in the province. Any mass gathering whether of COSATU, ANC or SACP is always well attended. Obviously the biggest development in the province was the triumph of the democratic forces led by the ANC and the Alliance leading to their ascent to political power.

Since the local government elections in March 2006, the majority of municipalities are now also under the leadership of the ANC. There were, however, some problems with the list process; violence; and a lack of trust between comrades.

COSATU's provincial government has called for an Alliance Local Government Summit to outline the way forward. Overall the province has a relatively good working relationship with the provincial government. Relations in the Alliance at the Secretariat and P WC level have improved substantially since the ANC's provincial conference in 2005.

The PEC remains united and coherent. The province now has its own independent profile from consistency in campaigns, including taking up provincial and local issues even though they on occasions require a big push from behind.

The new Provincial Office Bearers are:

1. Chairperson - Sdumo Dlamini - NEHAWU 2. Deputy Chairperson - Julius Sithole - CWU 3. Treasurer - Enoch Mthethwa - NUM 4. Secretary - Zet Luzipho - SAMWU

As it can be seen the KwaZulu Natal is the only province led only by men and without a proper balance between private and public sector. This is regrettable.

The state of locals in KwaZulu Natal, ranked from 0 to 10

13.5 Limpopo

The province remains one of the most solid provinces politically and organisationally. The NOBs however expressed concern about relatively poor participation in its mass activities. The province has since embarked on the conscious programme to address this weakness and it seems to be turning the situation around if we are to use this May Day rally as the measure. The PEC remains united and coherent.

The Alliance has not drastically improved. There are still no real engagements on policy matters or issues relating to government. The Alliance functions well at the level of the campaigns, and two Alliance summits were held over the period under review.

COSATU participated fairly well in the elections campaigns. Squabbles emerged about the list processes, however, as well as the deployment of mayors and service delivery. The implementation of the gender quota created real tensions.

Our relationship with the ANC is good, but we have not managed to establish joint programmes. Workers participation in the ANC is visible even though not numerically measured. Several affiliates have complained about the conduct of the SACP provincial leadership. COSATU continues to provide administrative support to the SACP provincial office, while affiliates provide space for the SACP districts. The SACP participated in some activities, notably the Jobs and Poverty Campaign, but heavily criticised COSATU's campaign on Zimbabwe.

The new provincial leadership is:

1. Chairperson - William Mokwalakwala - SAWMU 2. Deputy Chairperson - Miriam Ramadwa - NEHAWU 3. Treasurer - Anique Moloisi - SADTU 4. Secretary - Jan Tsiane - NUMSA

The state of locals in Limpopo

Locals LSSC LEC Gender Socialist Forum Alliance Bela Bela functioning not functioning not functioning collapsed Functioning Far North functioning functioning functioning functioning Functioning Makhado functioning functioning weak functioning Functioning Tzaneen functioning functioning functioning Weak Functioning Modimolle not functioning (interim structure) not functioning not functioning Not functioning not functioning Thabazimbi functioning functioning weak Weak not functioning Polokwane functioning not functioning weak collapsed Functioning Mokopane Weak not functioning not functioning collapsed not functioning Groblersdal functioning functioning not functioning functioning Functioning Phalaborwa functioning functioning weak Weak Functioning Musina functioning functioning not functioning Not functioning Functioning Giyani functioning functioning weak functioning Functioning Bochum interim

structure interim structure ----- Northam interim structure interim structure -----
Burgersfortein interim structure interim structure -----

13.6 Mpumalanga

Organisationally and politically the province remains stable with a coherent leadership and a united PEC. The province continues to provide solid support for COSATU programmes.

During the elections, Alliance meetings take place religiously every week. Thereafter it retreats to crisis management plus ceremonial appearances like addressing each other's conferences and shaking hands at government meetings. The Alliance is not drivin g any joint program and has not held a summit.

Relations with the ANC remain very warm. Since 2003, the SACP's profile increased dramatically and its membership base has grown due to a vigorous recruitment campaign led in part by the Provincial Secretary. The SACP launched independent campaigns and was part of all our campaigns.

The province work closely with SANCO, student formations, churches and other civil society organisations, especially in the Jobs and Poverty Campaign.

The new Provincial Office Bearers are:

1. Chairperson - Raymond Mnguni - FAWU 2. Deputy Chairperson - Dikeledi Mahlangu - NEHAWU 3. Treasurer - Khellina Shoba - NUM 4. Secretary - Norman Mokoena - CEPPWAWU

State of locals in Mpumalanga Local LSSC LEC Gender Socialist Forum Alliance Baberton Weak Normal Weak Normal Functional Belfast Weak Weak Weak Normal Bethal Weak Weak Weak Weak Burgersfort Weak Weak Weak Normal Bushbuckridge Active Active Weak Active Active Elukwatini Active Active Weak Active Normal Ermelo Weak Weak Weak Normal Normal Graskop Weak Weak Weak Weak Weak Hendrina Active Active Weak Active Normal Kriel Weak Weak Weak Weak Normal Lydenburg Weak Weak Weak Normal Weak Machadodorp Active Active Weak Active Active Middleburg Active Active Weak Active Active Mpuluzi Weak Weak Weak Weak Weak Nelspruit Weak Weak Weak Weak Weak Nkomazi Weak Active Weak Normal Normal Ogies Weak Weak Weak Weak Weak Pietretief Active Active Weak Active Active Sabie Weak Weak Weak Weak Weak

13.7 North West

The province's fortunes changed with the departure of the previous Regional Secretary. The provinces moved from being docile to an active, dynamic champion of the working class issues.

Today the province is one of our best. Members have responded and numbers of members in our activities have increased dramatically. The province hosted the launch of the National Recruitment campaign and successfully hosted the commemoration of JB Marks and Moses Kotane.

The Alliance relations have not however been ideal. The ANC has experienced some degree of internal difficulties centred on factionalism. The state of the SACP and its own internal dynamics makes relationship difficult to manage.

A lot of COSATU members in the province are active in the ANC. Nonetheless, there are no Alliance programmes at regional or branch level. After the ANC provincial conference in April 2005, which elected new leadership, the Federation came under strong attack from the ANC. The situation worsened after the NGC and the subsequent developments around Zuma. We had serious disputes about the exclusion until September 2005 of the Alliance structures from the elections campaigns committee and the list committees at all levels.

Since the 2004 provincial conference, the SACP has not been able to position itself well in support of the working class. It has not backed our campaigns. In several cases individual SACP leaders have lambasted COSATU, even after we agreed on common positions. Despite repeated requests from COSATU we have bilateral discussions only when there is a crisis.

For the last three to four years SANCO has been in disarray. It has now set up a provincial structure that has a new leadership, which should help.

The PEC is united and coherent is playing an important role in the activities of the Federation with some individual leaders of affiliates going beyond the call of duty to assist the COSATU provincial leadership.

The new Provincial Office Bearers are:

1. Chairperson - Deon Boqwana 2. Deputy Chairperson - Ingrid Tube - from SACCAWU 3. Treasurer - Nomsa Nong - SADTU 4. Secretary - Solly Phetoe - from SADTU

13.8 Western Cape

There is no doubt the province is the most engaging with the public debates. It has an advantage that it is situated next to Parliament. As a result, it is often called upon to respond to national issues. On occasion this causes difficulties that have to be managed carefully.

The province is really active in particular around Cape Town. We have in the past raised a concern that it is not engaging its rural locals enough. Most worrying is that the Cape Town local is not functional which means that the provincial office itself plays the role of super-local.

Controversy emerged with the public packaging of the intensified cooperation with the civil society formations. There was media frenzy around the launch of the so-called UDF.

The Alliance is not functioning ideally. This together with the internal divisions in the ANC may have been responsible for the triumph of the DA in some local authorities

The SACP and COSATU have been working together well in spite of some initial hiccups. We have committed to joint programs and held a joint press conference to engage on questions of alliance relations.

COSATU in the province works extensively with civil society organisations, notably on the Jobs and Poverty Campaign.

14. Gender

14.1 Women leadership

The 2003 Congress resolved that, The quota system applicable to the Federation shall be set by the CEC, and quota systems applicable to affiliates shall be set by affiliates. Quotas shall be based on the share of women in membership and the need to rapidly develop women leadership.

In 2006, 27% of NOBs in COSATU affiliates were women, and 40% of COSATU NOBs.

This was a significant improvement on 1999, when only 10% of the unions' NOBs were women. Of these leaders, however, all but three were Deputy Presidents or Treasurers. NEHAWU elected a woman president, and DENOSA and SAMA have women general secretaries.

Areas for debate and proposals

Based on the Congress resolution, the NGC proposed 50% representation of women in leadership positions at all levels of COSATU, taking effect from the Ninth National Congress. It proposed that affiliates set quotas based on their gender composition.

The NGC also adopted a campaigns strategy on electing women as shop stewards as well as appointing them as organisers. The NGC's proposals on representivity were discussed extensively by affiliates and provinces, but must be finalised by Congress.

14.2 Status of gender structures

The NGC has continued to meet regularly. Provincial and gender structures in provinces and affiliates remain highly uneven. An investigation by the NGC in 2004/5 found that this situation arose from poor attendance by affiliates; lack of resources for meetings and programmes; insufficient political support by the National Office Bearers; inadequate planning, initiative and creativity, with coordinators often overwhelmed by obstacles; and disregard of COSATU and especially NGC programmes, policies and guidelines.

There is a need to focus on a systematic resuscitation of gender structures in all provinces and affiliates. CEC leaders and the NGCC should play a strategic role in this task.

The NGC found the following in the provinces:

1 The Western Cape is fairly trying to adhere to policy stipulations and the programme of action.

2. Gauteng, the Northern Cape/Free State and the Eastern Cape have tried their best to keep the structures alive despite various obstacles, and have utilised networking partners to sustain them.

DENOSA's General Secretary, Thembeke Gwagwa at the COSATU conference to celebrate the ten years of Democracy

3. North West, Limpopo, KwaZulu Natal and Mpumalanga have seen their structures collapse and meetings no longer takes place. These provinces need immediate attention.

In terms of affiliates, the NGC found the following.

1. SACCAWU, SADTU, NEHAWU and POPCRU had functioning gender structures, but could utilise the policy process to improve their effective functioning,
2. SAMWU, NUM, NUMSA, CEPPWAWU and SASAWU had recently established gender structures and would benefit from close monitoring and support.
3. SASAWU, SADNU, DENOSA and SATAWU were in the process of establishing gender structures.
4. SAAPAWU, SAFPU, SASBO, CWU, MUSA, PAWE, PAWUSA and SAMA did not have any gender structures.
5. FAWU and SACTWU had also decided not to set up gender structures. This situation raises concern and requires that we devised means to address it immediately.

14. 3 Capacity building

In 2004-2005 COSATU, together with NALEDI, undertook capacity building nationally; in sectoral clusters; and through provincial induction workshops and gender structures. Generally we found that participants were not aware of NGC decisions or COSATU policy positions. This pointed to the need to improve mandating and report-back systems.

In 2005, provincial induction workshops were held in February and March in order to reconstitute gender structures. These workshops underscored the importance of paying attention to affiliates' regional gender structures. They also pointed to the importance of a strategy for gender mainstreaming through integration of gender issues into the work of the organisation.

14.4 Campaigns and solidarity work

COSATU commemorated International Women's Day; International Children's Day; National Women's Day; and the 16 Days Against Gender-Based Violence.

14.5 National Progressive Women's Movement

The Alliance structures adopted a resolution to establish a national women's movement with a working class bias. They agreed on the formation of this movement which will fight to change patriarchal gender relations in all spheres of life, including in the organisation, institutions, the workplace and broader society.

This movement will serve to

- Consolidate the fragmented efforts of women formations, gender organisations and structures that seeks to strategically address women issues and gender oppression in all its forms,
- Unite South African's around a minimum programme through campaigns,
- Shape and redefine gender relations and change the patriarchal mindset of our society,

- Fight for the economic emancipation of women the majority of whom are African, rural including the disabled, enable them to participate freely and equally with their male counter parts.
- Work towards the eradication of all forms of violence and promote the respect and rights of women,
- Ensure that women's struggles are seen as part of the overall struggle for the transformation of society, economic emancipations. In essence this means that men have got a role to play to contribute towards these goals,
- Build this national women's movement from below i.e. in provinces and regions.

It has taken years to realise this resolution which was eventually launched (after a steering committee was established to work towards this launch) at a Conference held on the 5-8 of August 2006 in Bloemfontein at Sun Du Plessis Theatre under the name the "Progressive Women's Movement of South Africa" whose theme was Women Marching for equality, development and peace, also to honour the gallant heroic women who sacrificed their lives for a better SA.

Women and gender organisations from different sectors namely political organisations, trade unions, civic organisations, religious bodies, business, professional organisations, young women formations, women with disabilities, veterans of the struggle, NGO' S, CBO'S and representatives from different spheres of government formed part of this historic launch.

The outcomes intended were to emerge with resolutions to address among others, the following social ills which were the outcomes of commissions work under the following focus areas:

- Economic emancipation of women,
- The feminisation of poverty,
- Access to basic resources, property and developmental opportunities,
- In formalisation of the formal economy through casualisation, subcontracting and outsourcing,
- Gender based violence,
- Patriarchal society and system reinforced by cultural and customary practices,
- Poor implementation of legislation those are intended for the protection and benefit of women.

The Steering Committee has a term of five years, with seats allocated as follows:

- Each organisation is allocated one seat,
- ANCWL allocated four seats,
- COSATU two seats,
- SACP two seats,
- SANCO one seat.

It was agreed that the secretariat position of convenor be held by Baleka Mbethe of the ANC-WL and Noluthando Mayende Sibiyi of NEHAWU will be co-convenor.

15. Education

Strong education is essential to build the unity of workers and maintain ideological cohesion within COSATU. Considerable progress was made in the past three years, including the re-establishment of regular national schools as well as the formation of the Chris Hani Brigade. Still, weaknesses remain. In

particular, we need to protect educators from other demands and ensure they are sufficiently capacitated. We also need to provide sufficient resourcing for education.

15.1 Provision of Education

15.1.1 Accreditation and Skills Development

Trade Union Education Qualification and union workplace Skills Development workshop was held on the April 2006 to address the issues of a trade union qualification and Skills development activities in the Federation. This was attended by 30 participants and 10 unions participated in the workshop Trade Union Education Qualification Conference held in July 2006 hosted by Ditsela and attended by COSATU, NACTU, FEDUSA, CONSAWU and labour service organisations, 10 participants from COSATU attended representing 5 unions. The conference was attended by 60 participants

15.1.2 Shopsteward Development project

The Shopsteward Project went through a two-year development process, which included Limpopo, Eastern Cape, North West, Free State/ Northern Cape, KZN provinces, DENOSA, SATAWU, FAWU and SACCAWU. 60 trainers and 160 participants took part in the pilot sites. The implementation of the project targeted 120 trainers who went through an accredited facilitators training which included KZN, Eastern Cape, Free State/Northern Cape and Limpopo provinces between June – August 2006. The remaining 120 trainers and Province will complete the training in October – December 2006. It is anticipated that the rollout training of 8000 shopstewards targeting a 100 locals will commence in 2007

15.1.3 Leadership and Political Education Development

Five political schools were held during the reporting period.

The May 2004 Winter School covered courses on Organisational Development, CHB, Gender Studies and Political Economy. The seminar topics were based on social movement and trade unions, 2015 plan, Industrial Policy, International Policy, and Political Economy. The number of participants was 90 and included 16 unions, plus four COSATU provinces.

The October 2004 Summer School covered courses on, CHB, Gender Studies, Political Economy, International Policy. The parallel workshops focussed on Young workers and Trade Unions, S.A. Trade-Theory and Tools, SACP's RED October Campaign- Agrarian Question, Neo-Liberal Globalisation and Casualisation of Workers and Privatisation. The number of participants was 100 and included 18 unions, three COSATU provinces and SACP cadres.

The 2005 May Winter School courses covered CHB, Women Leadership, Marxist Political Economy, Recruitment and Organising, Tools in Economics Analysis, Globalisation Economy Restructuring and Job Losses, SACP Political Economy, Class Analysis of Zimbabwe, the seminars focused on the Contesting of State Power, Honouring Walter Sisulu Lecture presented by Ahmed Kathrada.

The November 2005 Summer School covered courses on Organisational Renewal, CHB, Political Studies for Women Leadership, Industrial Policy. The seminars covered "The nature of the South African state in the context of changing global economy and the imperative of transformation," "On Political and

Organisational imperatives for post Apartheid Trade Union organisation in S.A. to embark on Organisational Renewal process” and the History of trade Union Education and its relevance today. The number of participants was 120 and included 20 unions, 4 COSATU provinces and SACP cadres.

The June 2006 Winter School covered courses on Popular Education, Popular Culture, Women Leadership, Leadership and Union Organisation, Political Economy.

The seminars covered Neo-liberalism (Capitalism) and Marxism Today, Applying Marxism through Popular Education, Making of Socialist Experiences and Working Class Responses to Neo-liberal Capitalism, Social Movements, Trade Unionism and Working Class- Responses and Platforms in South Africa. The topical discussions dealt with Privatisation, gender and community struggles, Casualisation and organising strategies, Unemployment, Black Economic Empowerment, Labour market flexibility, Global Economic restructuring and SA workplace, HIV/AIDS, SA capital its structure and relation to the ruling elite, COSATU Jobs and Poverty Campaign, COSATU Industrial Strategy, COSATU gender work, The transformation of the workplace through the national skills plan, Organising the unorganised, Basic Income Grant , Union investment and pension funds and Social dialogue and collective bargaining. The number of participants was 110 and included 19 unions, 2 COSATU provinces and CHI/SACP cadres.

15.1.4 Chris Hani Brigade

The Brigade went through an 8-block training and targeted 23 participation and included SADTU, SADNU, CEPPWAWU, POPCRU, DENOSA, NEHAWU, NUMSA, NUM and SATAWU. The course programme broadly covered (B1) Orientation on the CHB and 2015, (B2) introduction to Class theory, (B3) Political economy, (B4) Socialism, (B5) Trade Union and the Class struggle, (B6) Education and class society, (B7) Facilitation Skills and (B8) Materials development and evaluation.

The rollout of training in the provinces was modelled on the training developed at national level and targeted an average of 20 participants in each province and totalling 185 participants trained nationally. The trained provincial CHB trainers used their training to conduct topical discussions based on the training materials to socialist forums in locals. The Chris Hani Brigade has however a very high turn over.

15.1.5 Women Leadership

The course went through three target groups and covered a four-block training focussing on the following,

- 2003 targeting national leadership focussing on Black Working Class Women in Transition (B1), Global Political Economy (B2), The State and Social Movements (B3) and Building Socialism (B4).
- 2004 targeted regional leadership and focussed on Race and Class (B1), Gender and Trade Unions (B2), Political Economy (B3) and Socialism (B4).
- 2005 targeted regional leadership and focussed on Gender and Trade Unions (B1), Political Economy (B2), State and Social Movements (B3) and Socialism (B4). Sixty (60) participants were trained which were drawn from SACTWU, SAMWU, PAWE, NEHAWU, NUM, SATAWU, CWU, CEPPWAWU, NUMSA, MUSA, SADNU, POPCRU, SADTU, DENOSA, SASAWU, PAWUSA, SACP, Nigeria Labour Congress, Pudemo, Solidarity Centre and COSATU provinces.

15.1.6 Political Education Network

The network was held in March 2006 and was attended by 20 participants and included CHI, SACP, Communist University and AIDC and eight affiliates.

15.1.7 International Educator Networks

The Apadep Network was launched in December 2005, with the political leadership of the Ghana Trade Union Congress Nigeria Labour Congress (NLC) Trade Union Congress of Tanzania (TUCTA), Zambia Trade Union Congress (ZCTU), Zimbabwe Congress of Trade Unions (ZCTU), Congress of South African Trade Unions (COSATU) and Burkina Faso. 60 participants consisting of educators, researchers, general secretaries and presidents attended the political workshop.

The first educator development programmes was set up in April 2006 and consists of 30 union educators and 6 countries on the African continent. This project is a yearlong activity and the Federations manage the rollout of training in the respective participating countries.

The Satula Educator Network consists of Botswana, Lesotho, Swaziland, South Africa, Namibia, Zimbabwe, Angola, Tanzania, Zambia, Malawi and Mozambique. A similar educator development network was set up and currently developing educators in the participating countries. This programme trained close to 180 participants in the Southern African region including Zimbabwe, Swaziland, Mozambique and South Africa.

15.2 Union Education

Shop steward Education: One union indicated that they had not offered any form of shop steward training in 2005. Five unions could not indicate how many shopstewards had been trained. Two had trained 100 or fewer, three between 100 and 200, two between 200 and 500, and three over 500.

It seems that unions are either able to train many shopstewards on a number of issues or are not able to rollout mass training for shopstewards at all, with very few in the middle. Most unions fall into the weak category.

Membership education: The primary delivery mechanism for membership education is union media, mostly newsletters and magazines. There were some examples of good practice, including one union reaching 57 000 members in HIV/AIDS blitzes across the country. Some unions use general meetings and campaigns; pamphlets, bulletins and posters; community radio; study circles; and e-mails and website.

Leadership education: Training for leadership focused on the provincial or regional level. Five unions undertook training for provincial leadership in 2005. Four unions sent their leadership on external courses with Ditsela or universities. Three ran ideological training for leadership and two ran training for treasurers. Some sent leadership on COSATU courses. Two unions did not run any leadership training in 2005.

Discussions are underway with Wits to set up relevant diploma and MA programmes for senior leaders and staff.

Officials' education: Some unions have tried to claim grants back from SETAs, but the SETA bureaucracy makes it a difficult exercise to claim. One union has succeeded in getting SETA funding for all their courses.

Often staff training is conducted by human-resource or skills development officers, or provided by outside providers. This encourages a trend toward the separation of staff training from that of members, shopstewards and office bearers, particularly in unions with HR Departments, which frequently do not work with the education department. The risk is that staff will not receive political education or training from a labour perspective.

In-house courses run for staff by the union included organisers' courses, negotiators/collective bargaining, financial and arbitration. Other courses listed includes, staff meetings, induction, administrators, dispute resolution and train the trainers. External providers include Ditsela, COSATU schools, the CCMA, Naledi, Ilrig and other labour service organisations. In addition, in some unions staff takes university courses.

15.3 Education review

In an attempt to understand the education challenges in the Federation we conducted an Education Review in 2006. The findings suggest the following.

1. Whilst there is a significant improvement in the employment of educators in the Federation the capacity is no way near the required need to address the challenges. An astounding 40% of national educators said they spent over 60% on other union work, and 25% said they spent over 80% of their time on other union work.
2. Even though national educators are long standing unionists, more than half have been national educators for less than three years. Only 33% of educators are women.
3. Only five unions have stuck to resolution to set aside 10% of the budget outside of personnel for education. Two of these were doing more and these were the unions who were able to deliver comprehensive programmes to a large number of people. In some unions there is no budget allocation for education, education was not planned ahead and education needs were met on an ad hoc basis. Other reasons cited included: cash flow problems, lack of political will, paper budgets but money not distributed. Some educators said that the budget allocation was based on the programme submitted which did not necessarily total 10%.
4. Most unions have standard NEDCOM structures, but fewer have regional and local education structures. Most structures are not functioning well.

15.4 Education structures

NEDCOM provides for a dynamic and critical platform to gauge the extent and depth of the education activities in the Federation. It helped with insights on how we can support and provide learning opportunities to unions to increase their capacities and education responses. It also serves as an important indicator to measure our attempts in realising the objectives of the 2015 programme.

It is encouraging to notice, though limited, the emergence of collectivism amongst union educators in the programmes and activities of NEDCOM. The fact that unions accepted the NEDCOM reporting format signals greater coherence in our programme pillars which provide a common yardstick to measure and assess our weaknesses and achievements.

A problem remains inconsistent attendance.

The function of the National Educators' Forum was absorbed and incorporated into the NEDCOM task-teams.

The approach at provincial level has been to increase the pool of trained facilitators that can support the provincial education forum, the locals and union education programmes. The education department introduced an accredited programme for facilitators (shopstewards and officials) at a provincial level. In addition the political education training carried out by the Chris Hani Brigade participants attempts to further support the development of this pool of facilitators.

Parallel to this Ditsela has continued to support and maintain the quality and sustainability of provincial educator development.

Recognising that COSATU cannot replace the responsibility of unions to provide shopstewards education to its members, the Federation can however create the training momentum towards building a culture of trade union education in the province. This activity is and can greatly be enhanced if unions recognise the critical role COSATU provincial educator's forum plays in our education strategy. This centre offers the greatest potential and yet it is the weakest link in Federation's strategy.

The capacity of educators at provincial level is even weaker than at national level.

This is evident in the poor attendance of unions at Provincial Educator Forums and consequent underreporting of union education at provincial level.

The development and capacity of COSATU provinces is also uneven. The multi-task functions most educators play at this level and with very little support from their national offices compound the problem.

16 Communications

Our goal and vision remain to establish working-class hegemony across the social discourse. To that end, we seek to communicate COSATU's views and activities as effectively and efficiently as possible to both our members and the general public.

This is done both externally through the mass media and internally through our own publications. We are appealing to all affiliates, provinces and other units to keep us well and promptly informed of everything they are planning, saying and doing, because we obviously cannot communicate what we do not know about.

16.1 External media

We are sending out a growing number of media statements on a range of topics virtually daily, and sometimes several a day. The coverage of these statements by the media has definitely been improving, though uneven.

Besides COSATU statements, we are also forwarding many more good statements from a growing number of affiliates, including CWU, CEPPWAWU, SATAWU, POPCRU, NEHAWU, NUMSA, SACTWU and FAWU. Most of COSATU's provinces have also been sending out more statements about local issues and this must be encouraged further.

Radio: We have restarted SAFM's regular half-hour labour programme on SAFM, 'Workers on Wednesday', during the Morning Talk Show, and the fortnightly show on Umhlobo Wenene, and have drawn up new programmes of topics. Affiliates are encouraged to submit speakers for these and other shows and to encourage their members to phone in. The number to phone for the SAFM show is 0891 104207.

Ukhozi FM say they have a problem with their fortnightly labour show - that due to the ICASA regulations the hour that had has now been taken over by the news/current affairs department. The station manager has however undertaken to assess other possible slots.

We are trying to get even more labour slots on the Labour-Community Radio Project shows, the SABC regional and African language stations.

In addition we do numerous interviews on news and current affairs programmes on an almost daily basis. We are however still weak in certain languages and need to improve our exposure in all official languages
Television: Our NOBs held a useful meeting with the SABC board on 21 February, at which COSATU's longstanding complaints about the SABC TV's coverage of labour and other issues were conveyed to the board. The meeting agreed on joint programmes to:

- Improve on the current funding model for the SABC and to lobby government for more funding.
- Encourage people to pay TV licenses
- Prepare society for the forthcoming 2010 World Cup.
- Work together around the proudly South Africa campaign, especially around BEE matters, and have unions playing a role in the BEE committee.
- Address the problems of working conditions for the creative workers in the industry 73
- Develop a monitoring mechanism on the content of SABC TV programmes
- Compile and provide a list of trade unionists and progressive commentators who can be invited for interviews on various economic and related topics.

We need urgently to follow up on this meeting, especially in the context of the controversies that have arisen about remarks attributed to "a senior SABC personality" about the need to "isolate and neutralise" COSATU's General Secretary, and allegations of political commentators being banned from SABC shows.

ETV continues to give pitifully poor labour coverage and we struggle to get them even to attend our press conferences. We welcome the efforts by SACTWU, which owns shares in ETV's parent company, to bring some pressure to bear on the board of directors, which led to a crew attending a press conference that they had intended to skip, but we need to keep up the pressure.

16.2 Internal media

Shopsteward: We have already produced the first three of this year's six scheduled issues of the Shopsteward, and should definitely produce all six this year, the first time we will have done so for many years. The second and third issues were geared to the Jobs and Poverty Campaign and we printed 100 000 copies of each.

We once again appeal to affiliates and provinces to encourage members to send regular reports, articles, letters, poems, photos, etc. We need to establish a tradition that a report is automatically written for the Shopsteward on any important event or political development.

The Parliamentary Office continued to produce the COSATU Parliamentary Bulletin.

It forms an insert to the Shop Steward, and is also distributed amongst all ANC MPs, COSATU affiliates and progressive NGOs. Since the last Congress in 2003, only two issues have been produced, partly because of the impact of the 2004 and 2006 national and local government elections, which contributed to the decline in the volume of work in Parliament.

Daily Labour News: The Daily Labour News – with labour-related stories from Internet news sites – has been sent out every Monday-Friday by e-mail to all the affiliates and regions and other subscribers. We even put out an edition on one Sunday and on May Day. This reflects the growing number of relevant stories in the media, which reflects the increased amount of activity in which we have been involved this year and the effectiveness of our media officers.

COSATU Weekly: We have produced this newsletter with media statements from COSATU and affiliates every week, e-mailed it to affiliates and posted it on to the web site. It has tended to get longer as we receive an increasing amount of material from the affiliates and provinces.

We have begun to meet the challenge of turning this newsletter into a campaigning weapon, with weekly updates on the recruitment and other campaigns. It has helped to publicise the details of the May Day rallies and Jobs and Poverty Campaign activities. But we still need more involvement from the units and provinces to give us the information. We also need to be sure that the affiliates and provinces are emailing the COSATU Weekly to their branches and locals and printing our copies for the members. We are looking into a system by which copies can be printed in local offices directly from head office Media Forum: The Media Forum, with representatives from affiliates and Naledi, was revived at the start of the year and has met four times. It organised an informal cocktail party for labour reporters, which was a new initiative. It could have been better attended but is an idea worth persevering with. Our thanks to NUMSA and NEHAWU for meeting the cost of this event.

We shall also remain involved in the Labour Media Consortium, which plays a similar role but is also supposed to involve NACTU and FEDUSA, although neither plays any real role.

On 25 June we participated in a meeting of Alliance media officers at which only COSATU and the SACP were represented.

16.3 Archive and Information Centre

In February 2005 we launched an Archive and Information Centre at COSATU House. Thanks to cooperation and assistance from many institutions including FES and University of Witwatersrand. The COSATU Archive and Information Centre is attracting a growing number of visitors, especially students. We see it as an important way, not only to preserve our history, but to reach out to non-members, especially young people, and educate them about the labour movement.

17 May Day

May Day was successful in all the past three years since the Eighth National Congress. In 2006, the collaboration with the SACC and TAC led to a focus on HIV/AIDS in the May Day programme.

We continue to struggle to find a balance between collaboration with government, especially the Department of Labour and provincial governments, and ensuring this remains truly the workers' day. We cannot let it become just another state-run holiday like Youth Day and Women's Day.

18 Staff and Administration

Most of COSATU's units are fully fleshed and operational with a few which still have vacant posts. The Federation has 66 posts plus 11 Comrades from Cuba Properties.

The following table lists current COSATU staff members and their unit or province.

18.1 Staffing levels

There was a slightly higher turn over than usual in 2006. We lost the services of an experienced organising secretary, the trade and industry policy coordinator and the fiscal and monetary policy coordinator. It is a daunting task to replace this experience and skill, but certainly the efforts of some in the media to paint a picture of mass departures are simply not true.

COSATU staff members, July 2006

Secretariat Total = 6

1. General Secretary Zwelinzima Vavi 2. Deputy General Secretary Bheki Ntshalintshali 3. Secretariat Coordinator Zakhele Cele 4. Personal Secretary to the General Secretary Dolly Ngali 5. Personal Secretary to the DGS Nonhlanhla Hlomuka 6. Public Sector Coordinator (funded by the public sector unions) Sifiso Khumalo

Accounts Total = 5

7. Amos Mashaba National Accountant 8. Vacant Deputy National Accountant 9. Dibuseng Pakose Regional Accountant 10. Jabulile Tshehla Acting Finance Clerk 11. Nthuseng Mpisi Cuba Properties and Projects Accountant

Communications Total = 7

12. Patrick Craven Spokesperson 13. Dominic Tweedie Shopsteward Editor 14. Kgomotso Sikwane Communication Officer 15. Vincent Masoga Shopsteward Manager 16. Nandipha Miti Web designer 17. Xolani Mhambi Archives administrator 18. Shadow Mahlong IT Manager

International Total = 2 19. Vacant International Secretary 20. Mandla Rametsi Deputy International Secretary

Administration Total = 3

21. Khanyi Fakude Administrative Secretary 22. Tshidi Makhathini Acting Receptionist 23. Tholamandla Zondi Driver

Organising Total = 1

24. Vacant Organising Secretary 25. Theo Steel Campaigns Coordinator 26. Mummy Japhta Gender Coordinator

Education Total = 3

27. Antony Diedricht Education Secretary 28. Bongani Masuku Educator 29. Nelisiwe Mbatha Administrator (shared with Organizing)

Policy Total = 8

30. Neva Makgetla Fiscal and Monetary Coordinator 31. Rudi Dicks Labour policy Coordinator 32. Sekete Moshoeshoe Skills Development Coordinator 33. Jacqueline Bodibe Health and Safety & HIV/AIDS Coordinator 34. Jan Mahlangu Retirements Fund Coordinator 35. Sibusiso Gumede Social Development Coordinator 36. Nonhlanhla Ngwenya Administrator 37. Vacant Trade and Industry Coordinator

Parliamentary Office Total = 5

38. Neil Coleman Parliamentary Coordinator 39. Vacant Deputy Coordinator 40. Vacant Research Coordinator 41. Prakashnee Govender Legal Coordinator 42. Akona Busakwe Administrator

Provinces Total = 24

43. Western Cape Provincial Secretary Tony Ehrenreich 44. Western Cape Organiser/Educator Mike Louw 45. Western Cape Administrator Elma Geswindt 46. Eastern Cape Provincial Secretary Xola Phakathi 47. Eastern Cape Organiser/Educator Mandla Rayi 48. Eastern Cape Administrator Vuyo Macozoma 49. Limpopo Provincial Secretary Jan Tsiane 50. Limpopo Organiser/Educator Jankie Chiloane 51. Limpopo Administrator Palesa Mphamo 52. Gauteng Provincial Secretary Sipiwe Mgcina 53. Gauteng Organiser/Educator Matserane Wa Mapena 54. Gauteng Administrator Gertrude Mtsweni 55. North West Provincial Secretary Solly Phetoe 56. North West Organiser/Educator Thalitha Jona 57. North West Administrator Ruth Moloisane 58. KwaZulu-Natal Provincial Secretary Zet Luzipho 59. KwaZulu-Natal Organiser/Educator Mthokozisi Khuboni 60. KwaZulu-Natal Administrator Vacant 61. Mpumalanga Provincial Secretary Norman Mokoena 62. Mpumalanga Organiser/Educator Fidel Mlombo 63. Mpumalanga Administrator Vacant 64. N.C Free State Provincial Secretary Sam Mashinini 65. N.C

Free State Organiser/Educator Jonas Mosia 66. N.C Free State Organiser/Educator Nontsikelelo Mdebuka Mgudlwa

Cuba Properties Total = 11

67. Morris Chabalala Security 68. Daniel Mosito Security 69. Progress Hlungwane Security 70. Moses Tsotetsi Security 71. Baldwin Nelwamondo Security 72. Johannah Tshabalala Security 73. Alfred Mtshixa Security 74. Hepworth Moyikwa Security 75. Esther Seasebo Cleaner 76. Vacant Cleaner 77. Igsaak Kamalie Caretaker

Employment equity statistics

Race Men Women Head office African 22 16 White 2 1 Coloured 3 1 Total 27 16 Provinces and parliamentary office African 15 8 White 1 0 Coloured 2 2 Total 18 9

18. 2 Staff Committee

The Committee is operational and able to address issues related to staff with the National Office Bearers. The staff committee chairperson is the Western Cape Administrator Comrade Elma Geswindt. The other members of the committee are:

1. Mandla Rayi Educator – Eastern Cape 2. Patrick Craven Spokesperson 3. Mummy Japhta Gender Coordinator

18.3 Staff training

We encourage our staff to study. COSATU has a study scheme for all employees, which is granted to staff members as the loan. When a staff member successfully completes the course, the loan becomes a grant. We also use DITSELA to educate our staff.

18.4 Grading

The grading system has been concluded and implemented. After meetings and debates with the staff committee members, NOBs, and consultants (Nell and Shapiro), the proposal for the grading system was circulated to February 2006 CEC and it was approved and implemented in March 2006.

All the job descriptions were reviewed and graded accordingly, including with a new package were necessary. All the staff members were allocated into the grading system.

18.5 COSATU Merchandise

The COSATU merchandise shop is operational and it is at the COSATU house. The Project Coordinator is managing the shop assisted by the COSATU Treasurer.

Currently COSATU blankets, t-shirts, bags, CD's are being sold.

18.6 Information technology

The overhaul of our computer systems is under way, though due to budget constraints we are unable to totally complete the process. We are also looking at ways to utilise new wireless technology, so that even more staff can access the COSATU network outside the office or when in meetings.

We keep looking at ways to improve the web site and encourage all the units, provinces and affiliates to give us feedback – with complaints, and ideas for improvements and additions. We have once again introduced a special opening page for the National Congress

19 Affiliated institutions

19.1 NALEDI

NALEDI was established by COSATU in 1993 to conduct policy relevant research for the labour movement, COSATU in particular. Its aim is to analyse developments and policies from the perspective of organised labour.

In May 2005, the former director of NALEDI, Comrade Ravi Naidoo, left to join the dti, and was replaced by Comrade Oupa Bodibe. The director works closely with a Board of Directors appointed by the CEC and drawn from the labour movement, academia, government and specialised experts. A management committee comprised of Frans Baleni, Linda Mngadi and Bheki Ntshalintshali exercises oversight of operations on behalf of the Board.

NALEDI staff has been reduced from a high of 17 in 2003/04 to 12. Eight of the current staff are directly involved in research and the remaining four work on administration and communications.

NALEDI receives the bulk of its funds from labour support organisations in Europe as well as foundations. COSATU provides R1, 2 million a year, increased from R600 000 a year in June 2006. NALEDI also conducts work on tender for government departments, including currently for the dti.

The main NALEDI projects now include the following.

The Organisational Renewal project was established to support COSATU's efforts to build and renew sustainable and effective worker organisation. Its main themes include union organisation; recruitment; gender; and collective bargaining. The project has provided support for the Workers' Survey, organisational development work at SADTU, and COSATU's Gender and Education Units. NALEDI recently published a book on women's experiences in the unions based on extensive interviews. In addition, the unit provided some support for union negotiations on wages, notably for NUM.

For the Economic and Social Justice project, NALEDI is undertaking an in-depth study of 30 poor households in terms of their incomes and expenditure as well as their coping mechanisms. The findings should help in developing more effective strategies for addressing poverty, which will feed into the labour movement and the broader policy discourse. In addition, NALEDI has completed a literature review of comparisons of social grants in developing countries for the Basic Income Grant Coalition, whose research subcommittee it has co-ordinated since early 2005.

NALEDI has been critical in ensuring continuity and outreach for the People's Budget Campaign, a coalition between COSATU, the SACC and SANGOCO, which is discussed in greater detail in the Socio-Economic Report.

With the ILO, NALEDI has conducted research on health systems for workers. It is part of a consortium that is reviewing the work of the telecommunications regulatory bodies and agencies against their statutory mandates, to be completed in 2007. It prepared a number of papers for NUMSA on restructuring the electricity industry, and supported SATAWU and other unions in their engagement with Transnet.

Since 2000, NALEDI has been supporting NEHAWU in its efforts to transform Chris Hani Baragwaneth Hospital. In 2005/6 implementation of its proposals began and had considerable success, but funding from the Department of Health is now in doubt.

In 2005, it was requested by government to develop broader proposals for all hospitals, which have seen been adopted by Cabinet.

The joint NALEDI-SWOP research project into the post apartheid workplace was published by the University of KwaZulu Natal Press in mid-2005. The book consists of 17 case studies of workplaces ranging from globally competitive multinationals such as BMW, the rough service sector and public sector workplaces, to informal sector workplaces such as clothing and footwear sweatshops, street trading and rural survivalist enterprises.

NALEDI also undertook substantial work on retirement funds, in close collaboration with the COSATU Retirement Funds Co-ordinator.

In its international work, NALEDI acts as secretariat for the African Labour Researchers Network, which brings together union-linked researchers from across the continent. Amongst others the network maintains the African Social Observatory, which conducts research on multinationals in Africa. Reports on mining and hospital were published in 2005. NALEDI is active in various other networks of union researchers.

For training and development, NALEDI worked with COSATU and Ditsela on a review of union education, which is reported on in Organisational Report. With the African Labour Research Network, it published an educational booklet on economic literacy for an organisation that brings together OATUU, the Dutch unions and academics.

19.2 Kopano Ke Matla

Kopano continues to operate within the vision of pursuing investment opportunities "in a socially responsible manner that will generate income, and directly and indirectly contribute to the empowerment of workers and their communities". To achieve this vision, Kopano has formulated a practical strategy and business plan with a focused approach to investment activities and supported by a robust operational infrastructure.

Kopano's business plan, which was adopted by the Board of Trustees in 2005, focuses financial services, information technology, property development, energy and resources, and other areas.

Following Kopano's exit from NBC a new strategy for financial services was formulated. The strategy is informed by the need to extend services to its shareholder base as well as protecting worker interests through consolidation. The strategy involves trust fund administration through a new vehicle called Central Union Trust Limited, which is now operational. The service and fee offering has been structured to give maximum benefit to the beneficiaries. Initial funds have already started flowing in. In addition, Kopano is negotiating for an acquisition to undertake retirement funds administration. Finally, it intends to enter investment management at a multi-management level. The second stage will involve the provision of other lower-end financial products including asset-based financing and community banking services.

On information technology, Kopano has acquired an interest in Xpertek, a software development company with various business process solutions.

In property development, Kopano is still involved with the Codevco housing project just north of Randburg. The partnership with construction company Basil Read remains a challenge. Basil Read has not fully embraced empowerment and still wants to treat Kopano as a junior subcontractor. This inevitably leads to tensions and impacts negatively on Kopano's ability to make meaningful contribution to the project. An option of a buy out is being considered. It is also pursuing the establishment of an infrastructure fund that would facilitate funding for affordable housing for workers.

Through a stake in Matlapeng Holdings Kopano has an interest in a civil construction company, Raubex, specializing in road construction, bridges and dams. It is seeking opportunities in infrastructure projects relating to the 2010 World Soccer event.

Kopano entered the mining and energy sector late in 2005 through an acquisition of a stake in Heric Ferrochrome. The stake is held through Matlapeng Resources. It is pursuing other opportunities in the non-precious mining sector. Earlier this year we concluded a transaction with Sasol Oil. The equity stake in Sasol Oil is held through Tswelopele Mining and Resources. Kopano is exploring various downstream opportunities within the entire Sasol group.

Finally, Kopano has a diverse range of interests in other industries, including:

- An equity interests in Saatchi & Saatchi.
- The G10 Investment vehicle through which it held a stake in ACSA has been unwound. It is renegotiating a new participation model.
- It is at a pilot stage of implementing the ICB (Invoice Clearing Bureau) within the banking system of South Africa.

The Board of Trustees continues to meet quarterly and to give strategic direction to Kopano. At these meetings the Management of Kopano accounts to the Trustees on business finances, investment activities, new strategies, etc. The interaction between Management and the Board has been beneficial to the overall achievement of Kopano's business objectives.

Kopano has fairly low debt and therefore attractive to investors. Audited annual financial statements up to the year 2004/05 have been approved by the Board of Trustees. The audit for the financial year ending June 2006 is being finalised.

In short, Kopano has come a long way since 2000 when its image was at its lowest and it was carrying huge liabilities. The turnaround is not complete yet but a solid foundation has been laid. The management feels that continued support and ownership by COS ATU is crucial to the successful implementation of this turnaround strategy.

As with all union investment companies, the question remains whether and how Kopano can contribute to transformation of the economy.

19.3 The Chris Hani Institute

19.3.1 Background

The concept of a Chris Hani Institute was discussed, formulated and shaped in discussions with the SACP over a period of time before the COSATU Congress which adopted the resolution summarised below.

The COSATU Seventh National Congress held in September 2000 passed a resolution which identified the urgent need in the current period, for cadre development with the following objectives:

- to deepen class consciousness
- to build organisation
- to build the capacity of trade unionists and shop stewards to engage
- to develop a layer of intellectual representatives of the working class grounded in our theory

The resolution proposed the establishment of the Chris Hani Institute as an “academy to provide education and training for selected youth, stewards and officials.” The resolution further proposed that “Such a programme must provide a sound theoretical, ideological, practical and intellectual development and grounding for current and future trade unionists.”

The CHI has defined four strategic outcomes for its work in the future.

1. Contesting public space, discourse and debate from a rigorous working class perspective contributing to the generation of debate and reflection and working towards the popularisation of pro working class alternatives and change.
2. Create and enrich space for revolutionaries, working class and popular progressive forces to engage in critical reflection and debate in order to envision possibilities for realistic alternatives and change. This will also specifically aim to revive and encourage the culture of rigorous Marxist debate.
3. To conduct new research or interpret current research from the point of view of the working class and using Marxist tools of analysis.
4. Conduct and provide ideological and political training and cadreship development primarily through (formal and experiential) education programmes in order to develop a layer of organics working class activist intellectuals grounded in working class theory and practice.
5. To interpret and celebrate popular history.

19.3.2 Process to date

Work done up to and including the launch of the Institute was through a task-team established by the SACP and COSATU during 2002. The task-team was composed of Tebogo Phadu, NEHAWU Policy Coordinator; Liesl Orr, NALEDI researcher; Mazibuko Jara, SACP Media Officer; and Hlengiwe Bhengu, COSATU Education Secretary.

The Board of the Institute was established with the following members: Zwelinzima Vavi - Chairperson; Hlengiwe Bhengu; Rob Davies; Nomboniso Gasa; Pallo Jordan; Gwede Mantashe; Blade Nzimande; Ebrahim Patel; Eddie Webster; Jenny Schreiner; and Joyce Mashamba. Comrade Nomboniso has resigned from Board.

The Executive Committee comprises Blade Nzimande and Zwelinzima Vavi.

While the level of participation has not been uniform across all Board members, there has always been the required minimum to ensure that decisions taken are not biased in one way or another. The board met once a year in 2003 and 2004, three times in 2005 and twice in 2006.

The current Project Officer – Sharon Ekambaram - was employed in October 2004 after the resignation of the first project officer. In 2005, the Institute employed a full time administrator – Priscilla Magau.

In December 2005 the Board of the Institute appointed the Director of NALEDI – Oupa Bodibe - as the Caretaker Manager of the Institution, as an interim measure until a suitable candidate is secured as director.

The staff of the CHI have meet with Comrade Oupa Bodibe on a regular basis to discuss both administrative and programmatic issues throughout 2006. Comrade Oupa Bodibe's presence served to oversee the day to day functioning of the Institute and its staff and the project officer discussed all programme work and conception of activities with him. His greatest resource was his ability to act as a sounding board to the Institute and the project officer in particular.

After an extensive period of head hunting by Board members for the post of Director for the Institute, the post remains vacant. The Project Officer then had to advertise the post. The Board and the Acting Manager are scheduled to conduct interviews with short listed candidates in August 2006.

Currently the Institute operates from offices located at COSATU House. The office is fully functioning and equipped with basic necessities. Currently the Institute is identifying an agent to set up and maintain the website for the institute.

Plans are underway to look into the possibility of locating the Institute together with other related organisations, including DITSELA, NALEDI and the Labour Bulletin. The long term objective of this initiative would be to set up a workers' centre which has all necessary facilities to enable worker comrades to get access to information. This will include a library, internet café and resource centre.

Activities of the Institute – 2005 -2006

2005

January - Joe Slovo Memorial lectures held in Gauteng, KZN and Western Cape – focus of lecture – SACP discussion document – “Class Struggles and the NDR”. April -Produced a fact sheet on Comrade Chris Hani to mark the month during which he was killed. June – Chris Hani Memorial Lecture. Comrade Zwelinzima Vavi delivered the key note lecture and Blade Nzimande chaired the discussion which took place at the Constitutional Hill.

2006

In January 2006 the CHI hosted the Joe Slovo Seminar with Blade Nzimande, Noluthando Sibiyi, Suraya Jawoodeen, Devan Pillay and Michael Sachs. In February the CHI organized a workshop on the WTO, a seminar on the Right to Food in collaboration with Naledi, COSATU and the AIDS Law Project, a workshop on Swaziland, a political workshop in memory of comrade Chris Hani and a roundtable for National women's Day. It played a role in the planning and to a limited extent facilitating sessions at the COSATU Winter School. In June it organised the Annual Chris Hani Memorial Lecture. This was well attended by approximately 100 comrades. In July, together with COPAC, it hosted seminars with Michael Burawoy and Peter Evans.

The Institute has been engaging with COSATU, SACP the ANC and FOCUS on the Free the Cuban Five campaign in South Africa. A seminar is being planned for the end of August. For September, it plans work on southern Africa with the SACP, and in November plans a workshop on brainstorming the issue of the environment using Marxist tools of analysis.

19.4 Job Creation Trust

Following agreements reached at the Presidential Job Summit held in 1998, workers of South Africa contributed one day's wages in the year 2000 to the value of R89 million.

The funds contributed were and continue to be used for the establishment of cooperatives and community driven projects where at the unemployed work together to make a livelihood for their families.

To date almost 38 000 jobs have been created and nearly 25 000 people trained in various skills and many indirect jobs has been created by procurement and supply of goods and services. All those people now possess the capacities to train others and or create their own small business in which other people get employed and trained.

Given the fact that in South Africa it is estimated that every worker feeds at least ten mouths in extended families, then it means that workers contributions have in turn contributed to hundreds of thousands of the working class families accessing food and other basic needs.

The Job Creation Trust were approached by the National Department of Water Affairs and Forestry to co host a conference to change the focus of Infra-structure delivery only, to Job Creation in the delivery of particularly Sanitation. Out of the resolutions of this conference a task-team were established with Department of Public Works as the chairperson, Department of Water Affairs and Forestry as the convener, The Job Creation Trust as co-convener, DPLG, UYF, Irish Aid, Nedlac, Saga, WIN SA. The previous Minister of Water Affairs and Forestry Ms. Bulelwa Sonjica announced the partnership in parliament. A municipal guide was developed for the implementation of this programme (Job Creation in the Delivery of Sanitation Services).

The Job Creation Trust has developed a programme to establish sustainable cooperative structures to facilitate job creation and local economic development with Capex projects, which were mandated by the Sanitation Task-team and the Trustees of JCT. This programme will start in Limpopo province early 2007 and span over a 3 year period, and there-after be replicated to other provinces.

Various other Government departments e.g. DTI, DOL would be partnering with the Job Creation Trust in other job creating projects were by the Job Creation Trust will lead the process. The Trust would be actively embarked on creating jobs and skills development towards the 2010 soccer world cup through various initiatives. Some corporate business and individuals e.g. Wesbank (sponsor of JCT Vehicle, Landrover Discovery), Old Mutual Group Schemes and Sunny Side Park Hotel to mention a few has contributed generously to the Job Creation Trust. The Trust currently has a total balance R81, 3mil in the bank, which the full amount is committed to projects.

To that end the Job Creation Trust, on behalf of those communities that have and continue to gain from co-operatives and other projects financed through the Job Creation funds, wishes to thank the workers of South Africa. The Job Creation Trust has resolved that those contributions made by workers are selfless contributions to humanity.

The Trustees had taken a decision to have an independent evaluation and assessment of all projects done, which this process has just been started.

Province	Projects in implementation	Estimated job opportunities	Commitments	Disbursed funds (R000)
Eastern Cape	20,971	11,642	26,817	13,589
Western Cape	5,740	1,299	3,497	1,929
Gauteng	4,184	9,444	5,118	2,037
Northern Cape	5,454	1,893	4,394	3,100
North West	1,323	1,065	2,399	1,268
KwaZulu/Natal	2,586	3,618	13,676	3,286
Mpumalanga	1,388	3,063	3,995	788
Free State	2,044	1,560	2,510	1,917
Limpopo	16,503	3,654	19,360	6,317
Total	60,193	37,238	81,766	34,231

19.5 Union Investment Companies

COSATU and its affiliates currently have a total of nine investment companies. In addition, COSATU, SACCAWU and the old SAHRWU all had investment companies at some stage in the last six years, and several had shares in Union Alliance Holdings.

In 2005, NALEDI undertook research on the surviving investment companies. The companies did not give NALEDI full access to their documentation, so the research relies largely on interviews. We here summarise some of the key findings of the research.

The following table summarises the financial position of the surviving investment companies. It suggests that most manage funds far in excess of their original capital. Their assets lie in fairly disparate sectors, although there is some concentration on sectors like media and financial services. In addition to the purchase of assets, a number of the investment companies either sell membership databases or allowing for the direct marketing of financial service products to union members. In return they receive commission on the sale of these products.

Financial data on union investment companies

Investment Company Incorporated Start-Up Capital Approximate value of assets under management

CEPPWAWU Inv. Company 2001 R500,000 loan from the union R50-70 million

Communication Workers Inv. Company 1996 None Negative

Mineworkers Inv. Company 1995 R 3 million loan R350-R500 million

NEHAWU Inv. Company 1997 Advance of R3 million from Southern Life CEO is unable to put a figure to NAV at this stage. This is currently being resolved by the CEO in conjunction with new auditors.

NUMSA Inv. Company 1997 R300, 000 loan R150 million

POPCRU Inv. Holdings 1998 R1.5 million funding from POPCRU R56 million

SACTWU Inv. Company 1988 Loan from Frame Group R1.3 billion

SADTU Inv. Holdings 2000 R7 million loan R100 million

SACTWU and MIC were the first to establish investment companies, starting before 1996. Today they account for more than 90% of the assets of all union investment companies. In part this is because these two companies were able to take advantage of opportunities in the regulated telecommunications and casino industries on extremely favourable terms. They also entered the market during the stock-market boom before 1997/98, which brought an end to the first wave of BEE.

In all cases the union investment companies are solely owned by a Fund or Trust established by the trade union,¹ and most have substantial union representation on their boards. All the CEOs told NALEDI they had to submit regular written and verbal reports on the performance of the investment companies to the governing structures of the union.

Without exception, the basic mechanisms of corporate governance appeared to be in place. Only two of the companies reviewed had ever had their audits qualified.

The objectives set for union investment companies, as expressed in interviews and in policy documents, are both

- to generate a return to the union and/or members, and
- to create social capital, generally through job creation or alternative forms of ownership.

There may be a tension between these objectives, as profitable projects may not contribute to economic reconstruction. Generally, it seems that the companies have emphasised the aim of generating returns over the social-capital project.

Not all the unions had investment policies or resolutions that had been adopted by their Congress. Nonetheless, most respondents were able to articulate a set of guiding principles.

Analysis of the companies' major investments suggests that the primary objective is generating return. By far the overwhelming number of purchases have been in existing companies and not been "greenfields" in nature. This calls into question the ability to help restructure the economy. In addition, except for SACTWU and Mineworkers, most union investment companies are only small to medium-size enterprises. Their holdings are often dominated by one or two economically valuable assets that the company does not control.

Union investment companies often began saying they would only invest where they were able to take a controlling stake, yet had to abandon this principle to take advantage of lucrative opportunities. Similarly, most union investment companies started with an explicit policy of investing in sectors they identified as strategic. Over time, however, they tended to drift from this original focus and invest wherever the opportunities presented themselves.

Some chose to focus outside of their sector to avoid possible conflicts of interest (for example, NUMSA) while others have sought to make investments in the sectors in which they organize, with a view to having a progressive impact on the sector (for example Sihold and NEHAWU Investment Company).

The majority of the companies interviewed claimed to have provided some return to their beneficiaries. In the case of SACTWU, the benefits flow to a Trust established by the union that supports, amongst other objectives, members and their children's education, with the union appearing not to receive any income from the investments. In contrast, it seems that NEHAWU and SADTU receive income from the investments, while for POPCRU the investment return appears to have been divided between the union and members.

Based on its study, NALEDI recommended:

1. COSATU should monitor and rank the union investment companies in terms of investment performance, benefits to members, contribution to economic transformation, and accountability (for instance, how it communicates with members).
2. COSATU could develop guidelines for shareholder activism for both investment companies and retirement funds. As part of this initiative, it could develop an investment charter to specify claims for union representatives who gain a seat on the board of a private company.
3. COSATU should review current systems for distributing returns to unions and members and propose guidelines.
4. COSATU should explore a strategy on the sectoral allocation of investment.

While it could not dictate investments, it could give guidelines to ensure a more strategic intervention in the economy.

More effective co-ordination, as proposed by NALEDI, requires that the Investment Council function effectively. Instead, it tends to quorate only rarely.

In addition, the proposed co-ordination would have to extend to retirement funds.

The asset value of the union investment companies themselves is relatively limited, but the ability to leverage other worker savings could provide massive capital for strategic investments.

Part III. Socio-Economic Report

1. Introduction

The 2015 Plan programme is centred on ensuring that creation of quality jobs is central to all economic and social strategies.

“Quality jobs requires both stronger efforts to manage workplace and sectoral restructuring, and more targeted policy engagement overall. We cannot afford to let South Africa follow the pattern of the National Democratic Revolution in the rest of Africa, where the ruling elite colludes with local and foreign capital to enrich itself at the cost of the country as a whole. Rather, we must ensure that government acts to restructure the economy fundamentally, which in turn requires that it does more to manage capital. At the same time, we must define an effective strategy to lock capital into a national agenda, through incentives, regulation and discipline, in order to ensure higher investment and job creation.

“By the Ninth Congress in 2006, we must be able to see progress in denting joblessness.”

We start by assessing progress toward this goal over the past three years. The political discussion paper for this Congress concluded that, “The post-apartheid socio-economic order can be characterised as one in which there is positive economic growth and opportunities for amassing wealth for a few.

This growth is not equitably shared and does not trickle down much to the many that are desperately poor. While there is a formal break with the apartheid racial ordering of society, the dualistic development path continues, albeit with new features.

“Fundamentally the accumulation regime has not changed, so that development and under-development continues to coexist. Cheap labour is reproduced under different circumstances, including through subcontracting and increased use of women labour and through exploitation of undocumented migrant workers, especially Zimbabweans.”

2. Economic trends and engagements

We first review economic trends and then key policy developments and engagements over the past three years.

2.1 Growth in the economy

The business press and government have loudly hailed the relatively strong growth of the past three or four years. Their determined optimism ignores

- The fact that growth remains relatively slow, and
- The persistent inequality in the distribution of incomes and wealth, which means that the benefits of growth still go mostly to a minority.

As the following table shows, growth has generally ranged between 3% and 5%, except during the years that followed the imposition and adherence to GEAR framework in the late 1990s, when it was below 3%. Economic growth was higher in 2004 and 2005 than at any time since 1994.

GDP growth from 1994 to 2005 Source: Statistics South Africa. Downloaded from www.statssa.gov.za in May 2006

The growth spurt compared poorly with other middle-income countries, as well as China and India. In 2000 to 2004, the average rate of growth in South Africa was 3%, compared to close to 5% for all middle-income countries and 9% for China.

Investment in South Africa was lower and unemployment far higher than in comparable countries.

South African economic indicators by world standards Source: World Bank, World Development Indicators 2006. Downloaded from www.worldbank.org in May 2006.

	South Africa	China	India	Middle income	High income	Average percent change in production 1990-2000
	2.1%	10.6%	6.0%	3.8%	2.7%	2000-04 3.2%
						9.4%
						6.2%
						4.7%
						2.0%
						Mining and manufacturing 1990-2000
	1.1%	13.7%	6.3%	4.3%	1.9%	2000-04 2.0%
						10.6%
						6.2%
						5.6%
						0.3%
						Services 1990-2000 2.7%
						10.2%
						8.0%
						3.9%
						3.0%
						2000-04 4.1%
						9.8%
						8.2%
						4.1%
						2.0%
						Gross capital formation as % of GDP 1990
	18%					18%
	35%					24%
	26%					23%
	2004 18%					39%
	24%					24%
	26%					26%
	20%					20%
	unemployment rate, 2000 to 2004					28.4%
	7.9%					4.3%
	6.8%					6.4%

2.2 The structure of growth

Relatively slow employment creation over the past five years reflected continued reliance on metals and mining, heavy chemicals and the auto industry. This reliance was aggravated by soaring prices for commodities in the last two years or so, with gold joining the boom only in 2005.

As the following table shows, although mining and mineral products accounted for less than 10% of output and employment in 2005, they continued to provide the bulk of exports. Indeed, higher commodity prices and the stagnation in manufacturing meant that the dominance of mining and metals exports increased over the three years to 2005.

The share of mining and metals in the economy, 1995 to 2005 Commodity price increases led to overvaluation of the rand in two ways: through increased export revenues, and through a speculative inflow of capital as foreign investors hope to gain from profits from mineral exports. As the following table shows, capital inflows rose rapidly while the balance of trade deficit – that is, the excess of imports over exports – soared.

Trade and capital flows, 1990 to 2005 Source: SARB data downloaded from www.tips.org.za in May 2006

As the following table shows, the increase in imports was largely driven by luxury purchases rather than investment in new economic activities. This was reflected in the steep rise in auto imports. Fully imported vehicles climbed from 3% to 7% of all imports.

Composition of imports over time Source: Calculated from data downloaded from www.tips.org.za in May 2006

The resulting pattern of growth did little to ameliorate inequalities. It bolstered government revenues and spending, however, making possible improved services and social grants. But it brought substantial risks, because the capital inflows could turn around. That would mean South Africa would have to cut down on imports.

Year	Imports	transport equipment	Base metals and mining	Other
1995	16%	16%	26%	21%
2000	22%	18%	22%	22%
2002	19%	19%	21%	21%
2005	22%	20%	10%	21%

Judging by the experience of other developing countries suffering rapid capital flight – notably in Asia and Mexico in the 1990s – the result would likely be massive devaluation, a large increase in the interest rate, and economic contraction.

3. Industrial and development policy

Since the 2003 Congress, there have been a number of important developments in economic policy. We here briefly review the main demands arising from COSATU's Central Committee on industrial strategy; the Growth and Development Summit (GDS); government's Accelerated Shared Growth Initiative (ASGI-SA); the dti's draft industrial policy; and Broad-Based Black Economic Empowerment legislation (BBBEE).

3.1 COSATU's proposals on industrial policy

The final document from the COSATU Central Committee in 2005 on industrial policy is being circulated separately. The main demands of COSATU include the following.

The developmental state. The state must absolutely prioritise sustainable employment creation, which combines economic development with an expansion in decent work. Moreover, the state must have structures that can drive development through a combination of discipline and resourcing for capital. At the same time, it must ensure broad participation in policy development, especially by organisations representing working people.

Fiscal and monetary policy. Fiscal policy must become more expansionary. Interest and foreign-exchange rates must be designed to support increased investment and growth in exports. In particular, targets for the Reserve Bank should include the current employment and growth targets. That generally requires a reduction in real interest rates to levels comparable or lower than South Africa's main trading partners. The state must do more to make development finance institutions, especially the IDC, support its initiatives.

Skills development. While the national skills strategy sets a crucial framework for skills development on a mass scale, it has not succeeded in ensuring that lower-level workers have access to qualifications and career paths. We need a stronger analysis to understand the reasons for these shortcomings.

Unionisation. To ensure growth brings about decent work requires that workers entering newly created jobs also join unions. The labour laws never work primarily through government inspections, but rather through union monitoring and action.

Government must do more explicitly to support organisation in vulnerable sectors, rather than relying only on its own power to set standards.

Sector strategies. COSATU has long argued that specific sectoral strategies are needed to restructure the economy toward more equitable, job-creating growth.

This is a long-run process. It takes at least five to ten years to change the sectoral structure of the economy substantially. Effective interventions must be geared consistently and systematically toward the new growth path.

Sector strategies must ensure, as far as possible, that every major economic sector:

1. Protects and creates sustainable and decent employment
2. Meets basic needs better, by cutting prices or improving the quality of goods used by the poor
3. Ensures adequate exports to obtain necessary imports, which means continued diversification in mining, and an active beneficiation strategy remains critical
4. Contributes to development in the former homeland areas and in neighbouring countries
5. Supports more collective ownership, especially through the public sector, a strong co-operatives movement and enhanced worker and community control.

A critical task is to identify industries that are both relatively labour intensive and sustainable – that is, able to grow substantially for the foreseeable future. Generally, considerable state support will be required to help these industries take off while achieving more equitable outcomes.

This approach differs from the current government strategy in that

- It sees the domestic market as an important source of growth for labourintensive production, rather than focusing narrowly on export industries.
- It does not glorify high-tech production, rather arguing that production of basic goods for the poor in South Africa and the region at least may provide an important source of employment growth.
- By extension, it requires a low exchange rate as well as measures to reduce the cost of living in order to make possible competition with Asian suppliers who typically undervalue their currencies and subsidise key goods and services.

Critical structural changes for this industrial policy include:

1. A substantial expansion in agriculture and food processing for both the domestic and regional market and, especially through horticulture, for overseas export. To ensure decent work and greater equity in the

sector, a major land reform and agrarian development based on marketing co-ops would have to form a central part of this sectoral strategy.

2. To maintain export revenues and technological capacity, mining would have to continue to diversify with conscious efforts to diversify the associated industries and services, both upstream – essentially capital equipment, electricity, construction materials and chemicals – and downstream (beneficiation and manufacture of mining products).

3. Strong support systems would be needed to grow light manufacturing, especially food processing; appliance assembly; crafts; plastics (based on local inputs); furniture; publishing; and clothing. In each case, sources of local inputs should be identified and expanded. Growing these sectors will require an overhaul of the retail sector as well as some tariffs, in order to ensure access to domestic and regional markets. Co-ops and state agencies must play a role in providing inputs and marketing.

4. Both public and private services should grow in ways that create employment.

The main public services are understaffed. They also have to review all their programmes to ensure they contribute more to employment creation, both by enhancing local procurement and by improving the capacity of working-class households to engage with the economy. The private services – for instance, restaurants, childcare and hair-dressing - are dominated by micro-enterprises, but provide an important source of employment especially for women.

3.2 The GDS

The GDS was concluded at NEDLAC in June 2003, just before COSATU's Eighth National Congress. Key gains for labour included a reaffirmed commitment to tripartite sector strategies geared to growth creation; agreements to expand skills development, support for co-operatives, and restructuring of the financial sector; and a commitment to ensure increased investment to transform the economy and meet community needs.

Evaluating the impact of the GDS is not easy. For one thing, it remains difficult to link specific actions by government and business to implementation of their GDS commitments. We can, however, identify some important outcomes of the GDS.

They include the Financial Sector Charter; the emphasis in ASGI-SA on increasing public investment and sector strategies; the new legislation for co-ops; the changes in BEE strategies to avoid a narrow elitist approach- although these remain inadequate; and the pressure to improve the functioning of the SETAs.

Particular concerns for labour remain the lack of commitment on investment and the generally slow and unsystematic progress in all areas.

3.3 ASGI-SA

The government developed ASGI-SA toward the end of 2005. Key elements include:

1. A substantial increase in public investment, primarily in electricity generation, rail transport and, at provincial level, in roads and community infrastructure.

These investments have not yet been initiated, but should have some impact in the coming years. This proposal takes forward COSATU demands in some respects, but the scope and targeting of this investment is not agreed in some areas, and requires further discussion (e.g. the Gautrain).

2. Improvements in education and skills development, based on establishment of a Joint Initiative for Priority Skills Acquisition (JIPSA) with high level participation by government, business and labour representatives. Labour has been underrepresented on JIPSA but has nonetheless managed to have a significant influence on its activities in the past few months. Government has now agreed to address labour under-representatively.

3. Sector strategies geared to employment creation. ASGI-SA's sector strategies have tended to focus on limited employment-creating activities, such as outsourced back-office processing, rather than interrogating how major sectors can do more to support sustainable job creation.

4. An effort further to reduce fiscal dissavings and maintenance of the current inflation-targeting regime, with some efforts to ensure a competitive rand through increased reserves. This approach could lead to a more conservative fiscal and monetary regime, which COSATU opposes.

5. Support for selected "second-economy" activities and deregulation for SMMEs.

This section of ASGI-SA remains underdeveloped, and has encouraged suggestions that labour laws be weakened.

The ASGI-SA framework identifies an important problem – slow and inequitable growth – and points to some key reasons rooted in the inherited economic structure. While many of the proposed solutions have considerable merit, they do not adequately reflect the overall aim of inclusive, shared growth, and taken together seem inadequate to achieve the desired aims. This means we must locate ASGI-SA clearly and narrowly as a commitment to shared growth, rather than as a statement of consensus on how to get there.

The lack of a broader strategy that can mobilise the Alliance must be urgently addressed. We identify some areas in the course of this document which we believe need to be prioritised if a practical strategy to promote equity and redistribution is to be placed at the centre of ASGI-SA.

We agree that:

1. The commodity price boom and prospects for a more expansionary fiscal policy, in particular, support accelerated economic expansion. In this context, ASGI-SA should seek above all to ensure prioritisation of shared growth. In other words, it must send a clear signal that growth on the historic path, which enriched only a relative few, is not acceptable. We cannot have growth for some, and pain and misery for the core constituency of the ANC and the liberation movement.

2. While the document may be seen as an improvement in some respects, it largely continues the existing ad hoc, inconsistent, and sometimes contradictory approach to key strategic challenges. The absence of a coherent strategy to deal with the critical issues of inequality, unemployment and poverty bedevils the good intentions of ASGI-SA.

3. The Growth Strategy pays lip service to the issues of redistribution and inequality, but lacks any systematic attempt to ensure that Growth of whatever figure – 6% or more - doesn't perpetuate the current Growth Path of inequality - i.e. it doesn't address the critical question of how to ensure that the beneficiaries of growth don't continue to be largely the same suspects. (There is no deliberate strategy of redistribution in ASGI-SA - chasing of growth or employment targets is not specifically biased towards a deliberate impact on the poor- e.g. there is no mention of decent work, combating casualisation etc. to ensure that rising employment figures are not accompanied by a growth in the working poor- in fact the proposals in relation to textiles would achieve precisely this result).

Strategies to address the economically marginalized, second economy etc. tend to be add-ons, to a largely market-driven strategy- although there are some tentative shifts in the direction of a more interventionist role for the state.

4. We can ensure more equitable growth through measures that ensure growth is combined with:

a Employment creation, on a enough large scale drastically to reduce the level of unemployment, which requires a shift in the structure of production

b Combating casualisation of labour which is building a large army of working poor

c More equitable ownership, for instance through aggressive agrarian reform that will ensure faster and wide spread land redistribution, food security and livelihood support programmes in the rural areas. We require more social protection funded through the progressive tax system. We need a deliberate strategy to change patterns of ownership through empowerment of the majority through a much more aggressive development of coops and such other scheme that promotes collective ownership of the economy.

d Investment in human capital – education, skills development and healthcare. We need a more deliberate strategy for employment equity to ensure promotion of black people, women and people leaving with disabilities.

5. ASGI-SA identifies only some programmes to achieve these aims. Moreover, COSATU cannot agree with the details of some of its proposals.

6. As agreed at the last Alliance Summit, the Alliance must still develop a more comprehensive vision that will guide long-run development to build a more dynamic and equitable economy.

COSATU is only able to support ASGI-SA if agreement is reached that:

- ASGI-SA needs to be fundamentally designed to ensure that our common commitment to shared, rather than inequitable, growth runs through all its programmes
- Proposals to introduce reduced rights for workers in small businesses, weaken the scope of centralised bargaining and possibly use regulatory impact assessments to review and attack labour rights, are removed
- The specific proposals in the document, for instance on sectors and infrastructure projects, require much more work to secure alignment around a common developmental vision

- The Alliance will set in place a practical programme to develop a common understanding of the broader growth trajectory, identifying the role in all the major sectors and social programmes in establishing a more equitable economy.

While we appreciate the important contribution a programme such as ASGI-SA could make, without a broader development strategy it will be measured against the Alliance commitment to a transformatory growth project, and found wanting.

Indeed, parts of it could be used to erode the commitment to a better life for all.

3.4 The dti's industrial policy

The dti drafted an industrial policy document in 2005/6. The document has not yet been accepted by Cabinet.

The draft industrial policy identifies the following as critical interventions, amongst others.

1. A review of industrial financing, which has too often been captured by resource-based projects that do not contribute to development.
2. Trade policy must follow industrial policy, and especially the dti's sector proposals known as CSPs.
3. Ensuring that government investment does more to stimulate local production.
4. BEE and women's empowerment programmes must be accelerated and linked more closely to growth and employment.
5. Support for high-tech activities, including world-class manufacturing, improved standards and quality assurance, and intellectual property rights.
6. A policy for engaging with the rest of the continent.

Sectors to be supported include:

1. Downstream industries – metals, machinery, plastics and possibly white goods
2. Advanced manufacturing (in line with the analysis that these are the growth areas in world trade) – automotives, other transport, aerospace and electronics
3. Labour-intensive sectors, which include both potential viable industries and industries that are major employers but that require major restructuring to survive. No examples are given. These sectors also include services – BPO and project management for construction and mining.
4. In addition, two new CSP-type processes will be initiated. The first is to investigate opportunities for greater labour intensity in existing sectors and to develop CSPs for labour absorbing service sectors, particularly non-tradable services. The second is a process of identifying new high potential sectors in terms of value addition and employment opportunities.

On the plus side is the commitment, as phase two of the CSPs, to reviewing how major sectors can retain and expand employment. COSATU has also welcomed the recognition of the need to prioritise employment creation; the subordination of trade policies to industrial policy; strong state intervention in the context of extensive stakeholder consultation and improved capacity; the call for policy coordination (including macro); and support for growth to meet local demand, not just for exports.

On the negative side is the persistent emphasis on high-tech industries, with far less attention paid to lower-tech, more labour-intensive sectors that could create employment and provide basic goods and services for poor households. This emphasis is related to the complete failure to estimate the actual impact of the proposals on employment and equity.

A second negative aspect is the tendency to see the main stakeholders as business, with labour a poor second and consumers and the unemployed entirely excluded.

Perhaps the greatest weakness in the document remains its vagueness. The document sets new priorities, but gives only very little detail indeed on how they can be achieved.

3.5 Broad-based BEE

The state passed the Broad-Based BEE Act in 2003. The Act provided that all government procurement and licensing must take into account, as far as possible, the score an enterprise gets on a "Broad-Based BEE scorecard."

Since the Act was passed, the dti has gazetted and engaged at NEDLAC on draft Codes of Good Practice that give details on the scorecard. The Codes will probably only be finalised toward the end of 2006 or early 2007.

Under current proposals, points on the scorecard (indicated in brackets below) would be awarded for:

1. The share of black people, and particularly black women, in ownership and executive management. The main target was to achieve 25, 1% black ownership, which would give the black shareholder an effective voice on the board. (30% of the total points)
2. The achievements of targets for employment equity and skills development, with most of the points going to representivity and training for professionals and managers. (30% of the total)
3. Support given to black-owned enterprise through financial and technical assistance as well as targeted procurement. (30% of the total)
4. Other socially responsible investment and activities. (10% of the total) Micro enterprises, which are too small to register for VAT, would be entirely exempted from the scorecard.

The Act also provides that stakeholders in a sector, explicitly including labour and community groups, may agree on a Sector Charter that could diverge from the scorecard in order to take into account sectoral needs. For the dti to gazette such a Charter under the Act,

1. It would have to be accepted by all stakeholders, including labour, which gives unions something very like a veto.

2. Parties to a Charter would have to justify deviations from the scorecard.

Currently, sector charters are under discussion in mining, finance, health, construction, property, ICT, agriculture and legal services. But they cannot begin the gazetting process until the Codes of Good Practice are finalised, and even then the gazetting process may take some months.

COSATU has argued that:

1. The entire broad-based BEE process does not adequately emphasise employment, including through support for local procurement and strong ties to sector strategies.

2. The ownership requirements should do more to incentivise collective ownership, for instance by community trusts, worker ownership and pension funds. In response to COSATU's demands at NEDLAC, some incentives are provided for collective ownership, but they remain weak and it is not clear if retirement funds would qualify.

3. The employment equity and skills development targets undermine the relevant legislation by focusing primarily on managers and professionals. Yet a central aim of the original acts, which were passed by Parliament (unlike the broad-based BEE Codes), were to ensure advancement for lower-level workers.

4. In many sectors, such as health and finance, the services and products provided may be important in empowering the poor and their communities.

More weight should be given to these issues.

More broadly, debates around the broad-based BEE Codes and Charters reflect the growing class differentiation of the black population. Emerging black entrepreneurs have fought very hard to increase the rewards for black owners, and to reduce the weight given to elements that, like employment equity and skills development, would primarily benefit workers and the poor.

4 Fiscal policy

In contrast to the GEAR policy of the late 1990s, the 2000s saw substantial real growth in government spending, reflecting a moderately expansionary fiscal policy.

Still, government did not explicitly modify GEAR's aim of holding down deficits and overall taxation relative to the GDP. At the same time, it shifted tax revenues increasingly toward VAT, which placed a heavy burden on the poor.

As the following chart shows, GEAR saw cuts in both the deficit and government spending in real terms. Since then, government spending has grown, with real growth in government spending other than repayment of its debt averaging almost 12% a year in 2003 to 2005.

The budget cuts of the late 1990s aggravated the slowdown in the economy. In contrast, the strong growth in 2003 to 2006 spurred the economic upswing.

The growth in government spending was made possible by a strong rise in tax revenues and lower debt payments, in large part because of the reduction in the interest rate through the early 2000s. Tax revenues increased from 24% of the GDP in the early 2000s to 27% in 2005. This meant that the government was effectively changing the GEAR ceiling on taxation, which was set at 25%.

The increase in taxation arose mostly from the VAT and more effective company tax 103 (although rates of company tax were reduced), with a decline in personal income tax, as the following table shows. VAT hits poor people hardest, so working-class households ended up paying more in this period.

There continue to be major tax concessions which have disproportionately benefited the wealthy. These include reductions in company tax; and the foregoing of close to R70 billion in personal income tax. While middle to lower middle income earners also benefited to some extent from the latter, the wealthy got most of the benefits. There have been huge opportunity costs in terms of the foregone revenue.

For example, a Basic income Grant could have been introduced if these concessions had not been made, and the amount of free basic services substantially increased. These measures alone would have had a major impact on poverty.

Share of tax revenue by type of tax

1997/98	2000/01	2006/07	Value-added tax/sales tax	24%	25%	29%	Personal income tax	41%	39%	29%
			Company tax	13%	13%	21%	Other	20%	21%	19%
			Taxes on property	2%	2%	2%				

COSATU continued to engage with the budget primarily through the People's Budget Campaign, a coalition with the South African NGO Coalition (SANGOCO) and the South African Council of Churches (SACC). Naledi provides critical technical support. Unfortunately, the CEC delegates to the People's Budget steering committee have generally been unable to attend.

As the overall fiscal policy became less restrictive, our proposals focused increasingly on ways to improve the structure of spending, as well as increasing the envelope through increased revenue, and moderate increases in the deficit. In addition, the coalition proposed exploring a shift to more systematic collaboration around economic justice in general.

a. Monetary policy

While fiscal policy became less repressive, monetary policy continued to place a brake on economic growth and employment creation. The substantial decline in interest rates in the early 2000s, from over 20% in the late 1990s to 7% in 2005 (as the inflation rate rapidly declined), certainly supported economic growth. But the Reserve Bank maintained interest rates at around 5% above the norm of other countries. In 2006, it again began raising the interest rate, posing a new threat to growth.

A concern was that the relatively high interest rates fostered the inflow of speculative short-term foreign investment, especially in the context of high commodity prices and a more relaxed fiscal policy. This

added to the potential instability of the economy, and raised again COSATU's demand for a lower interest rate policy, as well as the introduction of capital controls to deal with speculative capital.

COSATU continued to express serious concerns about monetary policy. In particular, the policy of inflation targeting encouraged high interest rates and an overvalued rand, both of which slowed economic expansion and job creation. COSATU protested the Reserve Bank stance publicly, at Nedlac, through the Millennium Labour Council and through demonstrations organised by NUM.

By 2006, the Alliance and most of government agreed on the need for a competitive currency, as resolved by the Eighth National Congress. Both the Alliance and ASGI-SA explicitly called for a competitive rand, which would require some depreciation. Nonetheless, the Reserve Bank largely ignored these demands.

b. Trade policy

The last three years have seen on-going negotiations on international trade rules at the WTO under the "Doha Round," as well as a deadlock in the negotiations on a bilateral free trade agreement with the U.S. In addition, engagement by COSATU led to a much better than expected bilateral agreement with China on clothing and textiles.

In July 2006, the negotiations under the Doha Round at the WTO collapsed, but they are likely to be revived. COSATU has major objections to the current proposals on the table. Government largely shares these objections.

The current proposals would require extensive cuts in tariffs by middle-income developing countries. That, in turn, will make it virtually impossible for them to industrialise further. There is extensive evidence that today's rich countries used very high tariff levels to develop their manufacturing industries. Europe, the US and Japan all used higher tariffs than most developing countries to establish their industry through the 19th and 20th Centuries.

On agriculture, the current proposals would have little real impact on access by developing countries. In any case, most African farmers lack the marketing networks and resources to expand export production. In these circumstances, several studies suggest the overall impact of the Doha round would actually be negative for Africa as a whole.

On services, current proposals from the EU and the US seek liberalisation in key areas such as finance, retail and telecommunications. Experience to date suggests that opening basic services under the General Agreement on Trade in Services makes it harder to maintain a strong public sector and to subsidise the poor to support universal access.

All of these proposals taken together would make it impossible for the countries of the South to pursue a strong development strategy that would benefit workers and the poor. In the absence of such a strategy, extraordinarily high levels of un- and underemployment would persist, with the accompanying downward pressure on wages and union organisation. That can only threaten the international labour movement, not just those of us who are directly affected.

COSATU's engagement at the WTO has brought recognition internationally. In addition to participating in the national negotiations team at the major WTO meetings, we have been able to lobby at many smaller meetings and sent detailed letters to union centres across the world.

COSATU also supported government's resistance to excessive demands from the U.S. for the proposed free-trade agreement. The U.S. mandate called, amongst others, for rigid recognition of intellectual property rights, which would make it harder for South Africa to access or produce generic medication; no change in the U.S. anti-dumping regulations, which unfairly penalise South African producers of steel, amongst others; and increased access to foreign private investment in basic services. As a result of the South African refusal to accept these demands, the negotiations have currently effectively stopped.

Finally, COSATU pushed the government to adopt a more realistic position on trade with China. The government initially proposed a free-trade agreement with China.

That would open the door to flood of manufactured imports, because the Chinese currency is undervalued as well as because of its low wages. Low pay in China is in part due to very weak labour rights and in part due to a high social wage.

Government finally decided to accept only a preferential trade agreement, which would exclude some key products.

In addition, following objections from COSATU to an initial draft, it managed to get a trade agreement with China that would end the huge upsurge in clothing imports as well as improving relations in other fields, notably around investigations into dumping and technology transfers.

COSATU held a series of workshops for union negotiators on trade and industry in 2005, as well as a conference with civil society on trade issues.

7. Labour policy

7.1 Overview of labour policy

After more than ten years into our democracy, labour market policy development remains a challenge for workers. The gains made with the introduction of the new LRA in 1995 and a subsequent plethora of other progressive labour legislation continue to come under threat from business and certain elements in government.

While in theory we may have very good laws that protect the workers rights and provide basic conditions of service to all workers, large sections of the labour market remain unchanged from that which we inherited from apartheid. Most organised workers enjoy better protections and benefits but many of workers, predominantly the unorganised, have not reaped these benefits. Most farm and domestic workers, security guards, workers employed in small retail stores and taxi drivers, to mention a few, continue to find themselves in very similar conditions under apartheid with employers having no regard for the rule of law, unjustified and open racist attacks against workers, low pay with very little or no benefits, unfair dismissals and poor job security.

Union membership and employer adherence to labour laws, September 2005 Source: Calculated from, Statistics SA. Labour Force Survey, September 2005.

Database on CD-ROM. Pretoria. Excludes self-employed.

The chart above illustrates the contrast between those workers who have traditionally been well organized and those workers where there is low union density. In the instance where there is low union density there is a parallel reflection of low level of compliance to basic benefits. While on the other hand there is a higher level of compliance to better organized workers.

As the following chart shows, two thirds of construction workers were not employed on permanent contracts, as well as half of domestic workers, a third of farm workers, and over a quarter of retail workers.

We need to vigorously campaign to ensure that our hard-won rights, for which many workers lost their jobs or even laid down their lives, are not eroded but are better enforced and extended to the many workers who still remain outside the protection of the law.

7.2 Labour Market Policy Review

Recently debates have re-emerged on the whether the current labour legislation retards employment growth in South Africa.

While the social partners agree to a certain extent that the fundamentals of the existing labour legislation are sound and should not be changed, there nevertheless remains a concerted effort to formalise the dual labour market through the back door. Sections of business and even elements within government have argued that today's labour laws constrain small business and thus prohibit employment creation.

In particular, they want to make it easier to dismiss workers and to avoid the extension of the bargaining-council system.

These debates have narrowly focused on what we can do to ensure that small business can better operate. While we may agree that some laws require changes to improve the rights of workers, it is fundamental that we do not create labour laws where some workers are excluded. For COSATU, the debate must include how we can better ensure labour legislation is extended to vulnerable, informal and other forms of atypical workers.

Key problems include the following.

Bargaining Councils: The envisaged move towards the formation and promotion of Bargaining Councils, through sector bargaining, as contained in the LRA has not materialized. Today, many Bargaining Councils face a number of challenges that would undermine their ability to function effectively and promote strong sectoral bargaining.

According to the Department of Labour, there are currently 59 registered Bargaining Councils, with seven of them falling within the public sector. Many of the Councils are small and some continue to operate on a regional or provincial level.

Voluntary processes to establish Bargaining Councils have not helped and continue to come under resistance from employers. Many councils continue to operate in the same manner as the former Industrial Councils, with little consideration for transformation or challenges they face.

An illustration of exemptions by some Bargaining Councils indicates the level of flexibility they provide. Data from 17 Bargaining Councils (excluding the public sector) provide an indication of the number of exemptions granted over 3 years.

Note that a number of very large councils provided data only for 2004 (excluded from the table) and thus the number of exemptions applications ballooned to 2 783 in 2004.

Total exemption applications, number granted and refused Source: Maree, Theron and Godfrey, Conditions of employment and small business:

2000	2002	2004	Total applications made for exemption	494	708	649	Total exemptions granted in full	321
432	264	Total exemptions partially granted	22	63	203	Total exemptions granted subject to conditions	14	
28	37	Total number of applications refused	135	185	145			

Coverage, compliance and exemptions, 2006 Some areas of consideration could include:

1. Reviewing thresholds of representivity to promote the growth and establishment of Bargaining Councils. Greater discretion should be given to the Minister of Labour in this regard.
2. Better support from DOL through
 - a. Financial support to better manage Bargaining Councils, target an increase in representivity and target vulnerable workers through better enforcement and a stronger inspectorate
 - b. Targeting and encouraging non-parties to join councils
 - c. Establishing and maintaining an adequate data base of Bargaining Councils, parties, council agreements and other relevant data.
 - d. Providing a proper reporting mechanism for Bargaining Councils
3. Allowing greater powers for Bargaining Councils to regulate labour brokers and other forms of atypical employment in their sectors.
4. Some councils have introduced an innovative way of improving membership and representivity through a council levy for both non party employers and employees.
5. Promoting national sectoral bargaining as opposed to provincial or regional sectoral bargaining.

Congress needs to consider whether these measures are strong enough, or whether more stringent measures are needed to ensure strong centralised bargaining.

The CCMA: The CCMA remains an important and critical institution for many workers. Notwithstanding many of the criticisms levelled at the CCMA, it has become an effective, cheap and quick way to settle disputes. Many workers are now using the CCMA as a service centre for all their labour related-problems, even where it does not have jurisdiction.

The CCMA remains a terrain of struggle to ensure that it provides a better service to our members and workers generally. Some disturbing trends indicate that we need to improve our own capacity to ensure better representation and delivery for workers. The CCMA over a ten-year review has seen a significant increase in cases referred, however in 2004/5 the increase seems to have levelled off.

Case referrals to the CCMA Source: CCMA Case Management System

The illustration below provides a percentage sector breakdown of cases referred.

Note that retail continues to dominate with private security and domestic increasing significantly, as well as business services in the last year.

Referrals to the CCMA by sector Source: CCMA Case Management System

With regard to arbitration awards, we fare relatively well according to the CCMA data. While some provinces have not fared well with awards, it is crucial to note the national average remains at 61% in favour of workers.

Arbitration awards in favour of workers and employers 2003/4 Source: CCMA Case Management System

In addition there is still a high number of applications for the enforcement of arbitration awards in terms of S 143 of the LRA. This has been a major setback for workers who are either awarded re-instatement or compensation. The delay, time and effort it takes to ensure they receive this is a critical matter that requires urgent intervention. Employers continually find ways to undermine legislation and the institutions used to protect workers.

Application for reviewal of arbitration awards is a further measure employed to delay social justice for workers. More stringent penalties should be awarded against frivolous reviewal cases by employers.

Occupational health and safety: The reform of legislation on compensating workers injured on duty has made a significant impact on workers. While this contributed towards streamlining legislation a major obstacle remains in the slow processing and payment of claims. Recent complaints have emerged of doctors who do injury on duty cases refusing to service workers because of the slow processing and payment of claims by the Compensation Fund.

Reporting of accidents by employers, according to the legislation, must take place within 7 days and in the case of an occupational disease within 14 days. According to the recent data the average reporting time has increased from 78 days to 123 days from the previous year. This is unacceptable and only creates further delays in the processing of claims. The Federation should ensure that we pressurize the Fund to enforce penalties against those employers who do not comply with these reporting timeframes.

Number of accidents reported over a 5 year period Source: Compensation Fund Annual Report, 2005
 The graph indicates a levelling off of accidents reported in the workplace, with the number of accidents reported to the fund slowing down to 201 003 in 2004/20 05 period. There remain a relatively large number of unreported cases to the Fund.

The table below provides a good indication of the nature of occupational diseases most reported to the Fund. There has been a steady decline in the number of diseases reported over the last 3 years. Though there is a decline in the common forms of occupational diseases such as hearing; TB and Asthma remains steady with a sharp increase in diseases caused by biological agents.

Occupational Diseases Reported over a 5-year period

Occupational Diseases	2001	2002	2003	2004	2005
Noise Induced Hearing Loss	1465	1952	2549	2724	1823
Post Traumatic Stress	970	1624	1325	1297	839
TB	211	500	384	384	323
Dermatitis	217	203	203	227	203
Pneumoconosis	193	182	302	189	109
Occupational Asthma	104	168	214	165	103
Repetitive Strain Injury	40	24	82	71	
Mesothelioma	201	20	17	28	16
Irritant Induced Asthma	7	16			
Lung Cancer	4	1			
Airways disease	17	13			
Chemical Induced disease	69	15			
Disease caused by Physical agents	5	13			
Disease caused by Biological agents	75	228			
Others	85	49			
TOTAL	3361	4689	5018	5358	3822

Source: Compensation Fund, 2005 and 2004 Annual report

Employment Equity and Skills Development: Implementation of the Employment Equity Act remains unstrategic and largely ineffective. As the following chart shows, there has been virtually no improvement in the share of black workers in higher level employment in recent years.

Senior management by race, 1996 and 2004 Source: Calculated from, Statistics South Africa, October Household Survey for 1996, and LFS Sep 2004

In addition, discrimination remains rife in our workplaces. COSATU's survey of 3000 workers found that one in seven African workers faced racial abuse on the job.

Over a decade after liberation, this is a crisis that must be addressed.

Racial breakdown of discrimination in the workplace Source: COSATU Survey, 2006

Hopefully, the broad-based BEE codes will give employment equity more teeth.

Labour remains concerned, however, that the codes are not adequately aligned to the Employment Equity Act. In particular, the current draft focuses too narrowly on management and professionals, reducing the commitment to career mobility for elementary and semi-skilled workers.

A second concern is that the enforcement of employment equity has not addressed the wage gap. As the following table shows, World Bank data indicates that the wage gap in South Africa still exceeds that of similar economies. This situation means that the pay of lower level workers is depressed, while the cost of production is unnecessarily exaggerated.

Pay by occupation in selected countries in US dollars Source: World Bank investment climate survey for South Africa , as reported in dti media presentation, December 2005

Section 27 of the Employment Equity Act requires employers to report on income differentials, and allows the Minister through the ECC to specify measures which could be taken to reduce these differentials. There appears to be no enforcement of this section of the Act, which is too voluntarist and weak. Therefore we need to approach the Government to urgently look at beefing up this Section to give it teeth, along the lines of proposals we placed before Parliament.

The Skills Development Act has undoubtedly laid the basis for a substantial improvement in capacity at all levels. Unfortunately, it is clear that implementation remains unequal. In particular, ordinary workers still have only very limited access to skills development, as the following table indicates. We need a systematic review to explain this outcome and correct it.

Access to skills development by race, gender and occupation, September 2003 Source: Calculated from, Statistics South Africa. Labour Force Survey September 2003. Database on CD-ROM. Pretoria.

7.3 Demands for labour policy

Flowing from this review, it would be critical for Congress to consider the following proposals on labour market reform. The list may not be exhaustive, but provides an indication on strategic areas of engagement.

1. Make it easier for vulnerable workers to organise
2. Take forward the LRA's vision of the role of Bargaining Councils in the new labour dispensation, and ensure that the majority of workers are covered.

Bargaining Councils should receive a full subsidy from the Department of Labour for all dispute resolution services that they provide. In addition, we need to improve the extension of agreements to non-party employers.

3. Continue to demand centralised bargaining and strengthen existing Bargaining Councils.
4. Amend the LRA Section 189A so that workers in enterprises employing fewer than 50 workers may strike against retrenchment.
5. Amend the LRA to exclude advocates and attorneys who practice for their own account from representing parties in individual dismissal cases.
6. Improve the regulation of labour brokers to ensure they treat workers fairly, and more generally prevent employers from dodging their responsibilities to workers through outsourcing and labour broking.
7. Amend the LRA so that the implementation of technological changes and the desire to make more profits do not count as operational requirements.

8. Protect the right of workers to demonstrate, and train and equip the police much better to deal with crowd control.
9. Remove unnecessary limits on workers' strike action which remain when it comes to solidarity strikes and the essential services. End the limitations on strikes in the Police Act. The Key Points Act and other apartheid legislation limiting freedom of association also need to be reviewed.
10. Work toward a 40-hour week, as agreed when the BCEA was passed.
11. The minimum retrenchment package should be increased to four weeks' pay per year of service.
12. Increase family responsibility leave to five days per occurrence.
13. Extend the sick leave provided to workers with AIDS or with a terminal illness.
14. Do more to end racist and sexist abuse in the workplace.
15. Ensure the Codes of Good Practice are better aligned with the Employment Equity and Skills Development Acts, and in particular that they benefit ordinary workers and not just senior managers and professionals.
16. Section 27 of the Employment Equity Act should be beefed up to address the wage gap.
17. Review the Skills Development Act to ensure greater access by ordinary workers, especially black people and women.
18. Improve monitoring and enforcement, including increasing the number of inspectors to ensure effective implementation of the labour laws

7.4 Attacks on labour rights

COSATU has long concluded that workers' rights will remain at the centre of class contestation. A worrying feature of the past three years, however, has been the ability of business – backed by the World Bank and the IMF - to obtain support for its positions amongst sections of the ANC and some officials in the Presidency. COSATU has so far been able to block efforts to weaken the labour laws. But we cannot afford to relax our vigilance and mobilisation. A risk too, is that in these circumstances it becomes virtually impossible to take forward necessary reforms to the labour laws, even if some of these are minor.

The latest attack on workers' rights began in 2005. It essentially contended that the existing laws prevent the emergence of small business and, by extension, employment creation. COSATU has long argued that there is no basis for this position. Currently, it seems that this attack will not lead to any concrete proposals to reform the labour laws, and may even give more impetus to engagements at NEDLAC aimed at improving protection for casual workers.

The latest attack began with the publication of an ANC discussion document in 2005, which argued that South Africa should revert to a two-tier labour market as a way to encourage the creation of low-level jobs. At a meeting of the ANC Economic Transformation Commission in April, this proposal received no

support, and was attacked by leading ANC figures as well as COSATU. Despite this, the paper was submitted to the ANC's National General Council later in the year, where it was rejected out of hand.

At a meeting of the Trade Union Presidential Working Group, labour agreed to joint research into regulations that affect small enterprise, including the labour laws.

Subsequent research focused on the CCMA, Bargaining Councils and unfair labour practices. In particular, a "think piece" by Halton Cheadle argued that:

1. The LRA expected Bargaining Councils to provide for sectoral regulation as well as dispute settlement. The failure to extend the Bargaining Councils and to transform the inherited Industrial Councils, rather than just renaming them, has meant this vision was never fulfilled.
2. The CCMA has become excessively legalistic, in part because of the failure to update the Codes of Good Practice on dismissals and in part because of the inclusion of senior managers and professionals, who tend to bring in legal technicalities.
3. The inherited common law on unfair labour practices has become unclear and is on the whole no longer necessary in light of the protection provided by the LRA, the Employment Equity Act and the BCEA.

After an intervention by COSATU, it was agreed that lawyers designated by business and labour should write responses to Cheadle's proposals. For labour, Anton Roskam agreed with Cheadle on the CCMA. He argued, however, that the current practices on unfair labour practices should be maintained in order to protect workers against unfair warnings, since this impact on promotions and bonuses. In addition, probation periods must be maintained to avoid exploitation of new workers.

The Department of Labour subsequently held two roundtables to discuss the Cheadle paper. At the roundtable, COSATU did not respond in detail to Cheadle's proposals. It did, however, identify the following major problems with the legislation.

Worker organisation: Continued weak union organisation in vulnerable sectors – notably farm, domestic, retail, construction informal employment, which together account for over a third of all jobs – points to the need for increased government support for workers to organise. According to the Labour Force Survey, union density in these industries is well below 20%.

Poor organisation means that labour laws, which rely heavily on union support for monitoring and in some cases implementation (for instance on health and safety and dispute settlement), remain poorly enforced.

Labour market institutions: There are only 700 labour inspectors – down from 1000 ten years ago – which makes the role of collective action in monitoring compliance even more important.

Outside the public service, where the Bargaining Council is based on a single employer, only around 20% of workers are covered by Bargaining Councils.

Moreover, the majority of Bargaining Councils are just the old industrial councils under a new name. They remain fragmented, under-resourced and sectarian. To address this problem and meet the LRA's vision

on the role of Bargaining Councils, they should receive a full subsidy from the Department of Labour for all dispute resolution services that they provide. In addition, we need to improve the extension of agreements to non-party employers.

Retrenchment: Ordinary workers are often retrenched without adequate consultation, as required by the law, and in a very short time frame – often in just one or two weeks. There is very little pressure on employers, particularly in small enterprise, to seek alternatives that would save jobs. To deal with this, the LRA Section 189A should be amended so that workers in enterprises employing fewer than 50 workers may strike against retrenchment.

The recent Fry Metals case indicated that workers may be retrenched if they resist restructuring by employers to make a profit, for instance through changes to the shift system. This undermines collective bargaining. We must amend the LRA so that the implementation of technological changes and the desire to make more profits do not count as operational requirements. The minimum pay required by the BCEA for retrenched workers is very low, at one week's pay per year of service. To address this problem, the minimum package should be increased to four weeks' pay per year of service.

Legalisation of dispute settlement: Some upper-level employees may abuse the system by introducing legal technicalities and delays. The LRA should be amended to exclude advocates and attorneys who practice for their own account from representing parties in individual dismissal cases.

Casualisation and outsourcing: Employers have been shifting to casualisation and outsourcing in an effort to avoid the requirements of the LRA and the BCEA. We need to improve the regulation of labour brokers to ensure they treat workers fairly.

Even more important, we must prevent employers from dodging their responsibilities to workers through outsourcing and labour broking. **Right to strike:** The past two years have seen an alarming increase in the refusal to permit striking workers permits for demonstrations, and subsequent violence by the police against workers' demonstrations. To avoid unnecessary conflict, the right of workers to demonstrate must be protected, and the police must be much better trained and equipped to deal with crowd control. Shooting – whether rubber bullets or live ammunition – should always be a final resort.

Unnecessary limits on workers' strike action remain when it comes to solidarity strikes and the essential services. The designation of essential services should be reviewed, and minimum-service agreements must be fast-tracked after a strike has been declared. In addition, the Police Act should not be allowed to limit strikes.

Working hours and leave: When the BCEA was passed, it was agreed that we would work toward a 40-hour week, as demanded in the Freedom Charter, rather than the 45-hour week now enshrined in the law. In the event, according to the September 2005 Labour Force Survey, one in seven workers still works over 60 hours a week, and one in three workers over 45 hours. Long hours are oppressive and destructive of family and community life, as well as limiting job creation.

The BCEA was supposed to provide the leave required to maintain the social fabric.

But the allocations are inadequate, especially in light of the HIV epidemic. The Act should therefore be amended to increase family responsibility leave to five days per occurrence, and to extend the sick leave provided to workers with AIDS or with a terminal illness.

Employment equity: The Employment Equity Act has not done nearly enough to ensure representivity or even just end discrimination and abuse in the workplace.

COSATU's survey of workers found that one African worker in seven still face racist abuse in the workplace.

The broad-based BEE codes should give employment equity more teeth.

Unfortunately, however, the current draft of the codes focuses narrowly on management and professionals, reducing the commitment to career mobility for elementary and semi-skilled workers.

In addition, employment equity has not addressed the wage gap. This depresses pay for ordinary workers while raising the cost of production.

Skills development: Ordinary workers still have only very limited access to skills development. We need a systematic review to explain this outcome and correct it.

The second roundtable on the labour laws agreed to set up a task-team to define a process forward. It has not yet reported.

NEDLAC has begun a process of reviewing the labour laws to act against abuse of casual, contract and atypical workers. This process has been very slow in getting off the ground, and needs more support from affiliates.

To support engagement on labour policy, COSATU held a number of courses and workshops. In addition, it published a booklet dealing with retrenchments in the workplace, outlining the procedures to be followed and workers' rights. This booklet has met with an excellent response.

8. Social Policy

8.1 Social grants

Given mass unemployment, the provision of social grants and free basic services is critical to reducing poverty. Moreover, households generally need some basic resources in order to obtain and hold a steady job or undertake micro production.

Since 1994, the government has extended social grants to groups historically seen as the "deserving poor" – that is, those unable to work due to age or disability. But it has refused to provide a grant to unemployed people of working age, even though with 40% unemployment most simply cannot find a job.

The overall result of the increase in welfare has been mixed.

- Social grants have a considerable impact in reducing poverty, with many unemployed people surviving from old-age pensions or child grants for household members;
- Social grants now account for about a seventh of the national budget, having risen rapidly in the mid-1990s (when old-age pensions were extended to Africans) and from 2003 (with the introduction of the child grant); but
- Very poor households are generally those with no access to any social grant at all. About 20% of households live on less than R500 a month, and most do not get social grants.
- Because of the selective nature of social grants (excluding most poor people from ages 14 to 60), almost 10 million poor people live in households which have no access to a social grant

As noted earlier, about 40% of households now get social grants, which reach around ten million beneficiaries. The average value of the grants declined in the 2000s; however, as the child support grant was the main source of growth. Where disability and old-age pensions paid R820 a month in 2006, the child support grant was only R190 a month.

The following chart shows the extension of grants since 1996, and in particular the rapid growth in child support grants in the past three years.

COSATU have not won its demand for basic income grant Share of households getting child support, old age and disability grants, 1996 to 2004 Source: Calculated from, Statistics South Africa. October Household Survey 1996, and Labour Force Surveys for September 2002 and 2004. Pretoria. Databases on CD-ROM.

The following table shows the increase in expenditure on social grants since 1996. In the past three years, the budget for social grants has grown by over 20% a year in real terms.

Government spending on social grants, 2001 to 2006

COSATU continues to argue that

1. To combat poverty requires large-scale creation of quality work for working people, combined with access to affordable services, and guaranteed income for those unable to find decent work.
2. Poverty in itself prevents people from engaging with the economy. To address this problem requires that unemployed adults also receive social support through grants and through a substantial expansion in the public works programmes, including through social and cultural programmes as well as infrastructure provision.

COSATU supports the demand for a universal Basic Income Grant, which will extend social security to all those currently falling through the cracks. To this end, COSATU remains an active member of the Basic Income Grant coalition, but more needs to be done to intensify this campaign. In addition, at the GDS, we ensured a stronger commitment to public works programmes.

8.2 Education

Education continues to reflect the legacy of apartheid, which impoverished and stunted black schools, especially in the rural areas. Three factors contribute to this outcome:

1. Inadequate spending on infrastructure, support staff, school books and other materials and support staff;
2. The agreement that schools could charge fees, which means schools in rich areas can effectively exclude poor learners; and
3. The failure to radically to expand in-service training for educators who were deprived under apartheid.

The most graphic illustration of the resulting inequality emerges from analysis of matric pass rates. Only 12% of African learners passed matric with endorsement, compared to 51% of whites and 29% of Coloureds and Asians. As a result, although Africans accounted for eight out of ten learners who wrote matric, they made up only half of those eligible for university.

Matric pass rate by race, 2003

Race	wrote	passed with endorsement	passed without endorsement	pass rate with endorsement
African	349,900	42,100	186,800	12%
Coloured/Asian	48,600	14,200	28,700	29%
White	46,900	23,800	22,000	51%

Source: Answer by National Department of Education to Parliamentary question from H. Zille in May 2005.

Inequalities in matric pass rates combined with high university fees to ensure that Africans were far less likely than whites to attend university, particularly the historically advantaged institutions.

University graduations by race and type of institution, 2002

Race	Historically Advantaged University	Historically Disadvantaged University	UNISA	Total
African	37%	4%	7%	51%
Coloured	88%	6%	6%	100%
Indian	1%	100%	UNISA	43%
White	4%	9%	45%	100%
Total	49%	4%	7%	40%
	100%			

Source: Altman, Miriam. 2004. Meeting Equity Targets: Are there enough graduates? Pretoria. HSRC.

COSATU has worked with SADTU to challenge the shortcomings in the educational system. In particular, we continue to demand an end to fees in all schools.

8.3 Health

Two major new developments emerged in the health sector in the past three years:

the push to introduce Social Health Insurance, and the Health Sector Charter.

Government's proposals for Social Health Insurance would essentially require most workers to buy private medical aid. COSATU argued that this would effectively further privatisation of the health sector, and opposed it vigorously. A particular concern was that the proposal would impose huge costs on both workers and employers, potentially harming economic growth as a whole.

It is not clear where this proposal is now headed. Government has not raised it in the past six months or so, and may let it fall.

The Health Sector Charter is still being negotiated. Labour hoped to use the charter to demand that the private sector do more to provide services for the poor, where necessary with government reimbursement at cost. This would align with COSATU's long-standing demands for a National Health Insurance scheme.

Current proposals for the Charter are fairly weak. They diverge from the Broad-Based BEE Codes primarily in the support for a Public Health Enhancement Fund, to which companies would contribute. The Fund would support education of professionals, including nurses, as well as major projects in the public sector.

While COSATU has engaged intensively on the Health Sector Charter, the failure of affiliates to participate has become a concern. After the initial development of joint positions, affiliate representatives have frequently failed to come to meetings set up to negotiate the charter.

8.4 HIV and AIDS

Chris Hani, a senior leader of the ANC and SACP, warned that:

"We cannot afford to allow the AIDS epidemic to ruin the realization of our dreams.

Existing statistics indicate that we are still at the beginning of the AIDS epidemic in our country. Unattended, however, this will result in untold damage and suffering by the end of the century."² In 2006 - 5, 6 million were infected and the ARV treatment in the public and private sector covered 17% of people living with AIDS. Today, Hani's worst fear has been confirmed. In 2005, HIV prevalence amongst women attending antenatal clinics rose for the fifth consecutive year to 30.2%.³ These statistics were released by the Department of Health on the 21st July 2006.

1. Three out of every ten women who attend public antenatal clinics are HIV-positive.
2. At least one in ten of all people in South Africa is HIV-positive.
3. Up until 2003 several hundred thousand people died of AIDS.
4. Few people had HIV in 1990 but the epidemic exploded over the next decade and that mortality from the epidemic has increased steadily, such that many more people died of AIDS in 2003 than 2002 and many more people died of AIDS in 2002 than 2001 and so on.
5. In 1997 most adults in South Africa died when they were over 60. By 2000 most adults were dying in their 20s, 30s and 40s.

The Brazilian government, introduced a treatment programme in 1996, South Africa did so only in mid-2004 (and even then only under pressure). The dramatic increase and change in ages of death is reflected in the graph below, taken from the Statistics South Africa report (p 11)⁴:

Figure 3.4: Distribution of deaths by age and year of death: 1997-2004 The statistics show that there is a massive crisis of death amongst young adults.

On 8 August 2003, South Africa's Cabinet made a commitment to provide antiretroviral (ARV) treatment in the public health sector. On 19 November 2003, little more than three months later, government published the Operational Plan on Comprehensive HIV and A IDS Care, Management and Treatment for South Africa (the Operational Plan).

1. As at the end of March 2005, official government figures indicated that at least 42 000 patients were accessing ARV treatment in the public health sector. Of these, less than 4000 were children. Most patients on ARV treatment in the public sector are receiving care at academic hospitals and the so-called "main sites", with very few patients accessing ARV treatment at rural and remote sites.

2. The number of patients on ARV treatment in the private sector (as of the end of March 2005) was between 50 000 and 60 000.⁵

Barriers to accessing and scaling up treatment include:

1. Crisis in Human Resources for Health The pace of implementation is being hampered by the lack of trained doctors, nurses, pharmacists and other health care providers. Without a reasonable, flexible Human Resource for Health Plan that addresses short, medium and long term needs, the Operational Plan will continue to be undermined. Government has a constitutional duty to develop such a plan.

2. Nutrition

It is widely accepted that poverty and the lack of food security⁶ are major national challenges, and that there is a clear link between employment, access to income and food and nutrition security.⁷

Recently, the World Health Organisation (WHO) Consultation on Nutrition and HIV/AIDS in Africa (co-hosted by the national department of health) confirmed that everyone requires good nutrition, including people living with HIV/AIDS. But the WHO Consultation also stated that there is no scientific evidence to suggest that good nutrition alone can treat HIV. This is in accordance with official government policy as articulated in the nutrition chapter in the Operational Plan.⁸

Based on the recommendations of the WHO Consultation, the 4th JCSMF resolved that while good nutrition is important for everyone, there comes a point where it is medically necessary for people living with HIV/AIDS to commence ARV treatment.

The JCSMF recommended that additional studies are needed, including operational studies, to establish how nutrition can best be integrated into existing care programmes. In addition, clinical studies are needed to determine the effect of nutritional interventions in delaying early disease progression, as well as to examine the interaction between nutrition and ARVs – for example, absorption of drug and adverse events.

3. Other Issues that need urgent attention:

The national HIV prevention Plan (Strategic Plan) expired in 2005. As yet there is no plan and no evaluation of how to massively improve HIV prevention in this country.

We cannot have “prevention, prevention, prevention” without a prevention Plan.

We need to re-examine the effectiveness of the ABC message and question the cost effectiveness of campaigns like Love-Life which are government funded.

Millions are spent on bill boards and yet the number of people being newly infected with HIV is increasing every year! Nutritional support is not being provided to most people with HIV. Implementation and monitoring of nutritional support must happen immediately.

Health care workers are bearing the brunt of care in this epidemic, but South Africa still does not have a human resource plan for health. There is an urgent need for the finalisation of the Plan and for a programme to recruit and train new health care workers, draw back health care workers who have resigned, improve conditions, amend scopes of practice, and restore dignity to this profession.

It was with this epidemic in mind that the CEC convened a joint executive with SACC and TAC in November 2005 and launched a coalition with the SACC and TAC and other civil society formations on HIV/AIDS. SANGOCO later joined the coalition.

We agreed to a programme of action including the establishment of provincial structures; inclusion of demands around HIV and AIDS in May Day; and a national conference on civil society.

We successfully carried out the first elements in this programme. Unfortunately, due to lack of capacity in our partner organisations, the national conference has been repeatedly delayed, and will now only take place, if at all, after this Congress.

More generally, COSATU has not been able to mount a consistent and effective campaign on AIDS in the workplace. We have developed a huge amount of material and some affiliates have concluded path breaking agreements. But the agreements are not always implemented adequately, and many sectors have no agreements at all. The main challenge is to find ways to educate shopstewards and organisers more consistently on the issues, which include treatment, education, confidentiality and increased time off for illness, disability and family care.

COSATU also participates in the South African National AIDS Council (SANAC).

Unfortunately, we have not been able to ensure regular participation by the delegated NOB.

8.5 Housing and infrastructure

One of the main legacies of apartheid was the refusal to provide adequate housing and services in black communities. As the following chart shows, since 1994 some progress has been made in improving the resulting inequalities. Delivery accelerated in the past three years as government increased its overall spending.

Nonetheless, the gaps remain huge.

Access to household infrastructure by race, 1996 and 2004 Source: Calculated from, Statistics South Africa. 1996. October Household Survey.

Database on CD-ROM. Pretoria; and, Statistics South Africa. 2004. Labour Force Survey. September. Database on CD-ROM. Pretoria.

COSATU has demanded that:

1. Expenditure on basic services and housing be increased
2. The privatisation and commercialisation of basic services must end, including through pre-paid meters. Increasingly, even where households have physical infrastructure to provide water and electricity, they simply cannot afford the service.
3. More resources needed to be directed by government, both through direct public funding of housing construction, and through redirection of the housing subsidy, to support the construction of housing near city centres and work opportunities, including through provision of public rental housing.

COSATU has used the Financial Sector Charter to try to direct more funding to achieve these aims. The charter commits financial institutions to increasing funding for developmental infrastructure in poor communities as well as low-income housing, including high-rise rental projects.

8.6 Public Transport and Gautrain

1. COSATU insist that existing public transport system fails to take into account some of the key transport challenges facing many Provinces.

Apartheid spatial development planning continues to persist with little or no integration of black townships into planning and development of contemporary urban or rural centers. This remains a major challenge for many of our metropolitan and city centers, where the exclusion of the majority of working poor and unemployed, located within townships some distance away from their jobs and the city centre is a common characteristic of urban life in South Africa. Instead, many of the attempts to integrate township dwellers are relatively ad hoc, with no sustainable medium to long-term plans in dealing with the historical apartheid spatial development planning.

More than 74% of South Africans are dependant on public transport for various purposes, while only 26% have access to cars. Thus it would be critical that transport planning and development takes into consideration the need to support the vast majority of people dependant on the public transport system. Integrated Development Planning (IDP) should focus on proper integrated planning, large infrastructure investment and a mass transport system that can support the movement of people within townships, from townships to the city centre and from townships to places of work.

In the case of the Gautrain, COSATU believes it does not support the development of a much needed public transport system that can support the majority of people dependant on the existing public transport system. The Gautrain for example, prioritises reducing highway congestion instead of dealing with investment into improving, supporting or developing transport infrastructure that could better support the

people of Gauteng. COSATU believes that such a plan is necessary and would see townships themselves becoming economic hubs over the next 15 years.

2. COSATU would lend critical support to a public transport system that would meet key challenges spelt out by the Department of Transport and government in general. These key challenges include;

- Under investment in existing public transport infrastructure and operations
- An existing transport system that is costly and shifts most of the burden on poor households
- Dealing with apartheid spatial development through reducing the time and subsequent cost of travelling of commuters. This not only places a burden on households but on the economy as a whole
- A lack of integration between services and infrastructure of transport
- A lack of public transport services or no services at all in many rural communities
- Delivering a reliable, safe and regular transport services [that takes into account the changing needs of the workplace and commuter preferences]
- Higher dissatisfaction amongst commuters
- High private car dependency (although this is relatively low)
- Reform of public transport subsidies that would deal with the unequal distribution between types of public transport and between provinces.
- A lack of effective coordination amongst government departments and different spheres of government

We do not see these proposals being met through an estimated R20bn investment, into the Rapid Rail Link system for Gauteng. Such a project would continue to perpetuate a system that would not meet the demands of our growing economy and many of the transport demands of household's who are dependant and have no alternative to the current, inefficient public transport system.

3. The cost of investment into the Gautrain project over the next three years is estimated at R7.1bn but the total cost is could balloon in excess of R20bn by 2010. According to the project plans, this cost would be shared 50:50 between national and provincial government. The cost clearly would put substantial burden on the national and provincial fiscus, where this could be spent on significantly improving the public transport system for the poor, better integration of public transport and investing into improving infrastructure such as rail, bus services, taxi industry and road networks. The Gautrain project has twice the combined budget of all other municipal infrastructure projects aimed at improving public transport.

Such a substantial capital investment into a project of this nature would be demand driven and would thus lead to a 'cost recovery' approach from government. This approach will likely become entirely unaffordable for those commuters who really entirely on public transport for work, socially or for commercial purposes.

4. The proposed Gautrain link runs through all affluent areas of the city and province and fails to consider the needs of many of the people in major townships across the province. While the proposal talks about feeder bus service system for the rail network, this would likely be more cost effective and sustainable for many of the users in close proximity to the Gautrain rail link.

The system unfortunately does not take into account a bus feeder system that could extend far off the route of the rail link. It would thus be costly for someone who wants to utilize the Gautrain if they reside in

Kagiso, Soweto, Vosloorus, Shoshanguvi, Ma melodi or many other areas on the outskirts of cities. It would mean that commuters residing in these townships would be required to take a bus, taxi or metro rail or even all three forms of transport in order to link to the Gautrain. So even if the majority of people residing in townships could access the Gautrain link, it would be much more costly, unaffordable and time consuming. According to a Department of Transport study conducted in 2003 more than a quarter of households pay more than 20% of income on public transport. For households earning less than R 500 a month (a quarter of total households) this amounts to almost two thirds of household earnings.

5. COSATU believes that alternative forms of transport such as an improved bus, taxi services or other forms of transport have not been researched significantly enough. According to research done through the University of Cape Town, travel time through bus services in comparison to the estimated time of the Gautrain, for example, would amount to the same. Furthermore the cost of investing into alternative forms of transport or improving existing infrastructure would be substantially less than the intended investment on the proposed Rapid Rail Link for Gauteng.

9. Campaigns

9.1 Jobs and Poverty Campaign

The Federation launched its Jobs and Poverty Campaign in 1999. Since then it has taken countless actions in the forms of marches, demonstrations, petitions, five national strikes.

We salute the millions of South African workers who participated in the general strike to highlight and protest against catastrophic levels of unemployment and poverty, caused amongst others by the flood of imports.

The CEC in its evaluation of the Jobs and Poverty Campaign noted with concern, however, that despite this clear demonstration of support for more vigorous action to create jobs and end poverty, big business and the government have continued to ignore our demands. In particular,

- Despite the recent correction, the rand remains overvalued, leading to continuing retrenchments in sections of the manufacturing sector. The state must introduce measures to slow down the destabilizing and speculative inflow of short-term funds, and must act to ensure the Reserve Bank follows a developmental mandate, if necessary by amending the Constitution.
- Retailers still refuse to engage seriously on our demand that they source locally as an attempt to help protect our jobs. Instead, we have seen escalating imports, notably from China. Moreover, government is undermining the intent of broad-based BEE by refusing to ensure that it promotes job creation through local procurement in the public sector.
- Some mining companies continue to retrench workers despite the huge increase in the prices of gold, platinum and other minerals.
- Some parts of the manufacturing continue to retrench workers in big numbers despite the claims by capitalist system apologists that we are in an economic boom.
- Government refuses to replace workers who leave the public service, creating a huge burden on the remaining public service workers.
- Outsourcing and casualisation of labour continues unabated with government not moving fast enough to stop this phenomenon. Government should not give a sympathetic ear to outrageous

demands of conservative elements of employers who continuously demand that the workers gains be reversed.

- Inequalities continue to rise at alarming rate as shown by the outrageous salaries earned by CEO and senior management in both business and the public sector, including local government.
- Racism and other forms of discrimination continue unabated. Affirmation action is moving at a snail's pace, with black women and people living with disability remaining the most discriminated and marginalised.
- COSATU remains concerned that the demands of the E.U. and the U.S. in WTO negotiations are designed to undermine any possibility of industrialisation in countries like South Africa, and would limit the ability of the state to ensure universal access to basic services.
- ASGI-SA remains far too weak to achieve its aims, and government has failed to engage seriously on its development strategy with representatives of the working class and the poor, instead focusing narrowly on winning over big business.
- Overall the main beneficiaries of economic transformation in the first twelve years of democracy have been big business. This must change!
- The lack of decisive action means that inequality, poverty and unemployment remain unacceptably high. The recent growth spurt has brought only slight improvements in the lives of the majority of our people. Casualisation of labour is on the rise despite our efforts to highlight the plight of the millions affected workers. COSATU reiterates its demand that any worker employed for over three months must be regarded as permanent.
- Broadly the CEC raised the concern that the conservative elements in the state at all levels are acting in line with the argument that the state in a capitalist society is nothing more rather than an agent of the ruling class in the economy.

We condemn the use of state violence in industrial relations. We have seen a tendency to deny permits for legitimate demonstrations in support of strike actions, and, at slightest provocation, to use rubber bullets against demonstrators, which is disproportionate violence even where demonstrations have not complied with permits.

- Cabinet has gone so far as to congratulate elements of the police who acted in ways that cause tensions and clashes with the majority of our people. A case in point was the arrest of the First Deputy President of COSATU and four other leaders who formed a delegation to negotiate with the police during the blockade on the Swazi border. The Provincial Secretary of COSATU in the Western Cape was arrested when he was in effect pleading to the police to stop shooting at SATAWU members in Cape Town. In these circumstances, we need a broader discussion of how the police should maintain public order in a democracy, where it is not acceptable to use the violence measures of the past.

We are aware of our historic responsibility as organised workers, the leading detachment of the working class. The CEC agreed that in future we must do more to mobilise unemployed people behind our actions.

In light of the refusal of business and the state to address strongly the concerns of workers, the unemployed and the poor, COSATU has no choice but to take the Jobs and Poverty Campaign to new heights.

The CEC has adopted a programme of action for the next phase that will intensify the campaign until all our demands are met. This new phase will focus on local and provincial actions to target the most intransigent and abusive employers in the private and public sector, and to mobilise against the threat arising from the WTO negotiations.

Accordingly, the COSATU CEC adopted the following programme.

- To convene a meeting between the COSATU National Office Bearers and the General Secretaries of our affiliates on Monday 29 May between 11:00 and 14:00. The task of the meeting was to revise specific demands of the Jobs and Poverty Campaign to cover the concerns of all COSATU affiliates.
- Before the end of the week of 29 May, COSATU would submit a new Section 77 notice to NEDLAC calling for negotiations on the demands that would have emerged from the meeting of General Secretaries.
- To convene special provincial shop stewards' council meetings on the weekend of 3 June. These meetings would adopt provincial actions to sustain and to ensure that the campaign rolls towards the provincial Congresses and beyond.
- To convene local shops steward councils, socialist forums, workplace and industrial general meetings from 30 May. These meetings would plan how to take the fight to the companies and government departments that have been blacklisted by the local shop stewards' councils. They would also serve as platform to educate our members about the WTO and ask to debate the current political situation in the run up to the COSATU Ninth National Congress.
- To organise mass marches, pickets and demonstrations against the E.U. and the U.S.

to protest their stance at the WTO. The first marches would be held on 10 June 2006.

- Affiliates' General Secretaries to dispatch letters to their local structures advising them to continue participation in the campaign.
- Public sector unions would with immediate effect table their demands for negotiations of new minimum service agreements to ensure that as many public servants as possible are able to exercise their Constitutional right to strike.
- We would approach FEDUSA, NACTU and all other unaffiliated unions to participate in the campaign.
- We would convene meetings of the mass democratic movement to form a broad coalition against unemployment and poverty. We would call on the provincial and local structures of the Federation to create these united fronts from 5 June.
- We would convene a bilateral with the ANC to discuss our demands. CEC made a call on the ANC leaders not to stand aloof whilst workers and their class are embarking in a campaign to ensure that the second decade of freedom belongs in economic terms to workers and the poor. The silence of the ANC was deafening.

The CEC called on COSATU members to use the gatherings in the programme of action to debate the suggestion that we intensify the Jobs and Poverty Campaign through strikes for two or three days a week for as long as it would take to get a response to our demands.

Since then, we have struggled a bit to finalise demands between affiliates and lawyers as a result we have not submitted yet the Section 77 notice.

We have met with the ANC though and the report on this is contained in the political report. The most significant issue from the ANC meeting is that for the first time they have now agreed to debate economic policy with us.

We have raised the issue with the MLC. The MLC agreed that it can't claim relevance if it would stand aside whilst a major issue is debated in the country and finalised.

Accordingly the MLC held a special session on the 11 August 2006 to debate the matter. It agreed that once COSATU had finalised its demands it would engage with them as well as other ideas that emerged during the debate of these issues.

Policy debates

1. Does the Congress support the CEC analysis of the campaign?
2. What is our view on taking the campaign to new heights and what should be a programme to support our demands

9.2 The Living Wage Campaign

2005 in particular saw the highest number of strikes for a living wage. The Living Wage Campaign is the cornerstone of the work of any trade union. The CEC adopted a framework document that sought to improve our coordination of the campaign. The document required that all affiliates submit their settlements with NALEDI who would in return compile a report showing the settlement trends, wages, apartheid wage gaps and other information for the COSATU CEC.

This report would be debated by November CEC every year. The CEC would then formulate cross cutting demands that members would be mobilised around.

This framework is being frustrated by the fact not all affiliates are submitting their wage negotiations settlements to NALEDI. The report NALEDI presents to the CEC accordingly would lack quality and not serve its purpose. This will result in the CEC not being able to analyse the Living Wage Campaign in order to formulate demands.

This lack of cooperation by affiliates did not mean that workers and the unions are not fighting for a living wage. 2005 in particular will go down in the post 1994 period as the year that saw most of the militant actions almost in all sectors. Workers won major battles through the period in review. 2006 saw a bitter struggle fought by the gallant members of SATAWU in the security strike. They struck for many long weeks, united and not moving an inch backwards forced the most intransigent and ultra conservative employers back to the negotiations table.

The security strike was however marred by violence which at worst got directed to our own May Day celebrations. This violence whilst clearly provoked by frustrations at the dirty tricks of the employers was unfortunate and did not help at all to preserve our good image.

As we write this another wave of militant strikes is under way including in the cleaning sector, Kumba mineworkers, Rustenburg Provincial Hospital workers, the contract cleaners, Kraft Foods workers and Shoprite Checkers staff.

9.3 Other campaigns

COSATU remains a member of the Basic Income Grant (BIG) Coalition, which consists of more than 35 civil society organisations. It has participated in the different phases of the Freedom Park Trust (FPT) in order to ensure that the workers' contribution to the liberation struggle is not forgotten.

In 2005, COSATU undertook a partnership programme with the Department of Labour that focused on ensuring implementation of legislation protecting workers rights. We jointly launched a campaign on "Picking Up the Gains," jointly commemorated the World Day for Safety and Health at Work, and undertook joint inspections. The programme of joint inspections was successful, as national and provincial leaders accompanied inspectors. This approach helped to surface problems and highlighted challenges faced by workers from vulnerable sectors.

10. Policy Engagements

Despite some failures, COSATU can be proud of its success in improving the quality and progressive nature of a range of laws, regulations and policy measures since the Eighth National Congress. Its success reflects its ability to mobilise power to back up our demands as well as considerable time and effort spent by both the Federation and affiliates in technical engagements.

We first outline the organisational challenges that have arisen in the course of policy engagements, and then outline some of the main achievements and failures at NEDLAC, in Parliament, and in other areas. The Political and Socio-Economic Reports review specific policy engagements.

10.1 Challenges arising from policy engagements

The transition to democracy brought with it a demand that unions engage, not just around broad demands for liberation and transformation, but on the details of policy, and implementation of our gains achieved through these engagements. As the Organisational Review report noted, this in turn led to a rapid expansion in COSATU's policy capacity, with the establishment of the Parliamentary Office and Naledi in the 1990s, and the Policy Unit in 2000, which had a particular mandate to ensure strategic implementation of policy and legislative gains.

In addition, a number of affiliates have set up their own policy capacity. In the past three years, there have been significant improvements in this regard. In particular, the manufacturing unions have engaged strongly on industrial and trade policy.

In the past three years, the main forums for policy engagement have remained NEDLAC, Parliament, bilaterals with government departments and, to a limited extent, the Alliance and the ANC's Economic Transformation Commission.

As the Organisational Review report notes, major challenges arise for the labour movement in managing detailed policy engagements. Essentially, the problems centre on the need to establish an appropriate

balance between policy engagement and organisational work in terms of resourcing, leadership time and effort, and campaigns.

In the past three years, the following challenges have arisen:

1. Mandating has become increasingly difficult to manage. Generally, officials from COSATU and the affiliates must provide technical expertise in engagements with business and government. To oversee and guide the process, both leaders and members must often learn about complex issues, which is often very time consuming. We need to review the mandating process, from membership to negotiators, to ensure it is clear and linked sufficiently to educational work.

2. A particular problem has arisen because of the different levels of mandating at NEDLAC – from the convenor of the Chamber to the overall convenor, the affiliates involved and the COSATU Secretariat. Over the past three years, we have sometimes seen the rejection of agreements reached in taskteams or even chambers, which has proven demoralising for the negotiators; and conversely officials have sometimes been left to negotiate alone without adequate mandates or political oversight.

3. A related problem is the very poor attendance by affiliate NOBs at most NEDLAC chambers and taskteams, except for meetings on trade. If affiliates do not consider routine NEDLAC engagements to be important, they should formally propose appropriate changes in the delegations, rather than just not showing up.

4. We need to continue to refine our approach to prioritisation of policy issues.

NEDLAC and Parliament consider huge numbers of laws, regulations and policy documents, and it is impossible to deal with every one in detail. We need to ensure that in the way we respond to these demands, we do not distract our limited capacity from the issues that are crucial for the working class.

5. Retaining policy expertise is becoming a problem. COSATU can easily attract high-level personnel, but after they have worked for us for a few years they start getting offers from business and government. At the same time, many find they can no longer manage the intensity of work. After all, while COSATU now has about 15 full-time policy officials, they engage daily with government and business that have hundreds of personnel working on the same issues. A problem in this regard is that COSATU still does not offer well-defined career paths for officials.

It would help if COSATU's relationship with Naledi was more consistently geared to ensure that Naledi provides technical support on key issues for engagement such as provincial development, industrial trends and trade and labour-market developments, without substituting for internal development of policy capacity within COSATU and affiliates.

10.2 NEDLAC

Important achievements at NEDLAC in the past three years included the following.

1. Adoption of a Code of Good Practice on who is an Employee for approval by the Minister of Labour.

2. Establishment of a taskteam to deal with proposals on the social plan, which first met in June 2006 and should be completed by the end of the year.
3. Establishment of a taskteam to look at proposals on improving the rights of casualised workers under the labour laws.
4. Engagement on the Occupational Health and Safety amendments, which involved considerable work shopping with affiliates as well as the overall NEDLAC labour delegation.
5. The Trade and Industry Chamber (TIC) facilitated a number of productive engagements on overall industrial policy. In particular, we reached agreement at Chamber level on a set of interventions to maximise employment creation in 2005. In 2006, a strategic meeting on industrial policy was well attended by affiliates. It agreed to prioritise work on sectors that can support employment creation on a large scale.
6. The TIC has set up a series of taskteams to engage on specific laws, including the Co-operatives Act, the Consumer Protection Act, and the Consumer Credit Protection Act, as well as the Broad-Based BEE Act.
7. The TIC has subcommittees to provide mandates for trade negotiations, including non-agricultural market access, agriculture and services. These committees have required intensive work by the Federation and relevant affiliates, including amongst others the review of well over a thousand tariff lines to analyse the impact of current WTO proposals.
8. A special taskteam is now engaging on how government should support the co-operative movement.
9. Draft amendments on school funding norms were presented at NEDLAC. This included the funding norms for FET colleges, proposed policy amendments for Resourcing of Grade R funding and funding norms for Adult learning centres.
10. The Public Finance and Monetary Chamber has worked extensively on the financial sector as well as fiscal and monetary policy. It held an important trustees' conference, which marked a turning point in the empowerment of trustees, and is now managing the establishment of a trustees' forum together with the Financial Services Board. It has also engaged on the draft legislation on co-operative banks.

10.3 Parliament

The 24-26 August 2004 COSATU CEC meeting held in Cape Town saw a historic series of meetings between the COSATU CEC, the ANC Parliamentary Caucus, various ANC Study Groups, and the ANC Political Committee. However these engagements have not been as decisive in moving cooperation forward on issues of governance, as they would have if ongoing problems in the Alliance, dealt with in the Political Report, had been overcome. The Alliance in general, and therefore COSATU, continues to react more to what comes out of the government system, and parliament, rather than being proactively able to drive developments.

The Parliamentary Office continues to conduct policy and legislative engagements against the backdrop of the weakness of the Alliance, the erosion of Parliament's power by the Executive, and limits placed on public participation in policymaking.

Nevertheless important policy and legislative gains have been registered in this period, both through engagement with government departments and Parliament, although not on the same scale as the preceding period.

In 2004 and 2005, as mandated by the Eighth National Congress, COSATU assessed the performance of parliamentary committees and government departments.

These assessments are only broadly indicative, and therefore must be treated cautiously, but they do indicate significant trends. There is a complex and mixed picture across parliamentary committees and government departments, with regard to issues of importance to ourselves. Some are generally worker-friendly, whilst others are hostile; still others are somewhere in the middle depending on the issue at hand- demonstrating a progressive approach on some issues and a conservative one on others. In summary the analysis revealed 16 departments and parliamentary committees which were positive or very positive in 2004, 12 mixed, and 10 negative or very negative. In 2005, 11 were positive or very positive, 15 were mixed, and 6 were negative or very negative.

These general ratings reveal some underlying realities: that despite some problem areas, there are numerous areas subject to contestation. The mixed picture reflects the fluid and contradictory character of policy shifts, and the operation of contesting forces within government.

In general, it could be said that most parliamentary committees and ANC Study Groups are open to engagement with COSATU and receptive to our perspective.

However, there is a disturbing trend amongst some committees of growing deference to the line pushed by departments. Overall our impression is that the ANC Caucus, by far a majority, is still yet to vigorously assert parliamentary sovereignty and exercise a robust oversight role.

There is equally a mixed picture emerging from our engagement with government departments. In some instances, departments appear to be going through the motions in engaging us; while others are prepared to meaningfully engage COSATU. An issue of concern is a tendency of some departments to conduct policy debates behind the scenes, particularly with business, or conservative loci within government, particularly Treasury.

This results in them either finalising policy issues without public involvement, or withdrawing policy initiatives which threaten vested interests, without engaging ourselves or other mass formations. Examples have included the stalling of initiatives to introduce a comprehensive Beneficiation Bill, and Community Reinvestment legislation; and the abandonment of a comprehensive policy overhaul on social protection. Treasury continue to act as a super-department, vetoing programmes on the basis of its control of the fiscus, including programmes arising out of legislation passed by parliament.

In rare cases parliamentary committees have had the challenge to vigorously challenge departments undermining government's popular mandate. However, this is the exception, and many have reserved robust treatment for statutory institutions operating at arms length from government. From time to time,

Parliament raises its concern about its lack of legislative power to exercise oversight of the budget, but there is little indication that it is prepared to seriously act on this matter, since it has been dragging on for nearly 10 years. Parliamentary committees have also failed to seriously challenge Departments which have rushed through legislation, without ensuring that the necessary policy process and public consultation has been completed, although COSATU has challenged this on a number of occasions. Despite these problems, COSATU has succeeded in registering a number of significant policy and legislative gains, which are outlined in this report.

In the period under review, COSATU worked closely with affiliates and regions inter alia on the following.

- NUM, SAMWU, NUMSA in drafting and presenting submissions in Public Hearings on the Electricity Regulation Bill and the restructuring of the distribution sector in terms of the recently proposed Metro-based REDs (6+1) model.
- FAWU on the Farm Housing Policy, including engagements at the Department of Housing's Rural Housing Task-team, Agri-BEE and farm workers' land and labour rights.
- NUM Parliamentary Office in our intervention on the Prevention of Illegal Evictions and Unlawful Occupation of Land Amendment Bill.
- NUMSA and SACTWU on the legislative reforms on insolvency, the Insolvency and Business Rescue Bill.
- CWU, including facilitating a meeting with the ANC's Study Group on Communication to discuss its approach to the plenary debate on Telkom's announcements regarding huge bonuses for management, profits and retrenchment of workers.
- SATAWU on the restructuring of the ports, Transnet and the Road Accident Fund, including a joint presentation before the Portfolio Committee on Transport.
- COSATU regions through training workshops on policy and legislation, and assistance with engagements with provincial legislatures on an ad hoc basis, including e.g. the involvement of our region in the Mpumalanga workers parliament.

The following table provides a detailed report which is limited to legislative engagements over the past three years. Apart from the legislative engagements detailed below, and policy engagements outlined above, there were a number of other policy engagements during this period which we can only mention briefly, due to space limitations.

These included inputs to various institutions and government departments, amongst others: Input to a committee of inquiry into abuses in the liquidation industry; input to the SA Law Commission on the Protected Disclosures (whistle blowers) discussion paper; input into the (aborted) review of public holidays; input on the Consumer Policy Green paper; input on the Co-operatives Policy; input on the Corporate Law Reform policy framework; submission on the electricity pricing policy, as well as on EDI restructuring; and a submission on compensation for HIV/Aids.

Further inputs have been made to parliamentary hearings on various issues, including: the performance of public entities and local government; youth unemployment; Implementation of Equality Act, and abuse of farm workers Engagement on legislation since 2003

Content and issues Process

The Immigration Amendment Act was passed in August 2004. Gains for workers include the removal of automatic lapsing of work permits on termination of employment contracts and provision for relatives to replace migrant workers who are injured or die from workplace injuries.

Joint COSATU/NUM submissions to NEDLAC and parliamentary processes in 2004 and 2005 on the Immigration Amendment Bill and Immigration Regulations respectively.

Considering the controversy around the 2001 Immigration Act, COSATU/NUM decided to support the process on the Immigration Amendment Act on condition that it would serve as an interim legislation.

The overhaul process should have started in 2004, but as yet there is nothing forthcoming.

Insolvency Bill – This is an important bill given the implications of liquidation on employment security and contracts. Thus, there is a need for a labour-friendly legislation regulating liquidation processes.

In 2004, Labour made a submission at the NEDLAC LMC. However, the process has since been stalled for over 2 years. Minerals beneficiation: Originally dealt with in a single bill, diamonds and precious metals beneficiation legislation was split into the following three bills: Diamonds Amendment Bill; Diamonds Second Amendment Bill; Precious Metals Bill. Amendments include establishing a Diamonds and Precious Metals Regulator and State Diamond Trader and the imposition of a mandatory 15% duty on the export of unpolished diamonds.

All three Bills were passed in 2005.

Joint COSATU/NUM submission to the parliamentary process in 2005.

The Bills represent a significant step forward for local beneficiation and job creation.

However, this should only be seen as an interim measure as there is a need for a comprehensive beneficiation legislation covering the mining sector as a whole.

Superior Courts Bill. A revised Bill tabled in Parliament undermines earlier NEDLAC agreement. Key concern is complete removal of NEDLAC involvement in the designation of labour judges, removal of national jurisdiction and the abolishing of labour courts. This is despite the fact that the Bill allows for other specialist courts such as Land and Competitions Appeals Courts.

The Bill has apparently been withdrawn as a result of a Presidential directive in response to a public controversy around the objects of the Bill, in particular on the issue of the judicial independence – in terms of the administration of the courts. The Federation should seize this opportunity to pursue our concerns with the Bill.

However, it should be noted that the withdrawal of the Bill was not prompted by the controversy around the labour courts...

Content and issues Process COSATU had serious concerns with aspects of the Protection of Constitutional Democracy Against Terrorist and Related Activities Bill. The key issues of concern relate to

the inclusion of unprotected strikes, unprocedural protest actions and ordinary crimes in the definition of terrorism.

As a result of a series of interventions by COSATU (in Parliament, in engagements by the Secretariat with the Minister and the CEC resolutions on the strike action and possible court action) some of the most problematic provisions were redrafted. The Bill is now in effect. The concessions made as a result of COSATU's intervention constitute a major victory. However, the implementation of this law remains a priority area for us to monitor in order to ensure that labour and human rights are not compromised.

The Communal Land Act attempts to regulate and provide for legally secure tenure of communal land, primarily located in former homelands. There are serious problems with the Act, particularly the administration of the communal land through traditional councils. In these councils 60% of the members are appointed by traditional leaders whilst only 40% are elected by communities.

COSATU/NUM made a submission in Parliament. Despite our concerns, shared by other NGOs, the Bill was passed in 2004.

COSATU is following developments around the Act, which is not yet in effect. We are also engaging with NGOs that are contemplating constitutional court litigation against the Act.

The Draft Electoral Systems Bill proposes substantial amendments to current electoral system.

A submission was prepared but not submitted to the department. It was decided that there is a need for political to assess how to proceed on this issue.

After several versions, the National Consumer Credit Bill has finally been tabled in Parliament. The Bill provides considerable protection for consumers, including against over-indebtedness. It has come under sustained attack from business.

We have extensive engagement with NGOs and faith-based organisations, particularly SACC and Black Sash during Policy and Bill formulation.

Several inputs and revised reports were tabled at NEDLAC, and a submission was tendered in Parliament in August 2005.

Cooperatives Act. Since 2000, COSATU had several NEDLAC and DTI engagements.

The process culminated with the Bill that was tabled in Parliament in 2005.

The Bill was passed in 2005. Labour and Community had objected strongly to the over-bureaucratisation in the Bill, with limited success.

Content and issues Process The Intergovernmental Relations Framework Bill aims to promote coherent governance, effective provision of services; monitoring implementation of policy and legislation; and the realization of national priorities, within concept of cooperative government.

Submission made to the PC for Provincial and Local Government on 15 March 2005.

Important legislation to address intergovernmental communication, planning and dispute resolution.

Enacted 22 June 2005 The Social Assistance Bill is part of the piecemeal welfare reforms introduced since 1994. It is narrowly based on meanstesting, thus limiting provision only to the most vulnerable groups.

The parliamentary process leading up to the passing of the Bill was highly participatory. However, it failed to yield any major policy shifts other than some tweaks in a number of areas, notably in the definitions. This shortcoming was particularly caused by the peremptory role played by the Treasury – which was vehemently opposed to the extension of the Child Support Grant beneficiaries to 18 years and BIG. Treasury emphasised the constraints of the fiscal envelope.

Government has failed to implement its undertaking to introduce a white paper on social protection, to guide further reforms in social security.

The Social Security Agency Bill aimed to effect the reassignment of the of the Social Development function from the provincial to the national sphere. However, in terms of the Act, the administration of social assistance was shifted from the line function department to a national standalone agency. This meant the transfer of staff, assets and liabilities of the provincial departments and the national DSD to a new Social Security Agency.

There was an extensive process of engagement between COSATU, NEHAWU & the DSD – with good cooperation on the part of the PC on Social Development. This process helped to shape the outcome of the parliamentary process - resulting in agreements on the rights of public servants. In the overall, many of our concerns were addressed – including the demand that this agency must be subject to the direct departmental and ministerial authority, rather than becoming autonomous.

Content and issues Process The National Environmental Management:

Air Quality Bill is a marked improvement on the preceding version and in particular on the old Atmospheric Pollution Prevention Act itself. The Bill's provisions call for the setting of minimum standards for emissions of listed activities. In addition, there are also provisions calling for Pollution Prevention Plans and a requirement for the submission of Atmospheric Impact Reports by particular industries involving listed activities or emissions.

A COSATU submission was made and tendered to the PC on Environmental Affairs. The committee could not hold the second leg of public hearings as originally planned due to changes caused by the announcement of the date for the national elections of 2004. However, the submission was considered by the ANC Study Group.

The Umgeni Water Board and the Rand Water Board have already been engaged in business deals beyond their jurisdiction in terms of the law. This violation was serious because these boards were providing service beyond South Africa. The Water Service Amendment Bill was intended to legitimise their previous deals and to allow for future deals particularly on the African continent.

Despite the fact that the Chairperson of the PC on Water Affairs invited COSATU to make a submission, discussions in the committee were steam-rolled, and a decision in favour of the amendment Bill was

summarily taken. In fact, despite the fact that the ANC Study Group shared COSATU's concerns and views about the Bill, our submission was ignored.

The Railway Safety Management Regulations were particularly introduced to improve railway-commuting safety. Some of the provisions of the Regulations included requirements for railway operators to establish structures, policies and procedures of rail safety; the establishment of operational risk management processes; prescriptions on the safety management report.

A COSATU submission was prepared and tendered to the DOT. A number of key issues pertaining to safety in the railways raised as part of the demands of the Western Cape COSATU were incorporated and a new SAPS rail unit will be in place by 2008.

The Children's Bill would to repeal the 1983 Child Care Act. Key provisions included:

the means for promoting and monitoring the sound physical, intellectual, emotional and social development of children.

Similarly, it provides for the development of community structures to assist in providing protection for children and the protection of children from maltreatment and abuse, care and protection for children in need.

The Bill was eventually passed by Parliament at the end of the Second Session in June 2005.

The earlier 2003 Bill was comprehensive as it included elements pertaining to the provincial sphere. The Amendment Bill comprising provisions applicable to the provincial sphere is already before Parliament, introduced through the NCOP in 2006. The Parliamentary Office is working with the Children's Bill Working Group – a coalition of NGOs active in the area of children's rights and welfare.

Content and issues Process The draft Electricity Regulation Bill codifies the government's end-state vision of the electricity supply industry restructuring. It seeks to clarify the roles of different government spheres, frameworks for tariffs and price administration. It outlines the wholesale trading mechanism and provides for the role of private Independent Power Producers.

At the Development Chamber's Energy Task-team government made some concessions, including the retention of Inter-tariff and Intra-tariff subsidisation and the deletion of aspects dealing with liberalisation at wholesale. However, despite engagements with the DME in Parliament and the presentation of COSATU/SAMWU/NUM/NUMSA in the hearings, the Bill's provisions allowing for privatisation and concessioning have been maintained.

The Road Accident Fund Amendment Bill reflected some marked improvements from the original bill.

Public Hearings took place, COSATU could not attend, however the COSATU's submission was considered by the Portfolio Committee.

The Less Formal Township Amendment Act applies to an old Act used by the Apartheid regime to respond to the wave of urbanisation following the demise of the influx-controls. The Act allowed the regime to speedily make land available for informal settlements, in order to avoid land "invasion" spilling

over to white South Africa. Provinces like it because it permits them to acquire cheap land for low-income housing far from city centres.

The DOH was due to submit the Bill to Cabinet for endorsement. The COSATU submission was prepared but not submitted – deadline missed.

10.4 The Ten Year Review Conference

In March 2005, COSATU held a conference to celebrate ten years of democracy. This conference provided an important opportunity to analyse our achievements and setbacks, and define a way forward. Participation was strong by union leadership and activists, including the Chris Hani Brigade, as well as civil society and government leaders. The papers at the conference will be published in the coming year.

10.5 Policy Audit

After the 2004 national elections, and announcement of new policy plans and programmes, the Parliamentary office, together with Naledi and the Policy Unit, initiated and co-ordinated a comprehensive audit of key areas of government policy, to determine where significant policy shifts were taking place, where problematic policies continued to persist, and areas of contradiction within government policy.. About 20 papers were produced on 5 broad areas (macroeconomic policy; microeconomic policy; labour market policy; social protection; and state planning and delivery institutions)... Based on this the CEC adopted an agenda identifying key strategic engagements for the Federation, aimed at consolidating progressive shifts in government policy, resolving persisting contradictions, and challenging problematic areas in policy which continue to undermine forward movement. This remains an ongoing project and challenge for the Federation.

10.5 Other policy work

The main areas of engagement are discussed in the Socio-Economic and Political Reports. We here report back on more technical engagements that are not included elsewhere.

Skills development and labour policy:

Workshops were held in every province to discuss the new National Skills Strategy, leading to coherent inputs from organised labour to the process. A position paper on skills policy was developed for the May 2006 CEC.

COSATU engaged more consistently at the CCMA in the past year. The CCMA is eager to improve relationships with trade unions. It is critical that provincial offices convene meetings with the CCMA to discuss concerns and problems.

Health, safety and the environment:

COSATU and its affiliates participated in the development of regulations on Construction regulation, General Safety Regulation, Occupational Exposure Limits for Hazardous Substance Regulation, General Safety Regulations, Electrical Installation Regulation, Electrical Mechanical Regulation, Pressure Equipment Regulation, Lift Escalator and Passenger Conveyor Regulation, DOL guidance on application

of SABS standards, COSATU worked on new programmes on silicosis, which should see the development of regional committees to support the existing national working group; prepared an input for the 2005 ILO health and safety discussion paper; participated in activities of the U.N. Environmental Programme; and engaged on SADC strategies on the transport of chemicals; made an input on HIV and occupational compensation; and assisted in the appointment of new compensation commissions.

A discussion papers on GMOs was discussed at CEC, which mandated COSATU and FAWU to engage the Department of Agriculture and NALEDI to do further research.

A taskteam of COSATU, NUMSA, NUM and CEPPWAWU is working with Earthlife Africa on nuclear energy, including the Pebble Bed Nuclear Reactor and the government's review of the national nuclear act. The Department of Minerals and Energy has requested COSATU to nominate a person to participate in the national nuclear regulatory board, but we have requested more in line with the NEDLAC delegations.

Retirement funds:

COSATU and affiliates engaged on the National Treasury Retirement Funds discussion paper at both NEDLAC and Parliament. In addition, we participated in various Parliamentary hearings on retirement funds. COSATU has a delegate on the Advisory Board of the Financial Services Board (FSB), which regulates retirement funds and insurers. We have engaged strongly around the issue of the pension fund surplus, the "bulking" of retirement funds, and unfair practices around retirement annuities.

COSATU is working with the Insurance SETA on training for trustees on retirement funds issues. Currently the focus is on curriculum development and appointment of a training provider, with the programme to be launched toward the end of 2006.

COSATU also continues to assist various affiliates with retirement funds matters, including SACCAWU, SATAWU, NUMSA, SAMWU and NUM. In addition, it participates in international forums on retirement funds, including at the ICFTU and with the AFL-CIO.

Sector charters:

COSATU has engaged strongly, together with affiliates, on a number of sector charters. The Financial Sector Charter, in particular, has required huge efforts, but promises to substantially improve the structure of investment and services to the poor.

In working on sector charters, our work has been facilitated by

1. The government's insistence that stakeholders be involved in all sector charters, as required by the Broad-Based BEE Act, and
2. The active participation of NGOs and community groups, especially on the health and financial sector charters.

Part IV. International

In the past three years, COSATU's international work has faced a number of challenges, including high staff turnover which undermined our efforts. We struggle to co-ordinate international work because many affiliates fail to turn up for International Relations Committee meetings resulting in poor reporting and coordination around international work and solidarity. Our highly respected integrity may wane unless we revive and co-ordinate our work more professionally. Because of these weaknesses we are unable to reflect on the work of affiliates fairly. This is regrettable. We are working to ensure that we close this chapter soon.

1. African Regional Organisations

The continental organisations – that is, the Organisation for African Trade Union Unity (OATUU) and ICFTU-Afro – have not improved since the last Congress. Both these centres enjoy consultative status with the AU.

1.1 OATUU

OATUU held its ordinary Congress in Khartoum, Sudan in 2004. Nothing changed in content and how the OATUU leadership runs the Congresses. The Congress only serves to elect leadership instead of being a platform to assess weaknesses and develop programmes to reposition the African trade union movement. As part of this culture, COSATU resolutions that were submitted to the secretariat within the deadlines were simply ignored on the basis that the leadership saw the resolution calling for unity between OATUU and ICFTU-AFRO as an attack.

The Congress was such a disaster that, at the start, before any elections could take place, the Secretary General announced the President of the local Federation as de facto president of OATUU. We have since requested a meeting with the OATUU leadership, which is yet to take place.

The danger of dependence on governments played itself out. The Sudanese government in part funded the Congress. The OATUU leadership now boldly declare that there was never a genocide in Sudan or that the idea that a genocide happened is a propaganda of the Western powers and imperialists to discredit Africa.

That suggests how difficult it will be to transform the African trade union movement, given the Sudanese government's appalling record on human rights. The fact that many of the affiliates are not paying their subscriptions does nothing to help this ailing organisation. Out of the 53 countries only 13 national centres that are in good standing and there is very little advantage to be in good standing except that those in good standing constitute Executive Committee.

Still, OATUU's relations with the ICFTU-Afro have been cordial since our initiative of getting them to cooperate more.

1.2 ICFTU-AFRO

The ICFTU-Afro held its Congress in September 2005 in Tunisia. This Congress was at least better than the complete disaster of 2001 where a four days Congress could only take three decisions: to elect General Secretary, refer all policy questions to the Executive Board and adopt the Congress credentials on the last hour before the Congress ended.

This time around the Congress spent most of its time in an unbelievable leadership squabbles. At the end whilst definitely an improvement from the last Congress it did not take many policy decisions.

The ICFTU as the whole is moving towards unity with the World Council of Labour. This means that the ICFTU-AFRO too will merge with the African structure of the WCL in 2007 with the world merger taking place in November and December 2006.

1.3 SATUCC

SATUCC still holds the real possibility of driving international solidarity. It is closer to home and is constituted by unions whose cultures are not very different to the culture of COSATU. Its main weakness has been the failure to co-ordinate solidarity with Zimbabwe and Swaziland.

The biggest challenge we have faced in the past three years has been that we have not been able to keep the pace of all its activities. This is because we did not have full time personnel to track all activities and developments.

In the recent past, with the support of Trans-Africa and the International Labour Organisation (ILO), SATUCC ran affiliate support workshops on various issues that affect the labour movement in Southern Africa, especially in Swaziland.

The President of SATUCC is now Lucia Matibenga from the Zimbabwe Congress of Trade Unions.

1.4 Swaziland and Zimbabwe Campaigns

Throughout the past three years, COSATU has held repeated protests, demonstrations and other actions in support of the labour movement in Swaziland and Zimbabwe. As a result, COSATU leaders are now effectively banned from visiting Zimbabwe.

These actions have generally been effective, and have done much to highlight the repressive tactics adopted by neighbouring states against workers. But in some cases they have led to tensions with the ANC, some of whose leaders would prefer that the state has a monopoly on international relations. Still, the ANC recognises formally that COSATU must maintain international solidarity, which is a pillar of the workers' movement.

1.5 Bilaterals with African Unions

Since the Eighth Congress we have scaled up co-operation with unions of SADC and Africa as whole. Still, most of our support has taken the form of solidarity rather than the material assistance many would have wanted.

In particular, we strengthened our solidarity with the Zimbabwe Congress of Trade Unions. We led a number of demonstrations in protest against the repression of trade union and abuse of worker rights. We sent two fact finding commission both of which were booted out of the country. The ZCTU is currently challenging the banning of the COSATU General Secretary in the courts.

Despite that short-term disappointment we are working very close with our ZCTU comrades including the union-to-union solidarity. Two ZCTU officials have COSATU CEC demonstrate against the repression in Swaziland completed their internship in our Parliamentary Office.

The Swaziland Federation of Trade Unions has been having internal organisational problems, which made it impossible to carry out campaigns for democracy and union rights. In 2005, on invitation by trade unions in Swaziland, COSATU undertook a fact-finding mission and has arranged to table its findings but a misunderstanding emerged between COSATU and SFTU. SATUCC has been asked to intervene so that such findings could be discussed which in our view would help the trade unions in Swaziland to face the challenges that the labour movement in Swaziland has to address as a matter of survival.

We have been involved with the Zambian and Malawian trade unions in our events and activities, especially on political education. We could not hold an important bilateral conference with the Mozambican OTM due to logistical problems on their side.

We currently have a troika relationship with Nigeria Labour Congress (NLC) and Ghana Trades Union Congress (TUC). Exchange programmes as well as solidarity actions have taken place since the Eighth Congress. We played a key role in mobilising international solidarity against a labour bill that sought to deregister all unions in the name of compliance with the ILO's freedom of association convention. In addition, we hosted several pickets at the Nigerian embassy to highlight the plight of the Nigerian workers. These solidarity actions proved a success as the intended draconian laws were reversed.

2. South - South

We continue to support the growth of South-South co-operation with our participation in Southern Initiative on Globalisation and Trade Union Rights (SIGTUR).

SIGTUR held a Congress in 2005 in Thailand, one of the most repressive countries of Southeast Asia. It was therefore critical that the Congress was held in Bangkok with major coverage from both local and international media. The highlight of the Congress was taking to the streets in support of the Australian workers who are facing labour law reform as well as visiting numerous factories in Thailand where workers were on strike demanding an equivalent of R2 for transport allowance.

SIGTUR work is made difficult because it has no stable income and depends on donations.

3. International Confederation of Free Trade Unions - ICFTU

COSATU continues to be active in the activities of the ICFTU. The COSATU General Secretary is the member of its Executive Board and Steering Committee.

The main activity of the ICFTU over the past three years has been the process of unity between itself and the World Council of Labour - WCL. A number of important national centers have also joined this process including COSATU long standing ally - the CGT of France. Undoubtedly this is a giant and historic step towards realisation of the dream to unite the Federations behind the need to provide voice to the workers and the poor. It also takes us closer to getting the new world Federation to champion the need for creation of an international platform to unite all progressive formations behind the clarion call - another world is possible.

The ICFTU and the WCL will have dissolving Congresses at the end of October with the new Federation coming into being at the beginning of November 2006.

The struggle to transform the ICFTU and make it to continue to improve its ability to act at mass level and champion the interest of the most marginalised will continue into the new Federation.

4. Other Bilateral Relations

We continue to have countless relations with all major unions all over the world. We need to do more to service these relationships – the change of guard in the international department must address this.

Our bilateral relations with the Italian trade union movement remain strong.

Exchange programmes are yet to take place while other affiliates are continuing to have fraternal relations with the affiliates of the main centres of the Italian trade union movement. The Progetto Sviluppo is looking into measures to support Chris Hani Institute.

Our co-operation with the Canadian Labour Congress is also very good. We continue to exchange speakers for workshops and programmes. In addition the Canadians helped to finance COSATU's conference for ten years of democracy in March 2005.

Mostly through the Solidarity Centre, the AFL-CIO has been supporting a lot of our projects ranging from co-operation work in SADC to HIV/AIDS programmes in the Federation and work on retirement funds. Their support continues not only to ourselves but also to the rest of the trade unions in Africa and SADC.

The relationship with the Scandinavian trade union movement is still very strong.

They have supported the Federation primarily through research projects that are often taken up by NALEDI. We continue to follow the development of trade unionism in that region and they still follow the organisational development in South Africa. In addition, they have become to some extent the financial bedrock for SATUCC projects.

The Dutch FNV celebrated 100 years in 2005 by electing the first woman president at its last Congress. In this Congress, which was attended and addressed by the Second Deputy President, Violet Seboni, we consolidated our relations with the Dutch as well as other world trade unions.

Relations with the KCTU and CUT have been resuscitated and we look forward to a lasting trilateral of the South. We work with these two Federations in both SIGTUR and the World Social Forum. However, there is a clear need to rebuild our relations with the CUT, taking into account that the CUT has recently elected an entirely new leadership, while the majority of its former officials and leaders have joined the government. COSATU President Willie Madisha attended the CUT 2006 Congress in Sao Paulo.

Our relationship with the TUC of Britain has been great and on numerous occasions the COSATU President and on numerous occasions our President has been able to attend TUC organised activities including the celebrating African or Back Day. In addition to the TUC initiated activities our President attended the activities organised to pay solidarity with the Palestinian workers.

The Cuba CTC has also been an area of focus in the period under review. We have unfortunately not succeeded to find space for another bilateral co-operation meeting since the last one in Havana, Cuba. A number of affiliates have played a substantial role in supporting their sister affiliates in Cuba and should be commended for this sacrifices. We are participating at the Friends of Cuba campaign and jointly developing programme focussing on Cuba Five arrested in Miami.

We have begun to build new strong bonds of friendship with the CC.OO of Spain since the last Johannesburg summit. The CC.OO is also a founding organisation for the international labour trust namely Sustainlabour which is responsible for union actions toward the World Summit on Sustainable Development's Johannesburg Programme of Action (JPOA).

We have also been asked by a range of other unions ranging from Malta, Portugal, Pakistan, China, Asia as well as other African trade unions to participate in their events with a view to develop relations. We have not succeeded in part because of many other commitments at home and abroad, and in part because of resource constraints.

We were one of the few national centres to have taken concrete forms of mass mobilisation in protest against the draconian measures introduced by the ultra conservative Australian government to muzzle and kill the Australian movement.

This makes us proud in that the Australian trade union movement was one of the biggest supporters of COSATU and the struggle against apartheid. We need to do more to educate our members about the need to improve support levels for the Australian workers.

5. Global Union Federation

Most of our affiliates are members of Global Union Federations and their participation in these forums has not gone unnoticed. Several of these Federations have held their conferences in South Africa and a number of our leaders have been elected for positions in these Federations, varying from Presidency to members of the Executive Boards of their Global Union Federations. This is a tribute to the South African trade union movement and the growing confidence that the world trade union movement has for COSATU and its affiliates. We now boast of three Presidents of the Global Union Federations as follows:

- Senzeni Zokwana is the President of the International Chemical, Energy and Mining workers Federation - ICEM
- Thulas Nxesi is the President of the Education International
- Randall Howard is the President of the International Transport Workers Federation - ITF.

There is no doubt that our involvement in these Federations is very important in changing their character but more debate is needed to determine whether it helps to be elected to these positions that are honorary when the real power lies with the full-time secretaries.

6. Work with international civil society

6.1 World Social Forum

The World Social Forum (WSF) meets annually on almost the same dates as the World Economic Forum of Davos. The World Economic Forum is a gathering of all major corporations' CEOs and Head of States; the WSF is a meeting of thousands of civil society, unions and NGOs focused on issues of the poor and alternatives to neo-liberalism. The WSF positions itself as a countervailing force against big business and imperialism. It is however subject to intense lobbying by non-representative NGOs including some from South Africa.

COSATU has joined the governing body of the WSF, the International Council and has been of the decision making process. The International Committee (IC) decided in 2003 that the World Social forum would rotate to different continents as a way of expressing that the forum was an international event not just a Brazilian event. It therefore decided that in 2004 the forum would be held in India, 2005 in Brazil, in 2006 it would be a continental forum (polycentric) in Bamako, Caracas and Karachi and in 2007 in Nairobi. While this is a new experience our attendance to the WSF has been growing with some of our affiliates spending resources on these events.

Our participation at the IC has strengthened our belief that its composition has to be restructured. Expansion has to be pursued proactively to enhance its geographic, thematic and sectoral spread in order to correct significant imbalances. Huge progress has already been made in this regard. For the 2007 World Social forum in Nairobi we have to redouble our efforts to ensure strong participation by African trade unions by sponsoring relevant topics.

While good strides have been recorded by our participation at the IC, the African Social Forum is in complete disarray. We have taken a resolution to participate actively in the African Social Forum so that we can help democratise its management and guide its programme.

6.2 Sustainable development.

COSATU's participation in the WSSD process in 2002 and in the subsequent processes in the United Nations Commission on Sustainable Development (CSD) as part of the labour programme have had considerable influence. Labour participation has managed to bridge the gap between the environmentalist and trade unions to realise that both have the right to coexist in debating sustainable development, which is much broader than the question of the environment.

But the issue of labour and environment under sustainable development has not been well understood within the trade union family. As part of a process of linking the relationship between labour and environment, a global trade union conference on labour on environment was organised in Nairobi in January 2006 attended by over 100 trade union leaders.

The outcome of that conference confirmed that for trade union leaders to understand their roles on sustainable development and the implementation of the Millennium Development Goals, more conferences have to be organised at regional level. The first was the Latin American conference at the end of May 2006.

The African trade union conference took place in July 2006 in Johannesburg.

7. International Labour Organisation

The International Labour Organisation (ILO) is the only global tripartite platform available to the labour movement. COSATU has continued to commit resources to making the ILO more effective. The General Secretary of SACTWU, Comrade Ebrahim Patel, was re-elected to the Governing Body of the ILO and a number of COSATU comrades participated in ILO meetings and activities.

7.1 Global Employment Agenda

The ILO adopted a Global Employment Agenda (GEA) in March 2003. Over the past three years, the ILO has elaborated each of its core elements and developed guidance for member states. The GEA marks a departure in policy in that its main aim is to place employment at the heart of economic and social policies.

It argues for a values-driven economic policy and says The Decent Work Agenda is one in which freely chosen productive employment is promoted simultaneously with fundamental rights at work, an adequate income from work and the security of social protection. There are moral reasons for this that lie at the core of the ILO's mandate. Rights at work respond to universally recognized values. Work alone is not enough and, indeed, the Global Employment Agenda does not promote just any employment, but decent employment in which international labour standards and workers' fundamental rights go hand in hand with job creation.

There are also, however, practical reasons for the simultaneous promotion of rights and employment. These derive from the recognition that labour markets function differently from other markets. Labour is not a commodity, and labour markets are socially embedded. Labour markets harness human energy. They rely on human motivations and needs, including the need for security and fairness of treatment.

Not to acknowledge the distinctive way in which labour markets function is to invite not only socially adverse consequences but economic ones as well, and the very purpose of economic growth is the promotion of human dignity and quality of life.

The ILO's fundamental international labour standards strive to promote human rights but they also reflect the distinctive ways in which labour markets function most effectively.

The GEA has 10 core elements, covering both the economic and labour market areas of policy. They are:

1. Macroeconomic policy for growth and employment: a call for policy integration. This addresses the need for employment to be at the heart of macroeconomic policies and thus marks a break with neo-liberal policies. It says "Employment should not be a residual, but an overarching goal. Employment policy should not be a sector policy at the margin of economic policy. It has to be the successful coordination of all policies – macroeconomic policies as well as structural policies."
2. Promoting trade and investment for productive employment and market access for developing countries. This element puts forward an alternative to simple free-trade by emphasising that access for developing countries to the markets of developed countries should be the emphasis. It calls for debt-relief for developing countries. It says: "One fundamental condition for unleashing the job creation potential of trade and investment in developing countries is a shift of the export base from primary commodities to manufactures and modern services by promoting appropriate physical infrastructure and the required skills of the labour force."

3. Promoting technological change for higher productivity and job creation and improved standards of living. This element calls for significant improvements in information and communication technologies in poor countries, but it also emphasises the role of general infrastructure. It says "It is still true, however, that economic growth and employment creation require modern, functioning, physical and social infrastructure. This includes transport, telecommunications, education and health facilities."
4. Promoting sustainable development for sustainable livelihoods.
5. Decent employment through entrepreneurship.
6. Employability by improving knowledge and skills.
7. Active labour market policies for employment, security in change, equity and poverty reduction.
8. Social protection as a productive factor.
9. Occupational safety and health: synergies between security and productivity.
10. Productive employment for poverty reduction and development.

7.2 Employment and Social Policy Committee

The COSATU representative on the ILO is the global spokesperson on employment and social policy matters. In this regard, six meetings of the Committee on Employment and Social Policy were held since the last Congress, and the issues covered focussed mainly on the GEA reported above.

In addition to considering update reports on the GEA implementation, the following matters were considered:

November 2003: Active labour market policies; HIV/AIDS and the Decent Work Agenda; the Global Social Trust pilot project; a review of the ILO decent work pilot programme

March 2004: Promoting decent employment through entrepreneurship; productive employment for poverty reduction and development; status of preparations for the 2004 ILC discussion on migrant workers; global Campaign on Social Security and Coverage for All

November 2004: Macroeconomic policy for growth and employment; trade, foreign investment and productive employment in developing countries; the minimum wage: catalyst for social dialogue or economic policy instrument; progress in the implementation of the Global Occupational Safety and Health Strategy

March 2005: Promoting technological change for higher productivity, job creation and improved standards of living; HIV/AIDS and employment; microfinance and decent work

November 2005: Microfinance for decent work; social protection as a productive factor; promoting sustainable development for sustainable livelihoods; the impact of the ILO's engagement with the (World Bank's) Poverty Reduction Strategy Papers process

March 2006: Occupational Health and safety: synergies between security and productivity; employability by improving knowledge and skills; considering the Employment Sector's "vision".

7.3 International Labour Standards

The ILO annually considers new or revised international labour standards at the International Labour Conference, held during June.

Since the last Congress, the following new standards were adopted

2004: A Revised Recommendation on Human Resources Development

2006: A new Recommendation on the Employment Relationship New Convention and Recommendation on Occupational Safety and Health In

2005: a proposed adoption of a Convention and Recommendation on Work in the Fishing Sector failed after the Employer Group managed to deprive the meeting of a voting quorum.

The adoption of a Recommendation on the Employment Relationship in 2006 is particularly noteworthy. Since the early 1980s, there has been a systematic attack on the employment relationship, with increased casualisation, the use of contract labour to by-pass the obligations that flow from the employment relationship and attempts to weaken labour market regulation and protections.

During 1997 and 1998 the ILO attempted to forge a consensus on a Recommendation and Convention on Contract Labour, but the discussion ended in failure.

This led to a range of meetings, a focus on the scope of the employment relationship in 2003 (which resulted in a set of Conclusions being voted on) and an agenda item on the 2006 ILC agenda. Comrade Ebrahim Patel was elected as global spokesperson for the Workers Group.

Discussions were difficult, with employers hostile to any attempt to codify who is an employee, or what mechanisms should be used to determine if an employment relationship is present. They simply wanted all such aspects to be debated at national level. Eventually the Workers Group, in alliance with most governments particularly from Africa, Latin America and most of Europe, voted the Recommendation through with a more than 70% majority. No government voted against but a small number abstained (this group included the UK and US).

Employers voted against but some small number of employers broke ranks and either supported the text or abstained.

The Recommendation marks a global consensus on the need to strengthen and defend the employment relationship. It recognises that law, specifically labour law, exists to address the inequality in the bargaining position of a worker in relation to her employer, and in this way it draws on the inspiration of a tradition that has seen the state not as a neutral mediator of interests but as an instrument by which society fosters equity, law not as a neutral system of rules but a way in which society advances its values in a transparent manner.

The Recommendation addresses contractual employment relationships and calls for national policy measures to ensure standards applicable to all forms of contractual arrangements, including those involving multiple parties, so that employed workers have the protection they are due and that such standards should establish who is responsible for the protection contained therein. This is a huge advance for the labour movement in that it now opens the door for amendments to labour laws to introduce protections for contract workers.

The Recommendation addresses the transnational movement of workers and provision of services. It calls on member-states to consider bilateral agreements to prevent abuses and fraudulent practices, provide protection to migrant workers and identify employment relationships.

The Recommendation provides guidance for determining who is an employee. This is based on the primacy of facts in establishing the existence of an employment relationship, so that a contract that compels a worker to sign away their rights as an employee will not be valid if the facts show the person is an employee. The Recommendation includes providing criteria that could be considered at national level such as subordination or economic dependency and developing a complementary list of possible indicators of an employment relationship. These are

1. the fact that the work is carried out according to the instructions and under the control of another party;
2. work involves the integration of the worker in the organisation of the enterprise;
3. work is performed solely or mainly for the benefit of another person;
4. work must be carried out personally by the worker;
5. work is carried out within specific working hours or at a workplace specified or agreed by the party requesting the work;
6. work is of a particular duration and has a certain continuity;
7. work requires the worker's availability;
8. work involves the provision of tools, materials and machinery by the party requesting the work;
9. periodic payment of remuneration to the worker;
10. the fact that such remuneration constitutes the worker's sole or principal source of income;
11. provision of payment in kind, such as food, lodging or transport;
12. recognition of entitlements such as weekly rest and annual holidays;
13. payment by the party requesting the work for travel undertaken by the worker in order to carry out the work; or
14. absence of financial risk for the worker.

There are possible mechanisms to determine the existence of an employment relationship in the Recommendation. These include a presumption that an employment relationship exists and the power to a competent authority to deem any category of persons as employees for purpose of the law.

There are a number of clauses that address compliance and enforcement: they range from reference to industrial tribunals, to labour inspection services used in combination with tax enforcement, to the very important role of collective bargaining and social dialogue at national level.

7.4 Violation of labour standards.

Across the world, there continue to be serious violations of worker rights. Two of the worst cases are in Burma/Myanmar where forced labour (or modern slavery) is practiced by the military regime, and Colombia, where a systematic campaign of murder against trade unionists and activists was conducted by para-military forces allied to the government.

On the African continent, there are serial violators, including Swaziland and Zimbabwe. It is disappointing and unacceptable that the South African delegation, so progressive on many other issues, should defend the government of Zimbabwe at the ILO.

However, violations of worker rights also took place in countries such as Australia (where a systematic attack on trade unionism and collective bargaining is under way) and Canada (which prohibits the right to strike in parts of the public sector).

7.5 International Labour Conferences

COSATU delegates at the International Labour Conferences over the past three years have been as follows

2004 Randall Howard, Katishi Masemola, H Bhengu.

2005 Alinah Rantsolase, Katishi Masemola

2006: Ebrahim Patel, Alinah Rantsolase.

7.6 Looking forward

For the period ahead, COSATU needs to consider how best it can promote the gains made by labour at the ILO, build a stronger link between our national campaigning and global negotiations and develop proposals for future standard-setting in the ILO.

Some of this could include the following:

1. Developing a list of Conventions that South Africa should ratify: these should be in the form of a few clusters of Conventions that address gender, employment policy, health and safety, etc and campaigning for these in parliament and through Nedlac

2. Running a campaign in Africa for a minimum package of Conventions that all AU members should ratify, and using all forums of the AU to have measurable progress
3. Publishing annually the violation of trade union rights in Africa and calling on AU governments to take action. This should include Swaziland and Zimbabwe.
4. Publicising the violations of worker rights in Burma/Myanmar and calling on the SA government to impose sanctions against Burma/Myanmar
5. Focussing on a campaign for freedom of association, collective bargaining and fair labour standards for workers in China
6. Identifying strategic areas where COSATU, possibly in partnership with the Department of Labour, can run a public information campaign on TV and the media on international labour standards.
7. Strengthening the link between Nedlac and the ILO, not only at the institutional level, but also by requiring Nedlac to consider, after every ILC meeting, the impact of ILO decisions on national law and policy
8. Improving our internal capacity to work on ILO country surveys and questionnaires
9. Proposing new international labour standards that address the issues of globalisation and worker rights, particularly aspects related to cross-border rights and their enforcement.
10. Campaigning for a stronger practical and policy link between the ILO and the World Trade Organisation.

8. WTO

COSATU has become a leader in the international campaign to ensure that the current Doha round at the WTO leads to a true developmental outcome, rather than imposing new burdens on the global South. We have been able to improve the positions of the ICFTU as well as influencing broader civil society claims.

Critical elements in our success in this campaign include:

1. Participation by NOBs of COSATU and affiliates in major WTO meetings,
2. Development of considerable technical capacity to analyse the negotiations in affiliates (notably NUMSA, SACTWU, FAWU, SAMWU and SADTU) as well as COSATU itself, and
3. Close collaboration with the new Minister and Deputy Minister of the Department of Trade and Industry.

Details of the trade negotiations are included in the Socio-Economic Report.

1. There have been one or two instances in which there were other shareholders involved when the company started out but those shares have subsequently been bought back.

2 Chris Hani, Speech to a conference of the African National Congress on health in Mozambique. Hani was assassinated in 1993.

3 Health Department, Republic of South Africa, National HIV and Syphilis Prevalence Survey, 2005.

4 Statistics South Africa, Mortality and Causes of Death in South Africa, 2003 and 2004: Findings from Death Notification, 2006. Available at www.statssa.gov.za/publications/statsdownload.asp?PPN=P0309.3&SCH=3659

5 This figure includes medical scheme beneficiaries, patients on employer-funded workplace treatment programmes, patients in the unfunded sector (out of pocket payments) and patients receiving treatment through the support of not for profit programmes, which are mainly run by faith-based and community organisations.

6 Food security is the attainment of physical, social and economic access to sufficient, safe and nutritious food by all citizens at all times to meet their dietary and food preferences for an active and healthy life (FAO). While South Africa as a country is food secure, there are pockets of food insecurity among vulnerable community segments. Among these segments are specific groups with special dietary and nutritious requirements e.g. people living with HIV/AIDS (Bio Watch, May 2005).

7 More than 14 million people (35%) of the South African population are estimated to be vulnerable to food insecurity. 43% of households suffer from food poverty and 1.5 million children suffer from malnutrition. A third of South African households are female headed and considerably poorer than maleheaded ones. On this count, the Eastern Cape is leading, with 70% (or about a million households) surviving on less than R1 000 per month.

8 According to the Operational Plan, the Nutrition Directorate in the national department is mandated to develop a nutrition supplementation strategy for people living with HIV/AIDS and TB. The nutrition strategy proposes the dispensing of a macronutrient meal as well as micronutrient supplements in pill or syrup form to selected groups in health settings as part of a nutritional care and support package for individuals with TB and HIV/AIDS. Deputy President Zuma's budget speech (25 May 2005) noted that the National Guidelines on Nutrition developed in 2001 (and updated in 2003) are being redrafted or updated to incorporate the nutrition chapter in the Operational Plan.