

## **FIGHT RETRENCHMENTS AND JOB LOSSES - STOP THE UNEMPLOYMENT CRISIS!**

### **COSATU Calls for a Moratorium on Retrenchments and measures to Save and Create more Jobs**

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#### **Background**

The economy has been shedding jobs for a while now, with COSATU launching its Jobs and Poverty Campaign as early as late 90s, we have always identified jobs as key to the improvement of the quality of lives for workers and communities.

According to Stats SA, 2, 2 million jobs have been lost in a space of a few months this year alone and this accounts for a real national crisis. This means, about 4,3 million people are unemployed in the country.

The COVID 19 emergence only compounded and worsened a crisis long identified by COSATU as a time-bomb waiting to explode. CCMA says it noticed significantly higher activity with regard to retrenchments in May and June this year.

The workload of the CCMA involved a number of section 189A processes which have resulted in 27% of jobs saved – the equivalent of 2,549 of 9,369 employees who were likely to be retrenched. Actual retrenchments were recorded at 6,713 over the two month period.

COSATU has in every forum and negotiation avenue raised the call for a moratorium on retrenchments, both to private and public employers. If we must flatten the curve on poverty, unemployment and inequalities, this is central.

Employers don't resort to retrenchments as a desperate last bid or after exploring all other avenues, but are eager to immediately use it as a profit securing scheme for shareholders and disinvesting in the economy and development.

According to its own figures, "the highest number of job losses were recorded in the mining sector (3,056) followed by Food & Beverages sector (1,631) and lastly by the manufacturing sector 324".

Further, for the month of July, the CCMA said it received 190 large-scale retrenchment referrals and 1,307 small-scale retrenchment referrals.

In this regard, CCMA defines 'large-scale retrenchments' as employers who employ more than 50 employees and plan to cut a significant part (10% or more) of their workforce

Amongst the several causes of retrenchments and job losses are related to the following factors;

- Manifestation of the deepening global capitalist crisis and over-financialisation of the economy,
- Failure to transform the structure of our economy,
- Lack of diversification away from the monopolistic character of our society and economy in particular, and;
- Exclusion of the majority, blacks in particular from productive economic life.

Towards that end, the productive economy is suffocating from the pressures of financial parasitism, which is about lack of finance for development, but excess finance for speculation, gambling and other bubble kinds of wealth generation.

But also, the lack of investment in local production, local procurement and national development imperatives make companies not relevant and responsive to the growth trajectory of our economy and the needs of our society.

Most of our companies are also failing to meet the international competition standards for various reasons and that leads to closures or company failure to survive, hence jobs are shed as companies are forced to close or become smaller. Most companies don't invest in research and development, as well as means to improve their performance, but instantly blame workers whenever performance take a knock.

This is linked to the untransformed economic structure and the shrinking market and economy, as fewer and fewer people enjoy exclusive access to real economic and productive activities and life.

In this regard, women and blacks in particular are the worst victims of economic exclusion, low wages and lack of growth and mobility opportunities in industry, hence the production and reproduction of poverty and unemployment along racial and gender lines in our society.

COSATU demands that the transformation of the economic structure be at the centre of the Economic Recovery and growth of the economy. The New normal must never be about retaining the old modus operandi and structural operations and outlook of business and the economy.

### **Due Processes required by Law before Retrenchments can take place – if all else fails!**

In the final and desperate end where we cannot avoid retrenchments, there are important processes that as workers and unions we must fight to ensure are not short-circuited by employers.

According to South African Law, there are 10 things required before a company or employer embarks on retrenchments and unions and workers must safeguard the due processes to avoid workers losing jobs and remuneration accordingly.

These requirements are;

1. Companies or employers are required to issue a notice in terms of section 189(3) or section 189A (if employing more than 50 employees and contemplating retrenching 10% or more of the workforce) of the Labour Relations Act.
2. It is further required that the written notice must state clearly:
  1. the reasons for the proposed dismissals, the alternatives considered by the employer before proposing retrenchments and the reasons for rejecting each of those alternatives;
  2. the number of employees likely to be affected and the job categories in which they are employed;
  3. the proposed method of selecting which employees to dismiss;
  4. the time or period when the dismissals are likely to take effect, the severance pay proposed, the assistance offered to employees likely to be dismissed, the possibility of future re-employment, the number of employees employed by the employer, the number of employees that were dismissed as a result of operational requirements in the preceding 12 months.
3. Consultation with workers is compulsory, which must be aimed at reaching consensus on appropriate measures to avoid dismissals, minimise the number of dismissals, change the timing of the dismissals, mitigate the adverse effects of the dismissals, method of selecting employees to be dismissed and severance pay for the dismissed employees.
4. While it is not necessary to reach agreement on the aforesaid issues, but the consultations must be in good faith and all worker representations must be considered during the consultation processes
5. An attempt must be made to reach agreement on the selection criteria identifying employees to be retrenched. If no agreement has been reached, the selection criteria adopted must be fair and objective – the most common being 'last in, first out' subject to skills, qualifications and experience.
6. Employees are entitled to a minimum of one week's severance pay for each completed year of service unless the employer has a more beneficial policy on severance.
7. In the case of large scale retrenchments (section 189A) either party may request facilitation through the CCMA.

8. If a facilitator is appointed to assist with the consultation process, an employer may give notice of termination of employment after 60 days have elapsed from the date on which the section 189(3) notice was issued.
9. If no facilitator is appointed, either party may refer a dispute to conciliation after 30 days have elapsed from the date of issue of the section 189(3) notice.
10. No notice of termination of employment may be given before the expiry of 60 days from the date of the section 189A(3) notice.

## **Conclusion**

Our demands are very clear that there must be a moratorium on retrenchments and job losses, instead, we must intensify all efforts to create jobs and fight unemployment. The state and business must demonstrate concrete plans towards creating new and lasting jobs through various interventions, including investing in certain sectors, projects, communities, industrialisation and local procurement.

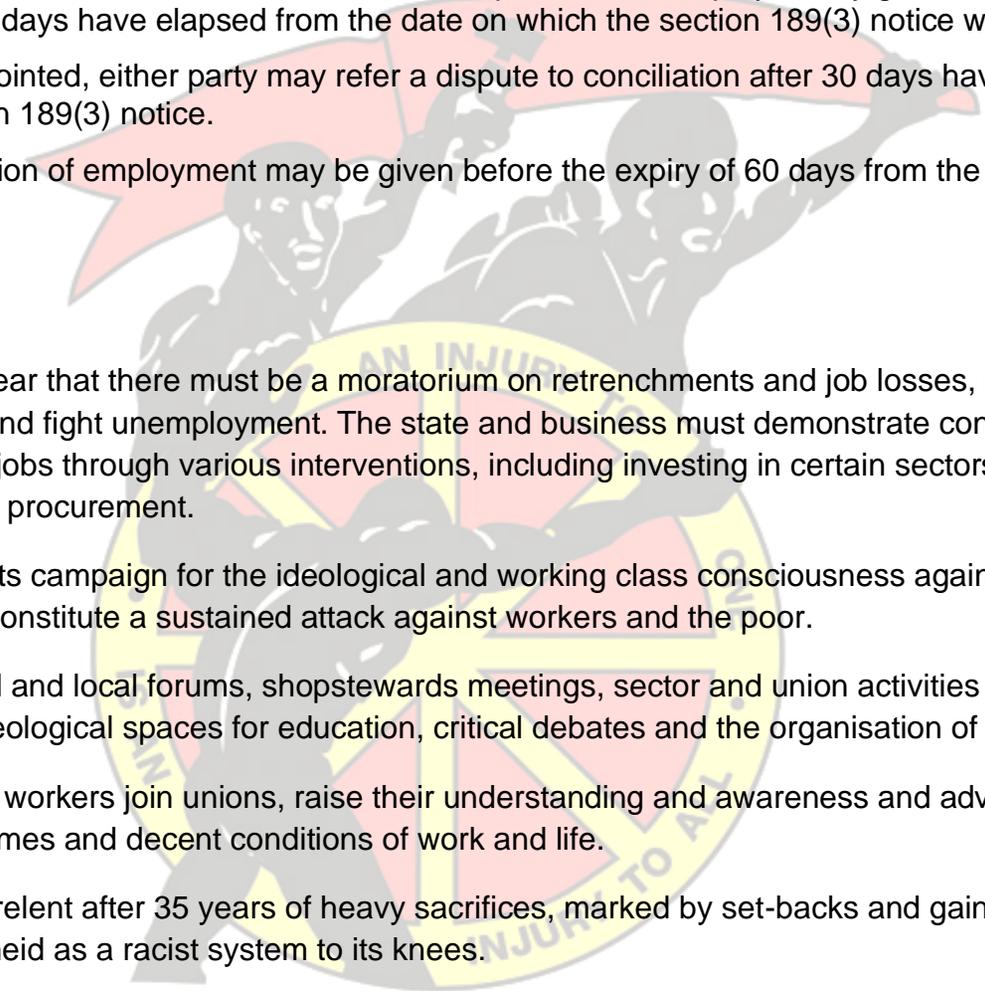
COSATU is heightening its campaign for the ideological and working class consciousness against the deeply entrenched offensive and crisis that constitute a sustained attack against workers and the poor.

All workplaces, Provincial and local forums, shopstewards meetings, sector and union activities and all public spaces shall serve as strategic and ideological spaces for education, critical debates and the organisation of workers.

These aim to ensure that workers join unions, raise their understanding and awareness and advance their struggle for decent work, decent incomes and decent conditions of work and life.

COSATU is not about to relent after 35 years of heavy sacrifices, marked by set-backs and gains for workers, which eventually brought apartheid as a racist system to its knees.

This is the same struggle we are waging today in the farms, mines, factories, public and private health and educational institutions, as well as local government and wherever workers are.

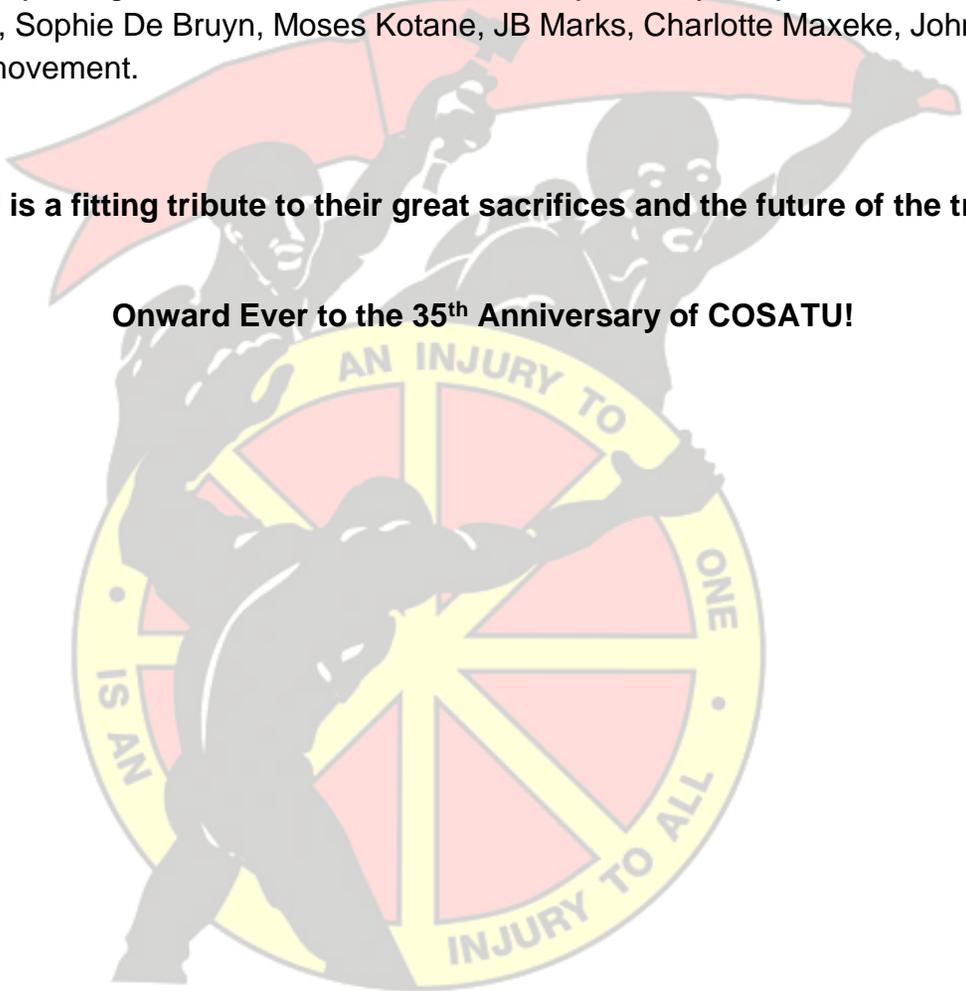


# COSATU

We celebrate, as we intensify, the glorious workers movement of Elijah Barayi, Vuyisile Mini, Ray Alexander, Violet Seboni, Alinah Rantsolase, Sophie De Bruyn, Moses Kotane, JB Marks, Charlotte Maxeke, John Nkadimeng and all those who pioneered this great movement.

**The Renewal of COSATU is a fitting tribute to their great sacrifices and the future of the trade union movement as a whole!**

**Onward Ever to the 35<sup>th</sup> Anniversary of COSATU!**



**COSATU**