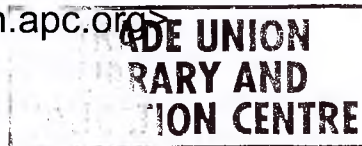


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To: Multiple recipients of list <cospress@lists.sn.apc.org>
Subject: COSATU Statement 20/08/98
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COSATU EXECUTIVE COMMITTEE PRESS STATEMENT - 20 AUGUST 1998

The Executive Committee met in its normal session on 18 - 19 August 1998. It received reports on a range of socio-economic and political issues. As is always the case, discussions were conducted in a true tradition of the federation - comradeship, frankness, robust and constructive. A number of decisions were taken by the meeting, some of which are contained in this statement.

1. Demutualisation

The meeting received a report on meetings held with Old Mutual and Sanlam respectively. The meeting reaffirmed COSATU's opposition to demutualisation on political and economic grounds and regretted the fact that the portfolio committee had gone ahead to finalise the deal dealing with demutualisation in spite of being informed about the discussions currently taking place with the two mutual companies. We remain of the view that it would help the parliamentary process had this process been allowed to proceed to its final conclusion.



The above notwithstanding the EXCO resolved to continue to talk to the mutual companies, the ANC and the Portfolio Committee on this matter with the hope of persuading them to see our points of view. Furthermore, we intend to engage in a programme of mass action to stop the process. We believe that all South Africans particularly the policyholders need to be told of the implications of the proposed demutualisation and listing on the broader question of transforming the South African economy. We call on both SANLAM and Old Mutual not to continue to use policyholder money to campaign for demutualisation.

To an extent that they continue on this route, we call on them to make an equal amount available for a campaign against demutualisation.

These should appear side by side - be it in advertisements or letters to policyholders. We also do not believe that management is neutral on this matter. In fact it is fair of us to ask of them to explain what and how they stand to gain from demutualisation. This stems from the fact in other countries management have used such schemes to enrich themselves.

In addition, we will continue to raise the following issues:

" The need for real transformation of the two mutual companies including enhancement of control of the mutual companies by the present policyholders. In the event that voting will take place we believe that such voting should reflect the strength of group funds as well. The current situation in which one policy holder have the same vote as a fund which represent more policy holders. " The need for an express commitment by the two to the development of South Africa and Southern Africa as part of their vision rather than the one currently being followed by Old Mutual - seeking listings abroad. " The need for future business plans to be driven by a strong social agenda for Southern Africa "The above process must be influenced by our agenda for the transformation of the South African and Southern African economies.

COSATU is not persuaded by the deluge of pro-demutualisation propaganda which, at some cost, has been circulated by the management of the Mutuals, in order to convince policyholders to vote in favour of demutualisation. We remain convinced that the proposed restructuring will have a negative impact for a number of reasons. Most significantly it will further entrench the power of the existing management and weaken the potential for policyholders to assert influence over a significant portion of the country's retirement resources.

Taking a different approach to demutualisation, by the process of remutualisation, would not preclude shorter term developmental and job creating measures such as those to be financed through the envisaged Umsobomvu Trust. In fact we believe that it possible to address the questions raised by the two companies - globalisation and the unlocking of the reserves through a new legislation without going the route of demutualisation.

Programme of Action

In taking forward the Programme of Action adopted by the Central Committee of 22 - 25 June 1998, the Executive Committee arrived at the following decisions:

The month of September 1998 will be dedicated to the struggles to highlight COSATU's rejection of the ideology of privatisation and the unilateral decision taken by mutual companies to demutualise. Lunchtime pickets and demonstrations will be launched as from Saturday the 12 September 1998, culminating in national marches throughout the country on 23 September 1998. In this regard we have already submitted a notice to NEDLAC in terms of section 77 of the LRA. We remain available to engage with the govt and the ANC on the above

issue.

The month of October 1998 will be dedicated to the campaign for job creation, against job losses and against high interest rates. The campaign will target both the South African Reserve Bank and Commercial Banks with regard to the matter of interest rates, the high fees being charged by banks, and will seek to highlight the plight of the unemployed with regard to demands for job creation and job losses.

Our regions and locals are engaging the unemployed structures to seek their participation in the campaign to highlight the problem of unemployment, retrenchments and factory closures. In this process we will collect their demands and share with them the proposals we submitted in Nedlac. We hope that through this engagement we will ensure that our demands also take on board the issues that the unemployed will raise for discussion in the Presidential Job Summit.

Just as in the jobs issues, we have begun to convene meetings of the Alliance, the broad Mass Democratic Movement, churches and other Non Governmental Organisations opposed to the high level of interest rates and the exploitation of consumers by the South African Banks. Our intention is to build a broad coalition of these formations on a scale similar to the coalition against the VAT in the early 90's. We will launch this campaign at the beginning of October 1998. Lunchtime demonstrations and marches to workplaces where workers are being retrenched or threatened with retrenchments will be held. Pickets in the Reserve Bank and the commercial banks will take place at the same time involving communities and leading members of participating organisations. These activities will culminate in marches throughout the country on 24 October 1998, targeting the above-mentioned institutions.

The EXCO pledges its full support to the demands of all workers involved in struggles for a living wage in the recent months. The EXCO calls on its members to involve themselves in blacking-out actions and other solidarity struggles with the Chemical Workers Industrial Union, who are involved in a bitter struggle for a living wage. We call on the bosses to meet the demands of workers so that this page in the relations with CWIU can be closed as soon as possible.

General Elections

The Executive Committee received a detailed report on the overall state of elections preparations. This included the setting up of internal infrastructure and structures of the Alliance, the process of selecting candidates to serve in provincial and national legislatures, ID and registration of voters campaigns, etc. The following decisions were arrived at in this regard.

Contribution by Affiliated unions to the campaign

All affiliates will begin to make contributions as per the decision of the Central Committee to a fund that the federation will use to mobilise workers around voter education and for an overwhelming victory of the ANC in 1999. Such contributions will be made between now and the end of October 1998.

With regards to the unfortunate press statements that the General Secretary of SASBO had issued, The EXCO expressed its outrage at these public statements. We view this as a campaign by a COSATU affiliate against the federation. Such a campaign is not different to the attacks waged by right-wing opposition parties against COSATU Central Committee decisions. A meeting of the National Office Bearers of COSATU and SASBO is being planned to discuss these public statements. The meeting reaffirmed its policy that all its affiliates and members are bound by the policies of the federation since these are arrived at after a due democratic process regardless of the position held by a particular affiliate in the meeting.

ID and Registration of voters

All structures of the federation were instructed to immediately embark on a campaign to get all workers and citizens who are not in possession of the green bar-coded Identity Documents to apply for them. We are concerned that up to 10% of the citizens do not have any form of Identity Documents - according to the survey conducted on behalf of the Independent Electoral Commission and the Department of Home Affairs. In this regard the EXCO called on the Department of Home Affairs to step up its campaign to have SA citizens apply for the new bar-coded Identity Documents. As part of this, we call on the Department to distribute ID application forms to all schools, where teachers can help with the processing of such applications. This is also based on the results of the study that showed that it is mainly young people who are not in possession of any form of an Identity Document. All affiliates, in particular SADTU, have been asked to inform their members to inform students about the fact that those not in possession of the bar-coded ID will not be allowed to register as voters.

A focus campaign to supplement the IEC's own campaign to register as many voters as possible will be embarked upon. COSATU agrees that voters not registered should not be allowed to vote as one of many measures to minimise fraud. The EXCO calls on the employers to make arrangements now so that migrant workers, in particular the construction workers who travel all over the country, can be given time to travel to the areas where they have registered as voters to exercise their rights.

The Central Committee made a call that the voting period should be extended to two days instead of just one. Meetings were held with Judge Kriegler in this regard. COSATU is satisfied with the explanation given by Judge Kriegler that voting be limited to a single day. This will further minimise fraud that accompanied the 1994 elections in some parts of our country.

Nomination of candidates for the National and Provincial Legislators

The EXCO decided to hold a discussion in its next meeting to be held on the 15 - 16 September 1998. In this meeting the Executive Committee will assess the impact the deployment of its cadres has had both on governance and on the federation. This discussion will help us to shape a new strategy on how best this deployment strategy can yield even better results in the 1999 elections.

A report on COSATU leaders who have been nominated by the branch structures of the Alliance was received. The EXCO agreed that the following comrades who have indicated their availability for the nominations be supported - Connie September, Mbhazima Shilowa, Ronald Mofokeng, Daniel Mohapi (Wits Regional Secretary, Randy Pieterse (Western Cape Regional Chairperson), Peter Ditsela (North Province Regional Vice Chairperson), Paulos Ngcobo (KwaZulu Natal Regional Secretary).

The following comrades indicated that they will not make themselves available for nominations: Thulas Nxesi (General Secretary of SADTU), John Gomomo (President of COSATU), Zwelinzima Vavi (Deputy General Secretary of COSATU), Peter Malepe (2nd Vice President of COSATU), Gwede Mantashe (General Secretary of NUM), Norman Mokoena (Regional Secretary of Mpumalanga), Tony Ehrenreich (Regional Secretary of Western Cape).

A number of other COSATU CEC members were not present to confirm their availability for nominations. The comrades as well as their affiliates will confirm their preference and report back to the federation as soon as possible. Such information will be made available as and when we are informed. As part of the meeting outlined above, COSATU will look at a consolidated list which will inform our approach as well as the impact on the organisation.

Jobs Summit

The COSATU Executive Committee endorsed the positions outlined by labour in the Jobs Summit negotiations, in particular on the need for a large-scale intervention to create jobs, minimise job loss, reduce unemployment, and introduce support measures for the unemployed and those living in poverty.

The crisis of poverty and inequality doesn't allow for a gradualist, trickle-down approach to eliminating unemployment. Therefore, in assessing the strategic relevance/importance of particular proposals for the Job Summit, we have taken into account their effect on changing the pattern of employment creation, and job loss in the South African economy, in a large-scale and sustainable way.

Our core concerns are to

- create new employment both in the short term and long term
- improve the quality of existing employment
- promote job security and stem the job loss in the economy
- improve and formalise employment in the informal sector
- provide an income for those who remain unemployed and poor
- target particularly vulnerable groups such as youth, women and the rural and urban poor for job creation programmes.

Labour's proposals for employment creation are unapologetically comprehensive, because of the scale of the problem we are attempting to address. What labour is proposing is a large-scale national intervention of the Marshall-plan type, which other societies have embarked on to deal with social crises on a similar scale. This is precisely the vision which underpins the strategy contained in the RDP.

Building on the initial labour document tabled in the Job Summit discussions on 20 April 1998, labour has proposed 21 concrete programmes and projects aimed at job creation, job retention, absorption of new entrants into the labour market, and support for the unemployed. These programmes include mass housing and large-scale public works; measures to promote productive domestic investment and demand; measures aimed at youth employment and training; public sector restructuring; measures to stem job loss; industrial restructuring; restructuring of tariffs; and support measures for the unemployed.

If implemented we believe that these programmes would directly lead to the creation of hundreds of thousands of new jobs, generate many additional jobs as a result of the economic spin-offs, save tens of thousands of jobs which are currently being destroyed in the public and private sector, and rescue large numbers, particularly of youth and rural people, from the spectre of destitution and unemployability.

In addition to financing mechanisms involving fiscal measures such as taxation and levies, labour has proposed a range of financing mechanisms for the Jobs Summit, which entail direct or indirect contributions from our members. These proposals include the proposal to donate the value of one days output into the Umsobomvu Fund, the introduction of a prescribed asset requirement on retirement funds to leverage investment in employment creation, and consideration of the introduction of a Pay as You Go fund for Public Sector pensions, to

release resources to the fiscus. Taken together, these proposals alone would release over R50 billion to finance the projects to be agreed at the Job Summit.

More detail on the programmes proposed by labour, the number of jobs we estimate can be created, financing programmes, and estimates of finances which would be unlocked by our proposals, will be released at a press conference to be held tomorrow, in Cape Town. Details of this press conference will be announced during the course of today.

There has been some speculation in the press that the issue of the relation of macro-economic policy to job creation has been taken off the agenda. While it may not be possible to negotiate macro-economic policy in detail in advance of the Jobs Summit, agreement on an approach to these issues will ultimately be necessary if a sustainable approach to employment creation is to succeed. Therefore we support the approach taken in the preparatory process that a firm basis needs to be laid by the Summit for engagement on these issues in the post Jobs Summit process. To this end we will continue to strive for a constructive platform on an employment-generating Macro Economic policy to be endorsed by the Summit, as a basis for more detailed discussion on this issue in the months that follow. This platform should outline · What constitutes a consensus on appropriate macro-economic policy; · The relationship between macro-economic policy and job creation; · The identification of areas of difference on macro-economic policy which would require to be addressed in the post-Summit process; · The specific procedure to be used in the post-Summit process to deal with such matters.

Labour has consistently taken the view in the preparatory process, that we want to see the Summit convened as soon as possible, while ensuring that thorough preparations are made, to ensure the success of the Summit. The COSATU Exco endorsed this position. We have agreed with the proposal of the ANC that the Summit be held late in October to allow more space for this preparations. We however, will be extremely concerned if the summit was to be postponed beyond October 1998.

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