

Eskom can afford a living wage



Eskom recently announced its latest results. These results show that Eskom can safely afford to pay workers a much higher wage. In fact Eskom can pay workers a living wage.

Eskom makes a profit of R80 000 per hour

The table below is a summary of Eskom's latest results:

	12 months to 31 December 1987
Sales of Electricity	R7 052 million
Operating expenses	R4 210 million
Net Income (profit)	R702 million

Eskom's latest results

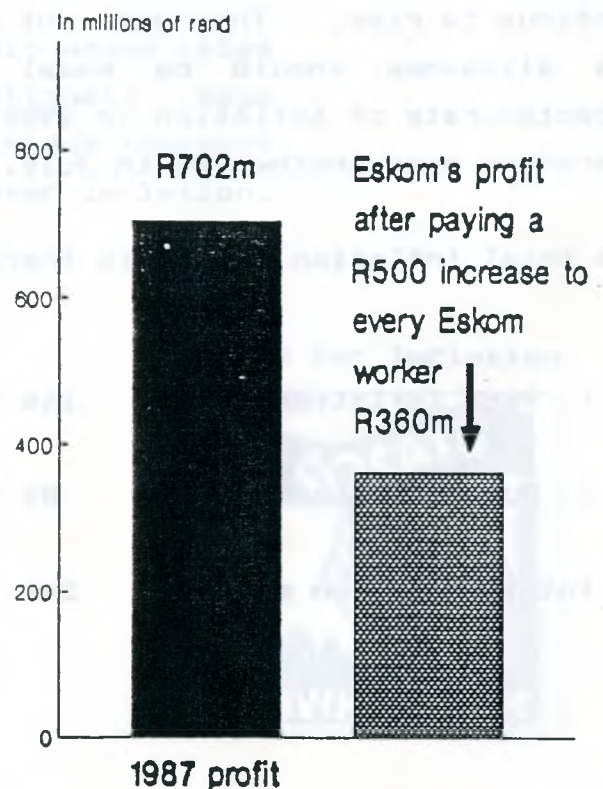
If, for example, wages were increased by R500 across the board Eskom's total annual wage bill would increase by R342 million. The following shows how this is calculated:

$57\ 030$ (number of employees) \times R500 = R28,5 million (for one month)

R28,5 million \times 12 months = R342 million (for the year)

After paying out the R342 million to workers Eskom would still be making a profit of R360 million.

Eskom will still make a profit of R360 million after giving each worker a R500 increase



Price rises & inflation

Workers do not need money for its own sake, but in order to buy the necessities of life: food, clothing, shelter and such necessary comforts as soap, furniture, newspapers and so on.

Money is worth only what it can buy

Inflation measures the rate at which prices rise. In order to maintain your standard of living your wages must rise as fast as prices

Standard of living

In order to improve your standard of living your wages must rise faster than the increase in prices.

Prices are expected to be about 16% higher in July 1988 as compared to July 1987. A 16% increase will simply compensate workers for a loss in buying power since the last wage settlement.

16% inflation rate

Workers also need an allowance for future inflation in July 1988 because prices will continue to rise. They will not stop in July. The allowance should be equal to half the expected rate of inflation in 1988/89. Workers therefore need another 8% in July.

8% needed for future inflation

The total inflation demand is therefore:

1. Past inflation	16%
2. Future inflation	8%
Total inflation demand	24%

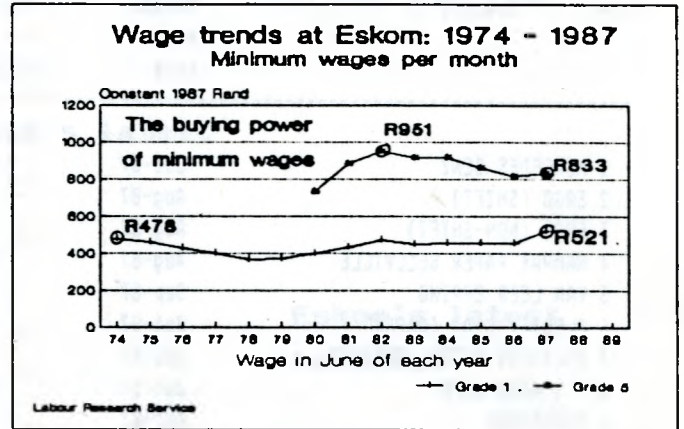
Total inflation demand is 24%

Keeping track of wages

In July 1987, Eskom gave large wage increases, up to 35% for a general worker. General workers suffered a big fall in the buying power of their wages in the late 1970's but now their wages are higher than ever.

35% wage increase

The graph shows the buying power, also called "real wages", of wages from 1974 to 1987 for grade 1 and grade 5 workers at Eskom in the group 1 non-shift (national) category.



We use "real wages" because they are the only way of measuring wage progress over the years. They allow us to trace changes in the buying power of wages.

"real wages"

The following table shows the basic wages rates for the group 1 non-shift (national) wage category. Also shown is the minimum increase that workers should get just to cover inflation.

	Eskom Group 1 non-shift - National Cash wages			24% Inflation Demand	
	7/85	07/86	07/87	Rand	Increase
Grade 1	R330	R386	R521	R646	R125
Grade 2	R355	R415	R545	R676	R131
Grade 3	R409	R479	R615	R763	R148
Grade 4	R525	R588	R707	R877	R170
Grade 5	R621	R696	R833	R1 033	R200

R125 for inflation



Eskom's wages compared

LEAGUE TABLE OF ANNUAL WAGE INCREASES, MARCH 1987 - APRIL 1988

SORTED BY MONTHLY WAGE

14/04/88

Eskom is a long way behind the wages paid to Mercedes Benz workers

Rank	Company	Settle- ment date	Monthly Wage [Minimum]	Percentage increase over 1 year	Union	
1	MERCEDES BENZ	Oct-87	R838	?	NUMSA	← R838
2	ERGO (SHIFT)	Aug-87	R656	19.5%	NUM	
3	ERGO (NON-SHIFT)	Aug-87	R655	19.5%	NUM	
4	NAMPAK PAPER BELLVILLE	Aug-87	R652	23.9%	PPWAWU	
5	VAN LEER EPPING	Sep-87	R649	25.7%	NUMSA	
6	PLESSEY S.A. (CAPE)	Jul-87	R634	18.2%	EAWU	
7	ATLANTIS DIESEL ENGINES	Jul-87	R630	12.2%	EIWUSA	
8	P G WOOD CAPE	Jul-87	R628	16.7%	PPWAWU	
6	FIRESTONE	Apr-87	R610	?	NUMSA	
10	ESCOM (Group 1 Shift) W CAPE	Jul-87	R604	21.0%	NUM	← R604
11	RENFREIGHT TRANSVAAL	Jan-88	R600	22.4%	TGWU	
12	ESCOM (Group 1 Shift) SA	Jan-88	R578	42.4%	NUM	
13	CONSANI ENGINEERING (CAPE)	Jul-87	R572	16.7%	NUMSA	
14	RENFREIGHT DURBAN	Jan-88	R571	22.5%	TGWU	
15	EVERITE LTD (BRACKENFELL)	Jan-88	R568	19.7%	CAWU	
16	RAND REFINERY	Aug-87	R567	17.9%	NUM	
17	ESCOM (Group 1 Non-shift) W CAPE	Jul-87	R556	21.9%	NUM	← R556
18	TUBATSE FERROCHROME	Jul-87	R556	16.0%	NUM	
19	GYPNUM INDUSTRIES	Sep-87	R552	17.9%	BCAWU	
20	TRANS HEX	Apr-88	R542	25.0%	NUM	
21	MONDI PAPERWASTE TULISA ALRODE	Jul-87	R540	20.4%	PPWAWU	
22	ESCOM (Group 1 Non-shift) SA	Jan-88	R538	39.4%	NUM	← R538
23	PUTCO	Jan-88	R538	16.6%	TGWU	
24	SAPPI FINE PAPERS ADAMAS MILL	Jul-87	R532	26.7%	PPWAWU	
25	INTERNATIONAL HARBOUR SERVICES	Oct-87	R528	32.5%	TGWU	
26	RENFREIGHT CAPE TOWN/EAST LOND	Jan-88	R528	42.7%	TGWU	
27	RENFREIGHT PORT ELIZABETH	Jan-88	R528	23.4%	TGWU	
28	NAMPAK PAPER RECYCLING E.LEIGH	Jul-87	R521	19.7%	PPWAWU	
29	NAMPAK PAPER RECYCLING C.T.	Jun-87	R516	19.4%	PPWAWU	
30	RAND MINES MILLING & MINING	Jul-87	R511	20.0%	NUM	

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