

Unions flush new Eskom proposals

■ Executives receive 91% wage increase

Samantha Enslin-Payne

ESKOM management will continue to engage union leadership in a bid to avert a strike after the three trade unions rejected a revised offer made at the weekend, opening the way for industrial action.

It is not clear whether a fresh offer would be made by Eskom after the utility said last week that the unions' demands were unaffordable.

When asked if a better offer would be forthcoming, Eskom chief executive Brian Dames said yesterday: "We don't want to negotiate through the media. We are obviously working with trade unions. It is in all our interests to ensure we don't go that way (of a strike)."

At the weekend Dames, Public Enterprises Deputy Minister Enoch Godongwana and union leadership met to discuss an offer that could end the impasse.

Union leadership may have been confident that a revised offer of an 8.5 percent wage hike and a maximum R1 000 a month housing allowance would be sufficient to close the deal. But members at all three unions rejected the proposal.

The National Union of Mineworkers issued a strike notice to Eskom yesterday. The National Union of Metalworkers of SA (Numsa) was still polling its members, but by yesterday afternoon (it) appeared to be in favour of a strike.

Numsa spokesman Castro

Ngobese said: "We can only settle at a 9 percent wage increase and at a R2 500 a month housing allowance."

Dirk Hermann, the deputy general secretary of trade union Solidarity, said its members had rejected the offer, but had made a counter proposal and (had) given Eskom until Monday to respond. Although Solidarity has taken a different tack to the other unions, Hermann said the three unions "have formed a strong pact in these negotiations and we don't plan to break it".

Solidarity proposes that a minimum service agreement that will identify essential staff be in place before the 2011 wage negotiations and that the housing allowance be an across-the-board increase and not a top-up allowance as Eskom has offered.

Hermann said Eskom also needed to address on a long-term basis the shortage and cost of housing in small towns near power stations.

Adding fuel to workers' fire will be the release of Eskom's annual report this week that shows that executives received substantial increases in the year to March.

Brian Dames, who at the time was chief generation officer, earned R5.69 million, up from R2.97m last year, a 91 percent increase. Dames was last month appointed chief executive at Eskom.

Erica Johnson, the head of customer network business,

earned R4.6m, up from R2.5m the year before. Corporate services division chief Steve Lennon took home R3.7m from R2.1m. This includes short-term bonuses but excludes award performance shares.

In the same period workers received a 10.5 percent wage increase. Frost and Sullivan analyst Marc Goldstein said given the state of Eskom's finances the sharp increases in executive pay last year did not seem to be justified, although he added that it might have to do with bringing salaries of key executives in line with international trends.

According to Eskom's 2010 annual report the power utility has 39 222 employees, up from 31 538 in 2006.

In the year to March its overall wage bill rose 14.9 percent to R17.4 billion. A further R758m was spent on staff training in the year.

Mike Schussler, the chief economist at Economists.co.za, said that employees at utilities in South Africa had received among the biggest wage increases in the past four years, with wages up almost 70 percent over the period, compared with a 30 percent rise in inflation over the same period.

He added that the reason electricity tariffs were so high was because wages at Eskom were so high.

A strike at Eskom would not be felt initially, he said. "We don't have to fear that the lights will go out".