

ESKOM

# Impasse could prove costly

**The standoff at Eskom over** wage increases — and, more importantly, a housing allowance — could set a costly precedent and is thus likely to be fiercely contested by the utility.

The good news for South Africans, especially soccer World Cup followers, is that, even if a strike does take place, the lights will not go off.

Eskom and its three unions had failed to reach an agreement at the time of going to press. The National Union of Mineworkers (NUM), the National Union of Metalworkers of SA and Solidarity, representing 30 000 of Eskom's 36 000 staff, are in arbitration with the company.

The unions have lowered their salary demands from almost 20% to 9%, and their housing allowance demand to R2 500/month from R5 500. Eskom improved its offer of an 8% wage increase, to 8,5% and a R1 000/month housing allowance. NUM rejected this and voted to go on strike. The utility says its proposed housing allowance will cost R185m over the next year; the unions' demand of R2 500 would cost R925m.

If Eskom loses this battle, it will have failed where Transnet stood firm. The housing allowance was a key issue during Transnet's damaging strike last month, and the company did not yield on the demand for the reinstatement of an allowance for all employees. Transnet spokesman John Dlodlu says the company converted a home ownership allowance into a non-pensionable allowance.

NUM spokesman Lesiba Seshoka says workers in the mining industry are eligible for a housing subsidy of up to R2 000. Jaco Kleynhans, a spokesman for Solidarity, says Sasol has a housing subsidy too.

Eskom has a minimum basic salary of R6 500/month; the bulk of its workers earn more than the R7 500 that makes them eligible for social housing subsidies. These workers do not

qualify for bonds from banks.

Public enterprises minister Barbara Hogan says Eskom cannot carry the burden of providing housing for its workers alone, suggesting that other sources would have to be tapped.

National treasury has been urged repeatedly to review the threshold and eligibility criteria for social housing.

The financial & fiscal commission, which advises on budget matters, notes in its 2010/2011 recommendations that "the qualifying income bands should be reviewed to ensure that individuals are not unfairly excluded from benefiting from the subsidy due, for example, to increases in the cost of living".

Hogan has said she will set up a panel to examine Eskom's housing policy.

There is also a lack of clarity about whether the unions have the right to strike. Seshoka and Kleynhans say they "believe" Eskom workers enjoy that right. At issue is the interpretation of an essential service.

Though Eskom has been declared as offering an essential service, the unions say the company must now enter into negotiations about a minimum service level agreement

regarding the staff required to keep the lights on.

Solidarity says Eskom has refused to enter into these negotiations for four years. Kleynhans says that even if unions eventually win the right to strike, workers at key parts of the electricity generation and distribution networks will be prohibited from downing tools.

Solidarity was set to meet on Wednesday. Bhabhalazi Bulunga, Eskom's executive for human resources, says he will not comment on the talks until they are concluded.

Jackie Kelly, an analyst at labour relations consultancy Andrew Levy, says this year's settlements in the private sector have decreased to single digits after last year's peak. But wage talks with government settled at 11% and Transnet settled at 11% plus a one-off 1% of annual salary.

Kelly says such settlements "raise expectations" in other unions. She says companies are moving from paying allowances to workers to a cost-to-company model. Such benefits are usually "subject to affordability".

Before the negotiations with Eskom, Solidarity released the results of a survey of its mainly white, highly skilled members at the power utility. It found that 73% would be willing to work elsewhere for the same salary — suggesting widespread discontent. **Thebe Mabanga**

**Lesiba Seshoka** Workers have the right to strike

