

# The demise of the MEIBC: It only has itself to blame

Although it's been a well-known fact that the Metal and Engineering Industry Bargaining Council (MEIBC) is in severe financial difficulty, reports in Sunday's newspapers have prompted me to break my silence on this issue.



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It is, first of all, important to state the correct facts regarding the circumstances which led to the current situation:

- the current impasse is a result of the trade unions' refusal to negotiate the National Employers Association of South Africa (NEASA's) demands regarding the current administration levy dispensation;
- the MEIBC's failure to submit audited financial statements to the department of labour, even though it's a legislative requirement, because its management committee refused to accept the financial statements as a result of MEIBC officials' unauthorised redirecting of funds ; and
- the delay in processing the extension of current levy agreements was a result of the MEIBC's own administrative inefficiencies and non-compliance with prevailing legislation.

## Hostile to the interests of SMMEs

For many years, MEIBC has created a platform where big business - through the agency of the Steel And Engineering Industries Federation of South Africa (SEIFSA) - could collude with trade unions (primarily Numsa) in deals, which for these role-players, secured their own version of 'stability and labour peace', a dispensation completely hostile to the interests not only of SMMEs, but South Africa as a whole. The MEIBC secretariat, funded by, among others SMMEs, were then (and still are) used to enforce these outrageous and unlawful wage agreements.

## **Job losses**

These unaffordable wage agreements have caused the steel Industry to be 40% more expensive than any other industry governed by any other bargaining council dispensation. This has led to hundreds of thousands of job losses; 90,000 since 2008 of which 40,000 were lost in 2015 alone. The MEIBC has set in motion a devastating process of de-industrialisation, a huge contributor to unemployment and consequently economic and social instability.

## **Legal action**

In 2010, this was challenged for the first time, which set in motion a series of events leading to the situation that the MEIBC currently finds itself in - and all because it refused to transform.

In 2011, after a dispute was declared by two of the employer bodies on the council, the rest of the parties admitted to the complete unconstitutionality of the MEIBC. However, it continuously found it fit to enter into agreements and then, through the intervention of the minister of labour, enforced these agreements on employers who chose not to be part them, the so-called non-parties.

After lengthy and costly legal processes the extension of the 2011-14 metal industry agreement was set aside by the labour court, while a similar agreement, in respect of 2014-17, is the current subject of legal proceedings.

## **Needs support of SMMEs**

These legal challenges, which, also contributed to the financial decline of the MEIBC, are the result of unconstitutional, unlawful and undemocratic conduct, playing itself out in an environment in which governance is non-existent and the voice of SMMEs, the lifeblood of the economy, is suppressed.

For the MEIBC to secure future financial resources, it needs the support of those very SMMEs whose interests were deliberately ignored.

## **ABOUT THE AUTHOR**

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