Grains industry feels Transnet strike pinch

The wage dispute between transport utility Transnet and two labour unions, United Transport and Allied Trade Union (Utatu) and South African Transport and Allied Workers Union (Satawu), has adversely affected the rail transportation of agricultural commodities, the National Chamber of Milling said on Monday, 24 May 2010.

By Andries Mahlangu 25 May 2010

National Chamber of Milling executive director Jannie de Villiers said the Transnet Freight Rail industrial action has disrup the rail transportation of maize, wheat, and sunflower commodities among others. Only 5% of the normal volume was transported last week compared to 0% the week before, he said.

Losses lead to inflation

Cherry Smit, CEO of National Bread Improvers, told *I-Net Bridge* that her company has lost about R700 000 in revenue du to the strike. Smit explained that the supply of calcium propionate and sodium diacetate to plant bakeries such as Pioneer Foods Group (PFG) and spice houses respectively has been affected. The two products are imported from Holland.

The industry has been forced to use road transportation, which is more or less 25% more expensive than rail lines, de Villiers said, adding that the strike adds to cost such as fuel and electricity.

These increases will eventually lead to higher food inflation, he said.

Wage issue

The grains industry's concern comes as Transnet on Monday confirmed that it had implemented its new wage offer despit warning by Satawu that implementing this agreement "will inflame the situation".

The transport utility's confirmation indicates that the agreement is binding on members of Satawu, who are still on strike ar have rejected the latest wage settlement.

On Friday, Transnet said it had signed a wage agreement with a "majority trade union", the United Transport and Allied Unions (Utatu).

Utatu accepted Transnet's 11% wage offer on Friday, but Satawu rejected it, demanding 13%.

Transnet said this agreement involved Satawu workers, who account for 39% of the workforce.