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## PRESS STATEMENT

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19 May 2016

### RE: MEIBC RESPONSE TO NEASA INDUSTRY ALERT DATED 16<sup>TH</sup> MAY 2016.

#### 1. Financial years 2009 to 2012

The following is factual information:

- The Council has not increased its Administration and Dispute Resolution levies since 2011. A levy increase of 6.5% was approved in 2012 and a further increase of 3% was approved in 2013 but was never implemented. The Council has therefore not earned a possible R30 million from these requested increases.
- The Council incurs costs that are increased by inflation from year to year.

The Council incurred losses in 2009 and 2010 financial years as follows:

- 2009 – Loss of R6.4 million and also earned Collective Bargaining Levy (CBL) collection fee of R930k.
- 2010 – Loss of R9.4 million and also earned CBL collection fee of R1.1 million.

The Council recorded surpluses in 2011 and 2012 as follows:

- 2011 – Surplus of R11.5 million and also earned CBL collection fee of R8.8 million.
- 2012 – Surplus of R4.4 million and also earned CBL collection fee of R7.9 million.

It is clear from the information presented above the impact CBL collection fee had on surpluses of the Council up to 2012. If it was not for this income, the Council would have had cumulative losses of R18.2 million (Total surplus less losses of 2009, 2010 and CBL fees of 2009 to 2012). In these years the Council did survive with additional income from CBL.

The Council recorded a further surplus of R12.6 million in 2013 financial year. This also includes fees earned on collecting CBL totaling R9.6 million. Without this CBL fee the surplus would have been R3 million for the year resulting in losses reduced to R15.2 million for the years 2009 to 2013.

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The General Secretary and other senior managers joined the Council in 2012.

CBL industry agreement expired on 31 December 2012 and despite parties intentions it was not renewed. This agreement has been in place since 2003 as employers and employees of the industry were used to paying this levy over the years, collections continued from 1 January 2013 to date:

- Total CBL received from January 2013 to 29 February 2016 – R96 million.
- Total CBL refunded from January 2013 to 29 February 2016 – R60 million.

The Council continues to receive, verify and validate claims for refund and process payments relating to those claims.

The Council has made several communications to the industry regarding the expiry of the agreement and that employers are no longer obliged to deduct and pay these monies over to the Council.

The Council, together with Metal Industries Benefit Funds Administrators made adjustments to the levies return with the following words inserted:

***“The industry agreement relating to collective bargaining levy expired on 31 December 2012. This means that all companies and organisations that were obliged to contribute this levy before 31 December 2012 do not have to do so until further notice. This covers both employers and employees CBL contributions.”***

## **2. Dispute Resolution Services**

- The Council is experiencing severe budgetary constraints due to increased service pressures while there has not been an increase in levies since 2011.
- This was further fuelled by the non-collection of levies for the period of April to July 2015 during the hiatus period.
- As a result this led to the services provided by Tokiso our dispute resolution service provider' services being put on hold due to an escalating debt which the council is unable to service while fulfilling its monthly contractual obligations to them.
- The debt (estimated at around R4m) emanates from about 720 excess cases that Tokiso had to process outside their contractual obligations in the period April to December 2015 due to a number of factors including parties requiring matters to be scheduled for a day or more, unjustified postponements, the corn/arb process that is not favored by parties, lack of strict scheduling by the CDR staff, etc.
- Judging from the pace of deliberations with parties to the Council, indications are that the situation might come back to normality around the last quarter of this year.
- The General Secretary of The Council and the CCMA are in continuous discussions with a view of ensuring sustained provision of services.

**Issued by the MEIBC**

19 May 2016