

12 October 2022

Joint statement from BUSA and BLSA on Transnet Strike

BUSA and BLSA are deeply concerned about the ongoing strike by Transnet workers and the impact it is having not only on the logistics industry in this country in the short term, but also supply chains and South Africa's reputation in the longer run.

There are no easy solutions on the table here – nor short term fixes – given the financial state of Transnet's balance sheet, higher levels of inflation, the fiscal constraints and the stresses that business are under in this challenging economic environment. BUSA and BLSA have pledged to work with government and Transnet where possible, to ensure continued limited operation of the ports where possible and similar contingency plans, to prevent overcrowding in some ports and to support Transnet's security measures.

Whilst this is firstly an industrial relations dispute, we must also recognise that there are significant knock-on implications for the economy as a whole, some of which may not be immediately obvious. Such examples include the risks to the importation of medical items and of key inputs to the chemical and mining industries.

Business is also concerned if this lasts more than a few days, cargo ships will not just skip slots at South African ports but start taking South African ports out of schedules in the months ahead. This will add significant costs to either airfreight items or truck goods to and from other African ports – which will add to the inflation pressures South African's are facing.

This is why we need swift, sustainable resolution.

Short term solutions can create unintended consequences in difficult industrial relationship situations, especially if inflation remains elevated for some time, and in a difficult economic and fiscal environment. An example of such short-term solutions is temporarily increasing levies or performance-based wage incentives which are challenging to implement in the context of the blunt tool that is collective bargaining.

Cas Coovadia, CEO of BUSA said "We need a quick, sustainable resolution to this strike, not ad hoc solutions. The strike risks severe damage to the economy not just in the short term but also the longer term if it drags on and South Africa's reputation for logistics gets further tarnished."

Transnet has been facing longer term, serious, operational and financial problems even before the start of the strike last week which has increasingly been affecting business and productivity. These problems are structural in nature and need deep, often complex, solutions. BUSA and BLSA are driving these types of conversations with government and provide support to drive the reforms that will ultimately lead to better growth and higher employment levels in this country. Government has laid out some plans for private sector participation of the logistics industry though these must go further and faster. This will be a key focus after this strike is concluded to ensure this kind of disruption cannot happen again.

BUSA and BLSA, whilst recognising the challenges faced by workers due to higher inflation, urge all parties to this strike to redouble their efforts to find a rapid and peaceful resolution of this strike in a sustainable way that is in the national interest, cognisant of the pressures business, Transnet and the fiscus are under.

ENDS

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CEO Business Unity South Africa

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CEO Business Leadership South Africa

Notes to editors -

The original version of the Business Day article released this morning referred to BUSA and BLSA backing additional levies to allow the strike to end early. Business Day has subsequently issued a correction that this was only the recommendation from some companies and not the view of BUSA or BLSA. News outlets are requested not to syndicate or quote any view that BUSA or BLSA back additional levies.

Transnet has proposed an “Avoidance of Strike Levy”, which Transnet has sought to impose from the start of October and was put forward by Transnet, without any engagement with BUSA or BLSA. We have also had sight to a letter from Transnet to relevant businesses, dated 29th September 2022, indicating they will charge an additional levy for the period 1 October 2022 to 31 March 2023.

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