

South Africa: Numsa cornered by capital?

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When the National Union of Metalworkers (Numsa) was expelled from Cosatu in 2014 it had a reputation for being independent and fiercely militant.

But critics of its secretary general, Irvin Jim, allege the union is drifting from its worker base and risks being captured by its investment arm to become a vehicle for petty bourgeois accumulation.

Numsa is part of the South African Federation of Trade Unions (Saftu), the country's second largest union federation, which was formed last year from unions that broke with Cosatu and the ANC-led alliance.

AmaBhungane spoke to nine current and former Numsa and Saftu insiders who hold, or held, senior positions within Numsa, its investment arm and the federation.

Their testimonies were largely consistent and together painted a picture of widespread dissatisfaction within Numsa and the federation over Jim's leadership.

We also spoke to several other sources — academics, advisers, activists and members of civil society — who work with Numsa and the federation.

Sources requested anonymity because of the highly partisan political atmosphere within Numsa.

They charge that internal democracy has withered under Jim's watch, and that he is increasingly isolated, surrounding himself with ideologues and money-men while neglecting organisational matters and the branches.

Central to most of their concerns is Khandani Msibi, the head of the Numsa Investment Company (NIC), the investment arm.

Msibi is said to be a key figure aligned to Jim. With Numsa in the throes of a funding crisis, the union appears to be increasingly dependent on the NIC.

Msibi is openly sympathetic to the Zuma faction of the ANC and linked to a pro-Zuma lobby group, leading some sources to claim that the union is being dragged back into factional ANC alliance politics.

He appears also to be pulling Jim to the right on critical issues such as energy.

He did not respond to emailed questions.

Numsa and the NIC refused to answer questions. Instead Jim issued a statement on behalf of both entities simply saying: "Our values and work stand and speak for themselves.

"We will not be distracted by rumours and gossip into deviating from our chosen path which is to defend and grow Numsa and all the organisations we are involved with to advance the struggles of

the working class both in their communities and in the work place, for Socialism.”

Jim also sent out a WhatsApp message attaching amaBhungane’s questions with the comment: “Comrades just a briefing... Yesterday we have received controversial questions produced... by dirty, [cunning] forces... who are clearly targeting Numsa in particular its GS Irvin Jim.

“They seem to be working with resolute forces to liquidate my character... we were given this fishing expedition dirty questions yesterday with clear intention to publicise by a [rogue] journalist whose being captured by this forces of darkness.

“We resolved that we shall not be refocused they must go ahead with their filthy mission and publicise their story; we shall take our time to respond to them both internal and external...”

Financial crisis

The root of Msibi’s perceived influence lies partly in Numsa’s declining cash flow, despite having the largest union membership base in the country with well over 300 000 members.

A Numsa finance and administration report from August noted that “we continue to work hard in managing our financial affairs with the biggest challenge being the drop in our monthly income and the expenditure which is much higher than our income”.

In its most recent central committee report, Numsa stated that “our income in the form of subscription fees this year as compared to last year, has dropped and continued to drop”. The report added that “thousands of companies are defaulting” on their payments to the union.

Numsa also props up the federation.

“We must no longer carry the huge costs to Saftu (such as the R5.6-million Numsa paid over a period of three months) outside of our affiliation fees,” read the financial report.

The dire state of Numsa’s finances are nothing new.

A senior Numsa insider explained how for years the union had been “sliding” in bargaining councils. Where once Numsa was dominant, now it must increasingly rely on support from other unions.

Bargaining councils are set up with their own administrative arrangements for sector-wide negotiations on behalf of all employers and unions. Unions require a minimum level of representation to bargain nationally and settlements are binding.

Except in the auto sector, where Numsa has majority representation, it relies on other unions to get decisions passed.

Since all workers, including non-unionised workers, benefit from the settlements that come out of bargaining councils, they pay a small portion of their wages into an account for agency fees.

The law allows for that pot of money to be accessed by the majority union or unions, with the funds distributed proportionally.

According to two sources familiar with Numsa’s industrial bargaining, employers in the Metal and Engineering Industries Bargaining Council (MEIBC) have refused to sign off on a new agreement on agency fees (called the collective bargaining levy), claiming Numsa is uncooperative and cannot verify its membership.

“Numsa is losing its grip on bargaining power in the councils,” said one source. That has cost the union millions in lost agency fees.

The union has at times been forthright about its financial problems.

In a press statement on July 31 2017, it noted: “In the MEIBC we have lost millions in income per annum from the collective bargaining levy (CBL), since 2012 which, in the past was used for collective bargaining and strikes as prescribed by the law. As it was no longer available to the union, all these activities were entirely dependent on union members’ dues. In these conditions generating deficits rather than surpluses occurs.”

The union also admitted to dipping into its strike fund to pay salaries.

Critics of the current leadership say the union has witnessed growing salary and benefit packages for senior employees and officials despite the decline in financial health.

Numsa’s August central committee report notes tellingly that the “huge wage bill” is a major factor driving up costs for the union.

This is said to be driving a wedge between the union top brass and its base.

“The alliance with the ANC has helped create this phenomenon, this culture of unaccountable leadership and aspirations to become leaders,” a union analyst told amaBhungane.

“Marikana was a product of that because NUM [National Union of Mineworkers] was so far up the ANC’s arse and they forgot to go to their members anymore, and if they did they literally went there in Casspirs.”

There have been rumblings within Numsa over the growing list of benefits, including housing allowances and Mercedes Benzes, that top leaders allegedly enjoy.

There is also a substantial number of Numsa officials who leave to work for the NIC or, as CIPC records show, who sit on the boards of NIC subsidiaries, earning directors’ fees and perks while organising for the union.

With a bloated wage bill that Numsa struggles to pay, a growing list of benefits and subsidies for its leadership courtesy of NIC, and incentives for Numsa members to cross over and work for the company, critics say the union is being pushed further into the arms of Msibi.

Khandani Msibi

Msibi first stepped onto the scene before he had any formal NIC role.

Two Numsa sources claim that Msibi was in attendance at the 2008 congress that brought Jim to power and ousted his predecessor, Silumko Nondwangu.

Msibi at that time held no Numsa or NIC position, but, according to the sources, was active in behind-the-scenes lobbying for Jim’s camp.

At around this time Msibi allegedly hosted a meeting of those planning to oust Nondwangu at his personal residence in Johannesburg’s southern suburbs.

Msibi did not respond when this allegation was put to him.

The following year, after Jim was ensconced as general secretary, Msibi's took over at the helm of the NIC.

According to the NIC website, the company was facing liquidation at the time and Msibi was instrumental in its turnaround and growth.

But under his management, the principle of an arm's length between the union and its investment vehicle appears to have been eroded.

When the NIC was first set up in 1990s, many within Numsa, and some of the union's various regions, opposed its formation.

Union investment companies have proven highly controversial within the labour movement for the potential conflicts of interest they engender.

In 2015, the South African Communist Party warned against the dangers of "business unionism", noting that union investment companies risked undermining the independence of unions and creating internal competition over the control of resources.

The NIC has become something of a Frankenstein, and Msibi's critics claim that instead of a barrier between the company and the union, there is now a revolving door.

Through its subsidiaries, which range from a financial services group to a major funeral franchise, Doves, the NIC offers an array of products including funeral policies.

Senior Numsa officials told amaBhungane they are alarmed at what they see as the creeping corporatisation of the union through the NIC.

In what has been described by a senior Numsa source as a "parasitic" setup, union members are expected to market products that the NIC sells or has interests in, including funeral policies and even Mofaya energy drinks, to a captive market of workers.

And the NIC's ambitions are growing. In August this year, Business Day reported on moves to list the NIC's financial services group on the Johannesburg Stock Exchange. There is also talk of forming a bank and a law firm.

Several senior Numsa and federation sources allege that the NIC under Msibi subsidises the lifestyles of senior union officials.

The sources say that at one point, when Saftu leaders were raising questions about the NIC, Msibi threatened to expose the payments.

Saftu general secretary Zwelinzima Vavi, whose relations with Jim are said to be strained, denied receiving any such payments.

"No NIC didn't pay for personal expenses. The only time I recall will be several years ago about 2014 or so when NIC paid for my trip to Cape Town jazz festival... I have however on countless occasions asked NIC to sponsor all manner of the Steering Committee activities such as lunch. Nothing ever personal."

AmaBhungane has seen evidence of a suspicious payment made in mid-2016 to the personal bank account of a prominent Numsa member by Numsa Financial Services, a NIC subsidiary.

The source who showed amaBhungane a financial record reflecting the transfer, claims that these sorts of payments, although relatively small (a five-digit figure) were made regularly to Jim allies, bypassing Numsa processes.

According to the source, recipients were ordered by both Jim and Msibi to mobilise for the Jim faction within Numsa, especially in the runup to congresses.

Jim and Msibi did not respond to this allegation.

Tail that wags the dog?

Observers might have been perplexed by Numsa's policy positions in recent months, and what appears to be Jim's newfound tendency to echo loyalists of former president Jacob Zuma.

He has appeared to parrot the line promoted by former Eskom executive Matshela Koko, placing the blame for the utility's woes squarely on renewable independent power producers.

Senior Numsa and Saftu sources claim that the NIC's Msibi, who on social media makes no secret about his sympathies for the Zuma faction of the ANC, is the crucial link in Jim's change in political tone.

In July last year, in the midst of the ANC election campaign, Business Day reported on a secretive meeting held between Zuma's anointed successor in the ANC race, Nkosazana Dlamini-Zuma, and Jim. Msibi is alleged to have arranged that meeting.

Jim did not disclose the meeting to Numsa's office bearers, who heard about it "through the grapevine", leading some to question Jim's motives.

This "raised an uproar among some union members who were concerned that Jim could be pursuing personal ambitions by engaging with Dlamini-Zuma", read the report.

Numsa attempted to justify the meeting by saying that its leadership met Dlamini-Zuma "in her capacity as the Chair of the African Union" in order to "learn from her, her views of the state of the African Continent in general and in particular, what should be done over crisis spots such as Zambia".

At least three senior Numsa and Saftu sources allege that the meeting was never adequately explained and that Numsa's leadership was kept in the dark until matters blew up in the press.

Koko & co

More worrying, they say, are clandestine meetings between Jim, Msibi and Matshela Koko, the disgraced former Eskom chief executive, whom Jim described as "compromised" in a Numsa statement in January.

Koko — who was instrumental in putting through some dubious Eskom contracts including with Gupta-linked companies — is alleged by several senior union sources to have held meetings with Jim and Msibi, including .

The sources say that national office bearers were not consulted about these meetings.

Koko refused to respond to detailed questions, saying "who I meet, where we meet and the contents of those meetings are not of public interest".

These developments coincide with Jim's change in rhetoric on energy issues, adopting a tough anti-renewable, pro-coal stance in recent months.

Jim's critics say this is a major departure from policies and positions that Numsa previously articulated, which emphasised green jobs, investments in clean energy and a move away from coal.

A Numsa insider charges that Jim became "obsessed" with coal mines.

A case in point may have been the recent attempt to team up with a murky pro-Zuma group called Transform RSA, whose leader, Adil Nchabeleng, was a regular commentator on the Gupta-owned TV channel ANN7.

It is unclear how the decision was taken, but Numsa joined Transform RSA in an ill-fated attempt in March to interdict government's signing of new renewable independent power producer projects.

The High Court in Pretoria dismissed the application with costs.

While Numsa has always been critical of corporate control of renewable projects, it has previously called for socially-owned renewables and for Eskom to be put under socialised control.

"We pioneered climate change as a union issue", said another Numsa source.

There are widespread concerns that Msibi is pulling Jim into the Zuma camp.

Msibi, through Doves, the major funeral franchise and NIC subsidiary, is well-connected to the funeral industry.

One controversial funeral association, the National Funeral Practitioners' Association of South Africa (Nafupa-SA), is a vocal supporter of Jacob Zuma and parrots his version of "radical economic transformation".

In September last year Nafupa-SA provided a prominent platform for the Dlamini-Zuma campaign at its funeral indaba at the Durban International Convention Centre.

Msibi, it appears, has cosied up to Nafupa-SA, and seems to have much in common with their political views. At an event hosted by Nafupa-SA in March this year, Jacob Zuma was honoured with two awards.

Not only was Msibi in attendance, but NIC company banners were prominently displayed across the venue, suggesting that the NIC sponsored the event.

These signs of increasing NIC involvement in the ANC's factional politics have raised eyebrows in Numsa and the federation.

One union insider told amaBhungane that the 2013 congress, which led Numsa to a split from the ANC-led alliance, may not ultimately have been the decisive break that it was made out to be.

Numsa's leadership "read the popular mood after Marikana" and went along with it. But, there is a fear now that things are coming full circle and Numsa is being pushed back into ANC politics.

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