

Fierce strike sees closure of Argent's Giflo unit

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CAPE TOWN — A violent and damaging labour dispute has forced JSE-listed conglomerate Argent Industrial to shut down its automotive component specialist, Giflo Engineering.

Ga-Rankuwa-based Giflo has been in a labour dispute with the National Union of Metalworkers of SA (Numsa) since mid-January. The dispute was triggered by proposals by Giflo — a low-margin operation mainly supplying roll-bars and side steps for bakkies — to cut workers' rates of pay by about 11%, while lifting working hours from 40 hours to 45 hours, in line with Motor Industry Bargaining Council agreements.

Argent CEO Treve Hendry said the negotiations were well documented — including engaging the Council for Conciliation, Mediation and Arbitration (CCMA) and labour consultants as well as giving Numsa access to audited financial statements.

At the time, Numsa regional secretary Jerry Morulane argued that the strike had been imposed on workers by the employer.

"They can't just cut workers' hard-won rights of pay through collective bargaining," Mr Morulane said.

Giflo is a relatively small cog in Argent's R1.9bn industrial empire, turning over between R80m and R90m a year. But the company still dedicated a sizeable chunk of yesterday's trading

Continued on page 2

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Continued from page 1

update to the subsidiary. Argent said the strike had been "incredibly violent", with some staff, suppliers and customers having been taken to hospital.

The company offered graphic detail rarely seen in formal company announcements to shareholders.

"Our trucks, as well as those of our suppliers have been damaged, working staff houses have been set alight and the factory has been brought to a halt as a result of the strikers' stoning all vehicles in the vicinity of the Giflo factory and cutting off the company's water supply."

Mr Hendry told Business Day that while the Giflo operation had been shut down, the strike was still going on at the premises. Argent's trading statement

The statement also said Argent had reserved its rights against Numsa and obtained a court interdict to allow it to operate unhindered, "something that is easier documented in theory than it is in reality". Mr Hendry intimated that closing Giflo was the only realistic option under the circumstances.

"Giflo makes accessories that are largely regarded as add-ons to vehicles. It's not a booming business, but we were doing alright ... we had a couple of new contracts we were pushing through."

He said 280 staff members would be affected by the decision to shut down Giflo. Asked whether there could be a chance of rescuing Giflo, Mr Hendry said automotive businesses supplied customers on a "just-in-time" basis. "Will our customers trust us again? I think the dam-

shareholder, could not comment on developments at the time of going to press.

One of Argent's smaller institutional shareholders (who asked not to be named) said although Giflo was a small part of Argent, the decision to conclude operations meant management could focus on the better-performing segments of the group. "It's difficult to say whether it's an overreaction by management, but it does seem to suggest there comes a point in prolonged labour disputes when owners think enough is enough."

Ironically, the news of Giflo's setback coincided with an upbeat trading statement for the rest of Argent's businesses. The company pencilled in headline earnings for the year ended March 31 of between 15.3c a share and 18.3c a share, which is 5%-25% higher than last year.

Argent indicated it would start buying