

IV. COMPANY PERFORMANCE

The Code of Conduct Administrator's terms of reference, *inter alia*, require an annual report on the administration and observation of the Code, consistent with the purposes and intent of that Code.

In the past, and when there were as many as 20,000 employees affected, the Administrator was able to assess the degree to which enterprises complied with both the spirit and the letter of the Canadian Code of Conduct. In that exercise, companies were rated on the degree to which their subsidiaries fulfilled or exceeded (or in some cases failed to meet) the basic requirements of the Canadian Code. The 1989 report rated eight companies, of which two -- the Canadian Embassy and Qit-Fer et Titane Inc. -- received points which put them in the highest category of performance. Others fared less well, but no company was in the bottom category by "failing to meet many basic requirements" of the Code. The rating exercise was considered useful in that it not only allowed comparison with peers, but also indicated in general where improvement was necessary and to what degree. It had parallels with the rating system used for U.S. firms under the Signatory Association and the State Department systems.

In approaching this issue for the current period, the Administrator felt the number of companies reporting under the Canadian Code (3 this year including the Canadian Embassy) and the small number of non-White employees affected (only 64 on which complete reports are given), the incompleteness of one report -- taken in conjunction with the impossibility of adequately categorizing Canadian affiliates reporting only under the EC system on the same basis as those reporting under the Canadian Code -- would make this a less than meaningful statistical exercise. Based on interviews and available data, it is clear that those entities which reported fully, including the Canadian embassy, have not moved backwards; although, like other employers, the Embassy itself is under constraints in the matter of wage increases. Minimum wages related to rates in excess of MLL for the lowest-paid employees formed a major part of the assessment, accounting for 20% of the weighing. Now that unions and employee groups have more bargaining power, and productivity is seen as a vital issue, it may be that the minimum wage issue -- while important and affecting only a very small percentage of non-White employees -- is secondary to other tangible employee benefits. If a future rating system is developed, it should perhaps be on the "fail/pass" basis with respect to wages, and basic requirements with other factors adduced to indicate acceptable progress. In any case, it is not a useful exercise in present circumstances and will not, therefore, form part of this analysis. Having said that, note should be taken of the progress of Sternson Ltd. which improved perceptibly in this reporting period with respect to minimum wages and average wage increases. In 1991, the latter exceeded inflation and, on a percentage basis, wage increases were higher for non-Whites than for Whites.

V. NOTE ON IMPACT OF CODES

The Employment Practices Codes for South Africa of Australia, Canada, the EC countries, and the U.S. have been in effect for a number of years, but public reporting on compliance with them has only been a feature since the mid-1980s, with the exception of the Sullivan Principles which were defined in 1977 and which set the pace for other codes, including internal ones. The principles underlying these have been similar while emphasis may have differed, as has the voluntary nature of the Code and the arrangements for making individual company reports available to the public. The criteria for applying the requirements of the Code to companies also vary among the reporting authorities. For instance, because of minority ownership in their affiliates or in some cases low numbers of employees, most of the current Canadian companies reporting directly to the Administrator would be absolved of this obligation -- this on the quite understandable premise that the Canadian company has no apparent management role in their associated South African enterprises. Sanctions against firms which fail to report, or to make appropriate progress under the Codes are, for the most part, those of moral suasion and public approbation; but one country's Code is quite stringent, with criminal and civil penalties for refusing to register and report, as well as the denial of Government trade support to firms that fail to meet an acceptable standard. Surprisingly, Canada appears to be the only country that requires its own operation in South Africa, the Canadian Embassy, to comply with and report formally under a Code.

As stated, while the principles underlying the codes are broadly similar -- indeed even in some cases reflect the same language -- the emphases have, over time, come to differ. The Canadian Code is published in Annex B of this report and its stated aim, as is that of others, is to make a contribution towards abolishing apartheid through "employment practices which are based on the principle of equal treatment for all its employees, are consistent with the general economic welfare of all people in South Africa and will help bring about the conditions necessary for acceptance of the well-established standards of human rights." While the objectives of the Canadian Code are applicable to all employees, they have particular relevance to the employment conditions of Black workers and to the urgency which should be attached to the improvement of their working conditions and quality of life generally. One Code, at least, fixes its objectives in terms of mirroring, to the extent legally possible, its own domestic employment conditions. In rating performance, some countries -- as in the case of Canada -- give slightly more weight to salary and wage factors. Others treat this, along with basic principles, on a fail/pass basis -- that is, if the basic requirement in respect of minimum wages, benefits, freedom of association, review of report with employees, etc., are not met, the company earns a failure. This latter approach tends to emphasize progress in terms of other principles such as education for non-employees, community development, training, and advancement of non-Whites. Not only is the scope for this refinement and emphasis appropriate to a