

NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

CAPE CHAMBER (EASTERN CAPE AREAS)

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CIRCULAR NO. 04/EC/2009

20 October 2009

TO: ALL EMPLOYERS SUBJECT TO PART A OF THE COUNCIL'S NATIONAL MAIN COLLECTIVE AGREEMENT - CLOTHING, GARMENT KNITTING, HOSIERY AND MILLINERY SECTORS FOR THE "METRO" AREAS OF THE EASTERN CAPE SUB-CHAMBER OF THE NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

Dear Sir/Madam

INFORMATION CIRCULAR TO THE INDUSTRY FOLLOWING THE 2009 ROUND OF NEGOTIATIONS

METRO AREAS ONLY

(i.e. those establishments situated within the Magisterial Districts of East London, Hankey (portion), Mdantsane (portion), Port Elizabeth and Uitenhage (portion))

The Parties to the National Bargaining Council have concluded a Collective Agreement in terms of which the total labour cost increase for all "Metro" regions amounts to 7% with effect from 1 September 2009.

The Agreement will be submitted to the Minister of Labour with a request that it be extended to employers and employees in the Industry, other than those who are party to the Agreement, i.e. all Non-Parties.

Details of the negotiated settlement in respect of the Eastern Cape Metro Region (Part A of the Council's National Main Collective Agreement) are as follows:-

1. New wage rates and across-the-board increases for the period commencing 1 September 2009

There are **two** enclosed new wage rates schedules effective from 1 September 2009, which reflect **an across-the-board increase of 7%** on all grades.

Schedule A reflects the wage rates to be paid by those companies which have registered a productivity agreement with the bargaining council.

Schedules B reflects the wage rates to be paid by those companies which have **NOT** registered a productivity agreement with the bargaining council.

Please note:

Garment Knitting: In terms of a side agreement between the Parties dated 14 July 2008, the wage rates for this sector are based on 95% of the Western Cape Garment Knitting's wage rates adjusted by the 7% total labour cost increase.

The Parties further agreed on 14 July 2008 that the wage rates for the Garment Knitting sector will be introduced as follows, for those employees who are **below** the new rates:

1 July 2008	75% of Western Cape's wage rates
1 January 2009	80% of Western Cape's wage rates

1 July 2009	85% Western Cape's wage rates
1 January 2010	90% Western Cape's wage rates
1 July 2010	95% Western Cape's wage rates

This 'phase-in' arrangement will be managed by automatic exemption, until such time as the final phase-in is reached on 1 July 2010. The agreement between the parties stipulates further that no employee's wage rates must be varied downwards in consequence of this phase-in arrangement and all employees must be awarded the 7% wage increase in consequence of the phase in agreement.

The Western Cape rates referred to above are the rates specified in the Wage Schedule in the Western Cape Metro Knitting Agreement, inclusive of annual increases negotiated and agreed at the Bargaining Council.

Garment Knitting establishments will receive both a "clothing" and a "garment knitting" wage schedule. Employees not involved in Garment Knitting must be administered in terms of the clothing wage schedule.

2. Contributions

2.1 Provident Fund

The Provident Fund contribution rate for employers and employees remains unaltered, as follows:

Qualified Machinists' earnings and above:	Employer: 6,79%	Employee: 3,60%
Earnings below Qualified Machinists' rate:	Employer: 6,99%	Employee: 3,80%

2.2 Medical Aid (Prime Cure)

The Medical Aid contribution rate for employers increases as set out below and that of employees remains unaltered, as follows:

Employee	:	R22,89
Employer	:	from R13.11 to R14.03

2.3 Bargaining Council Levy

The Bargaining Council levy payable per week by Employers will increase to an amount equal to 0.33% of each employee's wages. The percentage payable by Employees remains unaltered, viz. 0.23%. These percentage contributions are capped at a maximum of R2.45 of each employees' weekly wage for employers, and for employees, it is capped at a maximum of R1.52 per week.

2.4 SACTWU HIV/AIDS Contribution

This increases to **39 cents** per employee per week, payable by the employer only.

2.5 SACTWU Bursary Fund

Contributions increase from 23 cents to **25 cents** per employee per week, payable by the employer only.

2.6 Supplementary Benefits Fund

Employer contributions increase from 69 cents to **74 cents** per employee per week. The employee contribution remains the same at 60 cents.

3. Trade Union Deductions

The Trade Union subscription rate for its members remains unchanged at 1% of the member's basic wage rate but with a new *minimum* of R5.85 per week and a new *maximum* of R10.80 per week, effective 1 September 2009.

The contribution rate towards its funeral scheme increases to R1,80 per week, bringing the **total new minimum** to **R7.65** per week (i.e. the R5.85 plus the R1,80) and the **total new maximum** to **R12.60** per

week (i.e. the R10.80 plus the R1,80). The Trade Union has sent out a separate notice in this regard, in August this year.

4. Schedule of Deductions

A revised schedule of weekly deductions and contributions is enclosed.

FURTHER ISSUES ON WHICH AGREEMENT WAS REACHED

5. Absenteeism

The "Managing absenteeism: Memorandum of Understanding" (MOU) entered into between the CCA and SACTWU on 14 June 2007 shall become applicable nationally, with the following adjustments:

- 5.1 the timeframes set out in the MOU shall be adjusted forward with effect from 1 November 2009 and further adjusted for context, as per Annexure A of this agreement;
- 5.2 the processes envisaged in Annexure A of this agreement shall be facilitated by the CCMA and the parties shall use their best endeavours to secure resources from the bargaining council, the CTFL SETA and other sources to support this process;
- 5.3 for the duration of this agreement, the processes as envisaged in Annexure A of Annual Negotiated Agreement shall focus on all those companies where agreed absenteeism is more than 10%.

6. Back pay

The agreement is backdated to 1 September 2009. This means that that payment of the wage increase and levies are to be backdated to 1 September 2009.

7. Unilateral Implementation

Those companies which have prior to 29 September 2009 (the date when the recommended settlement was concluded) implemented a wage increase at plant level shall, in addition to the increase which they have implemented, increase their employer council levies by an amount equal to the rand equivalent of 2% of their wage cost with effect from 1st September 2009, unless they join an employers' association party to the bargaining council within two month's from the effective date of this agreement. This additional 2% levy increase for such companies shall be used to combat non-compliance in the industry. The provisions of this clause shall exclude those companies on the South Coast in KZN which have implemented an across the board wage increase of no less than R45 per week prior to the 29th September 2009.

8. Working-In Arrangements

Employees shall be permitted to work in the time lost due to strike action at normal rates of pay, provided that this is agreed to at plant level and further provided that where agreed, such employees shall be offered a loan equal to between one week and two weeks' wages, deductible from their wages in equal weekly amounts over a 10 week period.

9. Productivity

- 9.1 The bargaining council shall establish a dedicated productivity unit to promote productivity issues in the industry, as part of the NBC's value-added services.
- 9.2 The bargaining council shall commission a feasibility study for the establishment of a training institute similar to the previous Clothing Industry Training Board (CITB), to be operated under the auspices of the bargaining council as part of the NBC's value-added services.

10. NBC Employer Levy

In addition to the total labour cost increase envisaged in this agreement, the employer levy shall be increased by a further 0,1%, the purpose of which shall be to fund employer association activities and capacity associated to NBC- and industry promotion related activities. This increase has been accommodated in the accompanying deduction schedule.

11. Non-Compliance

- 11.1. The provisions of the gazetted Main Agreement shall be appropriately amended so as to clearly permit the trade union to institute non-compliance proceedings against any non-compliant company in the industry. Such trade union rights shall include but not be limited to the right to initiate and embark on protected industrial action against non-compliant employers.
- 11.2. Outsourcing to non-compliant companies shall not be permitted in the industry.
- 11.3. The parties shall enter into agreements with all Provincial and Local governments which shall have the effect that their sourcing from the industry shall include a requirement to only source from companies which hold a valid Certificate of Compliance from the bargaining council.

12. Other Conditions

- 12.1 All other previously agreed terms and conditions not specifically varied by the provisions of this Agreement shall remain in force and effect, unless agreed otherwise through collective bargaining between the parties, at NBC level.
- 12.2 The parties have accepted that the terms agreed to are hereby formalised in this final written agreement concluded and signed under the auspices of the NBC.

13. Non-Metro Areas (for the purposes of this circular, means all areas of the Eastern Cape Province other than the magisterial districts listed in the bolded heading of this circular)

A separate circular is being distributed to all establishments in the non-metro areas, nationally.

14. Council's Website (www.nbc.org.za)

The Council's website on the Internet is regularly being updated. Those who have access to the Internet can view and download the Main & Provident Fund Collective Agreements of the various "metro" and non-metro areas. These are in the form of consolidated agreements i.e. the original published agreements, updated for subsequent **published** amendments. This notice will also be added to the Council's website.

Any enquiries from employers who are members of the Eastern Province Clothing Manufacturers' Association (EPCMA) should be directed to their Association. In the case of non-party establishments, enquiries should be directed to the Council's Cape Chamber offices in Cape Town on (021) 460 4000. Kindly make the necessary arrangements to give effect to the new terms and conditions of employment, arising from this year's substantive negotiations.

Yours faithfully

S NDUNA
GENERAL SECRETARY
National Bargaining Council for the Clothing Manufacturing Industry