

NATIONAL BARGAINING COUNCIL

FOR THE

CLOTHING MANUFACTURING INDUSTRY

Cape Chamber

(Western Cape Sub-Chamber)

Tel: (021) 460 4000	7 th FLOOR, INDUSTRIA HOUSE, 350 VICTORIA ROAD, SALT RIVER, 7925	P O BOX 1142
Fax: (021) 447 0628		WOODSTOCK
www.nbc.org.za		7915

CIRCULAR NO. BC/01/2004

Telephone Enquiries : Labour Affairs Department

30 July 2004

TO : ALL EMPLOYERS SUBJECT TO THE CLOTHING & GARMENT KNITTING MAIN COLLECTIVE AGREEMENTS FOR THE "METRO" AREAS WITHIN THE WESTERN CAPE SUB-CHAMBER OF THE NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

Dear Sir/Madam

INFORMATION CIRCULAR TO THE INDUSTRY FOLLOWING THE 2004 ROUND OF NEGOTIATIONS

METRO AREAS ONLY

(i.e. those establishments situated within the Magisterial Districts of Bellville, Goodwood, Malmesbury, Mitchell's Plain (portion), Moorreesburg (portion), Simonstown, Somerset West, Strand, The Cape and Wynberg)

Resulting from the Industry negotiations referred to in National Bargaining Council Circular No BC/02/2004 dated 15 March 04, the Parties to the National Bargaining Council concluded a Collective Agreement on 21 July 04 in terms of which the total labour cost increase for all "Metro" regions amounts to 5% with effect from 1 July 2004. This Agreement will be submitted to the Minister of Labour with a request that it be extended to Non-Parties. Details of the negotiated settlement in respect of the Western Cape collective agreements are as follows:-

1. New Wage Rates and Across-the-Board Increases for the period 1 July 2004 to 30 June 2005

The new "gazetted" wage rates from 1 July 2004 to 30 June 2005, which reflect an across-the-board increase of 5% on all grades, **rounded** to the nearest 50 cents, are recorded on the accompanying schedule under the column "Wage per week from 1 Jul 04".

The "2001 Allowance" negotiated in 2001 must still be paid to employees and be reflected **separately** on each employee's wage slip. Refer Bargaining Council Circular No BC/13/2001 dated 24 August 2001 for details of this allowance.

Monthly paid employees, who fall within the Council's earnings "ceiling" limit, and who have been exempted from contributing to the Industry's Provident Fund, must receive the full quantum of the negotiated settlement. This means that employees who earn within the Council's **current** "ceiling" limit of R930,50 per week or R4 032,17 per month, and who have been exempted out of the Council's Provident Fund for specific reasons should receive 5% on wages with effect from 1 July 2004.

Employees who are not members of the Industry's Provident Fund do **not** receive the "2001 Allowance". They do, however, receive an additional 20 cents per week instead of the "2001 Allowance" as they contribute towards this Regional Council's Levy and Industry Protection Fund which are deducted from wages before being paid over to the Council.

The "2001 Allowance" is not taken into consideration when calculating hourly rates, shift allowance, sick pay, annual leave pay, annual bonus, Trade Union subscriptions, etc.

2. New Ceiling Wage Rate

The scope of this Regional Council's Agreements will be adjusted to raise the ceiling wage rate as follows :

	Period : 1 July 2004 to 30 June 2005			
	ANNUAL	MONTHLY	WEEKLY	
	R50 804,00	R4 233,67	R977,00	

3. Contributions to this Regional Chamber's Provident- & Health Care Funds

3.1 Health Care Fund

The Employer's contribution rate to the Health Care Fund increases by 50 cents on both the lower and higher rates from R4,40/R5,40 to **R4,90/R5,90** per week as reflected in the accompanying schedule.

Employees' contributions to the Health Care Fund remain unaltered.

3.2 Provident Fund

Employer Contribution Rate:

The Employer's contribution rate to the Provident Fund remains unaltered at 6,25%, which **rate is based on employees' actual basic wage exclusive of the "2001 Allowance"**.

Employee Contribution Rate:

Employees' contribution rate to the Provident Fund also remains unaltered at 6,03%, which rate is based on employees' actual basic wage exclusive of the "2001 Allowance".

Please note that in terms of clause 1(3) of the Provident Fund Agreement, the provisions of that Agreement apply in respect of employees who are currently contributors to the Fund, i.e. the contributions of current contributors earning in excess of the rates reflected in paragraph 2 above, must continue.

4. Consequential Changes for the period 1 July 2004 to 30 June 2005

Wage and salary departments are reminded of the following consequential changes flowing from higher wage rates as well as other changes :

- o The **maximum** deduction for Provident Fund from the earnings of **contributors** will be R58,91 per week or R255,29 per month. The **maximum** Provident Fund contribution rate payable by **employers** will be R61,06 per week or R264,60 per month.
- o The Trade Union subscription rate for its members remains at 1% of the member's basic wage rate with a **minimum** of R4,20 per week and a **maximum** of R7,35 per week.
- o The cut-off point for the lower and higher **Health Care Fund contributions** increases from R495,00 to R519,50 i.e. R3,00 above the Qualified Grade B Wage Rate.

5. Schedule of Deductions

A schedule of weekly deductions and contributions accompanies this circular.

6. Compliance

For information purposes, the Parties to the Council have agreed to adopt a set of measures within ninety days, intended to promote compliance with the minimum rates of pay and other conditions of employment applicable in the Industry. In the event of the Parties to the Council being unable to reach consensus on the measures to be adopted or within the period stipulated, the measures shall be determined by an arbitrator.

7. Non-Metro Areas

For your information the recently concluded Industry negotiations provide for a total labour cost increase for non-metro areas ranging from between 5,62% and 7,51%.

8. NBC Website (www.nbc.org.za)

The Council's website on the Internet is constantly being updated. Those who have access to the Internet can view and download the Main & Provident Fund Collective Agreements of the various "metro" areas and the Council's Non-Metro Agreement. 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 **Cape Clothing Association** (CCA) should be directed to their Association. In the case of non-party establishments, enquiries should be directed to this Chamber's Labour Affairs Department on tel no (021) 460-4000.

Yours faithfully

P R CROSOER

REGIONAL SECRETARY

war/wp/Circulars 2004_Regions/Annual Increase Circular BC/01/2004-Wcape