

NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

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Telephone Enquiries : Labour Affairs Department

16 August 2007

TO : ALL EMPLOYERS SUBJECT TO PARTS F & H OF THE COUNCIL'S NATIONAL MAIN COLLECTIVE AGREEMENT (CLOTHING, GARMENT KNITTING, HOSIERY & MILLINERY SECTORS 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 2007 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)

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 **5.5% with effect from 1 September 2007**, made up of a wage increase of 5.5% less 0.13% towards increasing the annual bonus provision from 1.87% to 2%. This circular summarises the outcome of the Industry negotiations.

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 Western Cape Metro Region (Parts F & H of the Council's National Main Collective Agreement, **excluding** the Magisterial Districts of George and Worcester) are set out below.

You have been informed that the Chamber will be conducting a Wage Clerk's course on implementing these increases during the first week of September and you will be notified of the date on which your wage clerk should attend.

1. New wage rates and across-the-board increases for the period commencing 1 September 2007

The new wage rates schedule from 1 September 2007, which reflects an across-the-board increase of **5.37% on all grades, rounded** to the nearest 50 cents, is enclosed.

The "2001 Allowance" negotiated in 2001 for only the Clothing, Garment Knitting and Hosiery Sectors, 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.

Employees who are not members of the Industry's Provident Fund do **not** receive the "2001 Allowance", but receive an additional 20 cents per week instead of the "2001 Allowance". Refer the wage schedule.

Neither the "2001 Allowance" nor the 20c is taken into consideration when calculating hourly rates, shift allowance, sick pay, annual leave pay, annual bonus, Trade Union subscriptions, etc.

The "2001 Allowance" provision is not applicable to the Millinery Sector.

2. Annual Bonus

The Annual Bonus payable to employees has been increased from 1.87% to 2% of annual basic prescribed wages (excluding overtime earnings and production bonuses). The 2007 annual bonus is to be calculated as follows:

- (a) 1.87% on the total wages paid from 1 January 2007 to 31 August 2007
- (b) 2% on the total wages paid from 1 September 2007 to 31 December 2007

From 2008 onwards the annual bonus of 2% is to be calculated on the total wages earned during the year.

3. New Ceiling Wage Rate

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

Period commencing 1 September 2007		
ANNUAL	MONTHLY	WEEKLY
R58 448.00	R4 870.50	R1 124.00

4. Contributions

4.1 Health Care Fund

- The **Employee** contribution rates to the Health Care Fund increase by **R3,00 per week to R18,40 and R23,10** for a **Group 1** contributor and to **R20,40 and R27,10** p.w. for a **Group 2** contributor, respectively.
- The **Employer** contribution rates to the Health Care Fund increase by **5.37% to R5.43** per employee per week for Group 1 and **R6.49** for Group 2.

4.2 **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, contributions to the Fund must continue in respect of existing contributors as at 31 August 2007 who will earn in excess of the rates reflected in paragraph 2 above.

4.3 **Bargaining Council Levy**

The Bargaining Council Levy for employers **increases by 5 cents** per week from R1.25 to R1.30 per employee per week. Employee contributions **increase by 12 cents per week** from R1.18 to R1.30 per employee per week.

4.4 **Across the board Increases in Employer Contributions**

In addition to Employer Health Care Fund contributions recorded in 4.1 above, the following levies and contributions payable by the Employer have been increased by the 5.37% total labour cost increase:

Category	Old Rate	New Rate (p.w. per employee)
Industry Protection Fund	13c	14c
SACTWU Capacity Building Fund	25c	26c
SACTWU HIV/AIDS Project	30c	32c
SACTWU Bursary Fund	20c	21c

5. **Consequential changes for the period commencing 1 September 2007**

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

- The **maximum** deduction for Provident Fund from the earnings of **contributors** will be **R67.78 per week or R293.71** per month. The **maximum** Provident Fund contribution rate payable by **employers** will be **R70.25 per week or R304.42** per month.
- The Trade Union subscription rate for its members remains unchanged at 1% of the member's basic wage rate with a **new minimum of R5.00 per week and a new maximum of R9.20** per week, effective 1 September 2007, together with **funeral scheme contribution of R1,20 per week, bringing the total new minimum to R6.20 per week (i.e. the R5.00 plus the R1,20) and the total new maximum to R10.40 per week (i.e. the R9.20 plus the R1,20)**.
- The cut-off point for the lower and higher **Health Care Fund contributions** to **R597,00** i.e. **R3,00** above the Qualified Grade B Wage Rate.

6. **Further issues on which agreement was reached**

6.1. **Extension of current gazetted agreements to non-Parties**

The Minister will be requested to extend the current gazetted agreements to non-parties for a further period from 1 September 2007 onwards, until the Parties to the Main Agreement agree otherwise.

6.2. **Closed Shop**

The Closed Shop Agreement shall be amended by removing the phrase "or employers' organisation" from sub-clause C thereof.

6.3. **HIV/AIDS**

The Code of Good Practice on key Aspects of HIV/AIDS and Employment as set out in the Employment Equity Act No 55 of 1998 (as amended from time to time) shall be policy in the industry. A sub-committee shall be established to word it in a manner that this policy is industry specific.

6.4. **Productivity**

The following additional clause is agreed:

- 6.4.1 The parties commit themselves to prioritise the work of the Nupen report.
- 6.4.2 Subject to clauses 6.4.3 and 6.4.5 below, the parties specifically declare their intention and good faith to find practical means whereby future wage increases can be linked to plant-level productivity improvement schemes for both metro and non-metro areas.
- 6.4.3 When the productivity-related work programme as set out in the Nupen report is finalised, the ratio between reward for productivity and the ATB annual wage increases for metro and non-metro areas shall be negotiated between the parties at national level, as would be the extent to which parties could determine productivity schemes and reward systems at enterprise level.

6.4.4 It is expressly agreed that the objective is to implement such arrangements within the timeframes as recommended in the Nupen report and the parties set themselves the objective to implement such arrangements, where agreed between the parties, with effect from the 2008 substantive agreement.

6.4.5 Nothing in this clause shall serve to over-ride any of the recommendations which are contained in the Nupen report.

6.5 NBC Levy

The NBC levy Contribution by employees shall be increased to the same rand amount as that applicable in other chambers of the NBC.

The parties shall further discuss whether or not to change the NBC levy contribution from a flat amount to a percentage – based one and, if agreed, what percentage would be applicable.

6.6 Payment of Wages

All payments of wages in the non-metro areas shall be no more than bi-weekly, unless otherwise agreed in writing between the parties at plant level.

6.7 Contract Employees

6.7.1 The parties strongly condemn the abuse of contract work.

6.7.2 The NBC shall conduct a survey on the extent and type of contract work in the clothing industry.

6.8 Shop Stewards Rights and Facilities

Shop stewards' paid time-off for trade activities shall be increased to 10 paid days per annum, in all areas where it is currently less than 10 days per annum. All other existing provisions on shop stewards rights and facilities shall remain in force and effect.

7. Collective Bargaining and Dispute Resolution Levy

For employers who are not members of the **Cape Clothing Association (CCA)**, the Collective Bargaining/ Dispute Resolution Levy has been increased as follows:

Companies employing 40 workers or less:

R93.48 (incl VAT at the current rate) per employee per month for monthly paid employees; or

R21.59 (incl VAT at the current rate) per employee per week for weekly paid employees.

Companies employing more than 40 employees:

R2.18 (incl VAT at the current rate) per employee per month or monthly paid employees; or

R0.50 (incl VAT at the current rate) per employee per week for weekly paid employees.

8. Schedule of Deductions

A revised schedule of weekly deductions and contributions is enclosed.

9. Non-Metro Areas (for the purposes of this circular, means all areas of the Western Cape Province other than the ten 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.

10. 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 **Cape Clothing Association** 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

A C DAVIDS

Regional Secretary

ACD/hc/Circulars 2007_Annual Increase Circular WCC-Main