

**NATIONAL BARGAINING COUNCIL
FOR THE
CLOTHING MANUFACTURING INDUSTRY**

**CAPE CHAMBER
(WESTERN CAPE SUB-CHAMBER)**

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Telephone Enquiries : Labour Affairs Department

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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 2006 ROUND OF NEGOTIATIONS

METRO AREAS ONLY

(i.e. those establishments situated within the Magisterial Districts of Beaufort, Graaff-Reinet, Malmesbury, Mitchell's Plain (partion), Murrumbidgee (partion), Simonstown, Somerset West, Strand, The Cape and Wynberg)

Further to the Council's Circular NBC/2/2006 of 20 March 2006, this circular summarises the outcome of the Industry negotiations. The Parties to the National Bargaining Council, after protracted deliberations with third party facilitation, have concluded a Collective Agreement in terms of which the total labour cost increase for all "Metro" regions amounts to 5% with effect from 1 September 2006. This is made up of a wage increase of 5% less 50 cents, as 20 cents per week will be paid towards the HIV/AIDS levy and 30 cents per week towards the Bargaining Council levy. The 5% increase on those employer contributions which are not based on a percentage of wages, amounts to 32 cents. This increase has been applied to employer contributions to the Council and to the Health Care Fund, forming part of the 5% total labour cost increase.

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.

The Chamber will shortly be conducting a Wage Clerk's course on implementing these increases.

1. New wage rates and across-the-board increases for the period commencing 1 September 06

The new wage rates schedule from 1 September 2006, which reflects an across-the-board increase of 5% on all grades, less the 50 cents (20c + 30c respectively, being applied to the HIV/AIDS Levy and Bargaining Council Levy respectively) 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. 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 2006		
ANNUAL	MONTHLY	WEEKLY
R55 458,00	R4 621,50	R1 066,50

3. Contributions

3.1 Health Care Fund

The Employee only contribution rates to the Health Care Fund increase by **R3,00 per week** in addition to the R5,00 per week referred to in Circular 01/06 to **R15,40** and **R20,10** for a **Group 1** contributor and to **R17,40** and **R24,10** p.w. for a **Group 2** contributor, respectively.

The Employer contribution rates to the Health Care Fund increase by 25 cents per employee per week to **R5,15** and **R6,15** for Groups 1 and 2 respectively.

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, contributions to the Fund must continue in respect of existing contributors as at 31 August 2006 who will earn in excess of the rates reflected in paragraph 2 above.

3.3 Bargaining Council Levy

The Bargaining Council Levy for employers **increases by 37 cents** per week from 88 cents to R1,25 per employee per week. Employee contributions **increase by 30 cents** to R1,18 per employee per week.

3.4 HIV/AIDS

The HIV/AIDS contribution rate payable by the employer only, **increases by 20 cents** from 10 cents to 30 cents per employee per week.

4. Consequential changes for the period commencing 1 September 2006

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 **R64,31** per week or **R278,67** per month. The **maximum** Provident Fund contribution rate payable by **employers** will be **R66,65** per week or **R288,82** 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 R4,60 per week and a **new maximum** of R8,50 per week, effective 1 September 2006, but the contribution rate towards its funeral scheme increases from R1,00 per week to R1,20 per week bringing the **total new minimum** to **R5,80** per week (i.e. the R4,60 plus the R1,20) and the **total new maximum** to **R9,70** per week (i.e. the R8,50 plus the R1,20). The Trade Union has sent out a separate notice in this regard.
- The cut-off point for the lower and higher **Health Care Fund contributions** to **R566,50** i.e. R3,00 above the Qualified Grade B Wage Rate.

5. Further issues on which agreement was reached

5.1 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 2006 onwards, until the Parties to the Main Agreement agree otherwise.

5.2 Process to Establish a New Approach to Collective Bargaining

5.2.1 The parties recognise that it is imperative for them to review their collective bargaining practices and develop an approach to collective bargaining that is appropriate to the changed circumstances of, and the new pressures on, the industry.

5.2.2 The parties commit themselves to develop a new approach to collective bargaining in the industry and to negotiate a national framework agreement.

5.2.3 The parties commit themselves to complete this process before the commencement of next annual round of negotiations, namely by 31 March 2007.

5.2.4 The parties will appoint a working group of employer and trade union representatives to develop the approach and a new national agreement. The working group will commence its work in October 2006 and will hold at least 4 meetings arranged by the Council before the end of January 2007 and such further meetings as may be necessary in 2007 to complete its task.

5.2.5 The parties will agree a facilitator by 30 September 2006. The facilitator will have the power to-

5.2.5.1 determine all process issues arising from the review and negotiations contemplated in this paragraph, and

5.2.5.2 terminate the process if, in the opinion of the facilitator, one or more of the parties is not participating in good faith.

5.2.6 The proposals concerning a new approach to collective bargaining and a national framework agreement made in the course of the annual negotiations for this substantive agreement shall constitute proposals for consideration under the process envisaged in this paragraph. The parties may amend and supplement those proposals or submit new proposals in accordance with any process determined by the facilitator.

6. Schedule of Deductions

A revised schedule of weekly deductions and contributions is enclosed.

7. 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.

8. 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

P R CROSOER
Regional Secretary