

**NATIONAL BARGAINING COUNCIL
FOR THE
CLOTHING MANUFACTURING INDUSTRY
CAPE CHAMBER
(EASTERN CAPE SUB-CHAMBER)**

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1 September 2006

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 2006 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))

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, a 20 cents per week increase in the HIV/AIDS levy, a 37 cents per week increase in the Bargaining Council levy and a 54 cents increase in the employer Medical Aid contribution.

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 06

The new wage rates from 1 September 2006, which reflect an across-the-board increase of 5% on all grades, less the 50 cents (20c + 30c) increases in the HIV/AIDS and Bargaining Council levies, are enclosed.

Garment Knitting establishments will receive both a "clothing" and a "garment knitting" wage schedule.

2. Contributions

2.1 Provident Fund

The Provident Fund contribution rate for employers and employees remain 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 rates for employers increases as set out below and that of employees remain unaltered, as follows:

Employee : R22,89
Employer : from R10,86 to R11,40

2.3 Bargaining Council Levy

This is increased by 30 cents from R1,00 to **R1,30** per week for employees and by 37 cents from R1,00 to R1,37 for employers.

2.4 SACTWU HIV/AIDS Contribution

This increases by 20 cents from 10 cents to 30 cents per week payable by the employer only.

3. Trade Union Deductions

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. 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.

4. Schedule of Deductions

A revised schedule of weekly deductions and contributions is enclosed.

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 the parties to the Council to review their collective bargaining practices and to 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 the review and negotiations 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 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. 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.

7. 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 Regional Secretary on (041) 487 1874.

Yours faithfully

**T C HEUGH
REGIONAL SECRETARY**

WAR/Annual Increase 2006 Circular-ECape