

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 2008 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 9% with effect from 1 September 2008, made up of a wage increase of 8.5% and the difference of 0.5% to be allocated towards a plant level Productivity Incentive Scheme (Refer to point 7 below). 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.

1. New wage rates and across-the-board increases for the period commencing 1 September 2008

The new wage rates schedule from 1 September 2008, which reflects an across-the-board increase of 8.5% 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. 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 2008		
ANNUAL	MONTHLY	WEEKLY
R63 414.00	R5 284.50	R1 219.50

3. Contributions

3.1 Health Care Fund

- o The **Employee** contribution rates to the Health Care Fund increase from R18,40 and R23,10 per week to **R19.40** and **R24.10 per week** for a **Group 1** contributor and from R20,40 and R27,10 per week to **R21.40** and **R28.10 per week** for a **Group 2** contributor, respectively.
- o The **Employer** contribution rates to the Health Care Fund increase by 9% to **R5.92** per employee per week for Group 1 and **R7.07** for Group 2.

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 2008 who will earn in excess of the rates reflected in paragraph 2 above.

3.3 Bargaining Council Levy

The Bargaining Council Levy payable by both the employer and employee per week has been converted to a percentage based contribution, viz 0.22% calculated on each employee's wage rate. The maximum levy payable by both employer and employee per week is R1.42,

3.4 Across the board Increases in Employer Contributions

In addition to Employer Health Care Fund contributions recorded in 3.1 above, the following levies and contributions payable by the Employer have been increased by the 9% total labour cost increase:

Category	Old Rate	New Rate (p.w. per employee)
Industry Protection Fund	14c	15c
SACTWU Capacity Building Fund	26c	28c
SACTWU HIV/AIDS Project	32c	35c
SACTWU Bursary Fund	21c	23c

4. Consequential changes for the period commencing 1 September 2008

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 **R73.54** per week or **R318.67** per month. The **maximum** Provident Fund contribution rate payable by **employers** will be **R76.22** per week or **R330.29** per month.
- The Trade Union subscription rate for its members changes to 1% of the member's basic wage rate with a **new minimum** of R5.30 per week and a **new maximum** of R9.80 per week, effective 1 September 2008, together with funeral scheme contribution of R1,20 per week, bringing the **total new minimum** to **R6.50** per week (i.e. the R5.30 plus the R1,20) and the **total new maximum** to **R11.00** per week (i.e. the R9.80 plus the R1,20).
- The cut-off point for the lower and higher **Health Care Fund contributions** increases to **R647.50** i.e. R3,00 above the Qualified Grade B Wage Rate.

FURTHER ISSUES ON WHICH AGREEMENT WAS REACHED

5. Extension of current gazetted agreements to non-Parties

The Minister will be requested to extend the current gazetted agreements and the amendments arising from this year's round of negotiations to non-parties.

6. **HIV/AIDS**

A Code of Good Practice on Key Aspects of HIV/AIDS and Employment has been adopted and shall be policy in the industry. A copy of the document shall be provided to all establishments in due course and is available on the bargaining council's web-site.

7. **Productivity Incentive**

The following provisions shall be applicable to the 0.5% productive incentive allocation referred to in paragraph 1 of this:

- 7.1 Employers shall pay an amount of 0.5% of the weekly wage into a dedicated productivity incentive bank account. This must be done on a weekly basis or on the date that wages is normally paid, if it is paid at a time other than weekly.
- 7.2 The money in this productivity incentive bank account is ringfenced for the introduction of plant level productivity incentive schemes only.
- 7.3 This productivity incentive scheme bank account shall be opened and authorised on the basis of co-signatures, as follows: a person nominated by management plus a SACTWU shop steward (where there are no shop stewards at a workplace, a representative nominated by the workers shall be the second signatory).
- 7.4 With effect from 1 September 2008, each workplace shall have a period of 2 months within which they must reach agreement between management and the union about how the productivity incentive scheme at that workplace will function and how the incentives are to be paid.
- 7.5 If there is no productivity incentive scheme agreement reached by 1 November 2008, all the monies in the productivity bank account must be paid out to the workers as part of their wages, until an agreement on an appropriate productivity incentive scheme is reached.
- 7.6 The productivity incentive scheme agreements reached must ensure that all workers covered by the terms of this agreement, not just some, shall benefit from the incentive scheme.
- 7.7 All productivity scheme agreements reached must be registered with the National Bargaining Council for the Clothing Manufacturing Industry, within 1 month after agreement has been reached.
- 7.8 Productivity incentive scheme agreements shall not contain any provisions which have the effect of downward variation of any term or condition of employment.
- 7.9 The productivity incentive scheme envisaged in this agreement shall be in addition to and not in place of any existing productivity incentive scheme which may currently exist.
- 7.10 If the workplace closes or is liquidated, all the money left in the productivity incentive bank account must be paid out to the employees at that workplace and who are covered by the terms of this agreement.

8. **Aggregation of Overtime**

The aggregation of overtime of wording in the Western Cape part of the Main Agreement shall be deleted and replaced with the aggregation of overtime wording currently enshrined in the KZN metro part of the Main Agreement, viz:

"Aggregation of Overtime

For the purposes of determining the number of hours, or part thereof, which an employee should be paid at overtime rates, the hours worked outside the employee's normal working hours in terms of clause 9(1) of this part of the Agreement may be reduced by the number of hours or part thereof, in that pay week that the employee was absent.

Provided that no reduction of the overtime worked by an employee shall be made should the absence result from any of the following:

- (i) *time not worked as a result of protected industrial/protest action;*
- (ii) *time not worked as a result of a public holiday as declared in terms of the Public Holidays Act;*
- (iii) *time not worked as a result of the employer having declared short time;*
- (iv) *time not worked as a result of the employee being on authorised shop steward stewards*

- (v) *time off; and
time not worked as a result of any authorised absenteeism."*

9. **Qualifying Periods**

The qualifying period for the machinist job category will be reduced to 18 months, for those areas where it is currently more than 18 months. This provision does not affect the Western Cape areas. It affects metro companies in the bargaining council's KZN and Northern Chamber areas, since their machinists' qualifying period is currently longer than 18 months.

For those other job categories where the qualifying period is 24 months or more, the qualifying period shall be reduced to by 2 months.

10. **Contract Employees**

- 10.1 Those contract employees with 12 months' or more employment with the same employer shall be converted into permanent employees.
- 10.2 All contract employees shall be entitled to receive a pro-rata share of all statutory payments due to permanent employees.
- 10.3 All contract employees who are in employ as at the end of November each year shall be entitled to full payment for all public holidays which fall during the annual shutdown period.
- 10.4 Employees who have completed a learnership shall not be placed on a further contract period after the completion of such a learnership, but shall be employed as a permanent fulltime employee.
- 10.5 Where there are more beneficial arrangements (other than those set out in sub-clauses 10.1 to 10.4 above) governing the employment of contract workers, such provisions shall remain effective.

11. **Shop Stewards Rights And Facilities**

Access to email and internet facilities for shop stewards will be encouraged, provided that such access is during shop stewards' own time and dealt with in a manner that is not disruptive to production.

All other existing provisions on shop stewards rights and facilities shall remain in force and effect.

12. **Shift Allowance**

Should the union so opt, the shift allowance for garment knitting- and embroidery sector employees shall be increased, provided that such an increase shall form part of the total labour cost increase agreed to in this agreement. The union has not so opted, so there will be no change to the current shift allowance provisions.

13. **Other Conditions**

13.1 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.

14. **Schedule of Deductions**

A revised schedule of weekly deductions and contributions is enclosed.

15. **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.

16. **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 2008_Annual Increase Circular WCC/08/08-Main