

**INCENTIVISED WAGE NATIONAL FRAMEWORK AGREEMENT**

Subject to the terms of the 2014/2016 main substantive agreement to which this annexure is attached taking precedence of interpretation, the following provisions of the incentivised wage national framework agreement shall be applicable:

**1. Introduction and key principles**

- 1.1 This Framework Agreement is intended to be of an enabling nature and to provide for maximum flexibility for plant level incentive schemes to be concluded on a unique and case-by-case basis. This does not preclude companies from sharing information and implementing similar incentive schemes should that be desirable.
- 1.2 The overall objective of the incentivised wage dispensation is to improve company level productivity and competitiveness.
- 1.3 The incentivised wage scheme(s) will operate in addition to current company production (or related) incentive schemes. It shall not replace current schemes already in operation at plant level, unless this is expressly agreed to at plant level.
- 1.4 The guaranteed wage rate shall be supplemented with an incentivised wage component which shall allow new employees to earn up to 100% or more of the gazetted rate, provided the employee(s) meets the required performance standards as contained in the plant level incentive scheme. This incentive shall be applicable to all new employees engaged under the incentivised wage provisions and employed after 1<sup>st</sup> September 2012, once a national framework agreement covering governing the incentive portion has been agreed.
- 1.5 Incentive Schemes should be as simple as possible, both to comprehend and to administer.

**2. Employee protection**

- 2.1 The incentive scheme(s) at plant level shall not be used as a disciplinary tool or measure. The schemes shall operate separate and distinct from company disciplinary procedures and management disciplinary measures.
- 2.2 Events outside the control of the company shall not prejudice employees provided that the principle of earnings for time

worked and earnings for performance achieved shall apply, subject to the relevant provisions of the Main Agreement.

- 2.3 The provisions of clause 2.2 above shall also apply in respect of protected strike action and shop stewards' authorised time off.

### **3. Plant Level Incentive Schemes**

- 3.1 The proposed incentive schemes contemplated herein shall be drafted by management, then consulted on with the shop stewards and thereafter forwarded to the trade union for its consideration. It then needs to be finally agreed between the parties and upon agreement, must be implemented in consultation with shop stewards at plant level.
- 3.2 Incentive schemes shall not operate to give effect to any downward variation of employment standards or conditions of employment as provided for in the bargaining council's Main Agreement.
- 3.3 The provisions of all incentive schemes shall be reduced to writing, signed by management as well as the relevant branch, regional or national union official and submitted to the Bargaining Council for registration, within one week of its conclusion.
- 3.4 Incentive schemes shall be time bound and reviewed at the end of the agreed period of its operation.
- 3.5 The panel of experts to be appointed by the parties may also be consulted at the expense of the party concerned to provide guidance and offer advice in respect of the design and operation of any plant level incentive scheme.

### **4. Deadlock-breaking Mechanism**

- 4.1 A panel of experts shall be appointed by the parties to the 2014/16 Substantive Agreement. Such appointees shall be knowledgeable in the field of clothing production and objective evaluation performance management- and reward systems.
- 4.2 The panel of experts shall be fairly spread across the registered scope of the bargaining council, wherever possible.
- 4.3 As provided for in clause 4.16 of the 2014/2016 Substantive Agreement, the deadlock breaking mechanism for the implementation of the incentive component at plant level shall in the first instance consist of a facilitation process by a member or members drawn from the panel of experts.

- 4.4 If the matter under consideration is not resolved as per sub-clause 4.3 above, the panellist(s) involved shall submit an advisory award to the leadership of the relevant employer and the trade union for their consideration.
- 4.5 Should the affected parties not agree to the advisory award recommendations and are unable to resolve their disagreements, the deadlock breaking mechanism shall be either binding interest arbitration by agreement, or any other deadlock breaking mechanism as agreed between the affected parties.
- 4.6 The provisions of sub- clauses 4.3 and 4.4 above shall also apply in respect of any dead-lock regarding the review of plant level incentive schemes as contemplated in clause 3.4 above.
- 4.7 Should the parties be unable to finalise agreement on the deadlock breaking mechanism for the national framework agreement by the time of signature of the main substantive agreement (envisaged for 15 September 2014), the parties agree to provide for a final extended opportunity to finalise this matter within two (2) weeks from the date of signing this agreement, failing which the provision of sub-clause 4.14 above will become effective.

## **5. Dispute Resolution**

- 5.1 Should any dispute arise at plant level relating to the interpretation and/or application of any provision of an incentive scheme under this Framework Agreement, the dispute resolution provisions of the bargaining council constitution and/or Main Agreement shall apply.
- 5.2 Any referral of a dispute as contemplated in terms of sub-clause 5.1 above shall be conciliated and/or arbitrated by a member of the panel of experts, unless otherwise agreed between the disputing parties.

## **6. Reporting and Administration**

- 6.1 Companies participating in this dispensation shall be required to report on a six monthly basis to the bargaining council in respect of the staff contemplated in clause 1.4 above.
- 6.2 Such report shall cover at least the following matters:
- Number of employees on scheme
  - Trends in overall employment in the company
  - Single or multi-factor productivity (OR OTHER) improvements

- Average earnings of those in the scheme as a percentage of the full guaranteed bargaining council agreement rates

6.3 The trade union shall be entitled to all information related to a plant level incentive scheme.

## **7. Qualification and Commencement of Plant Level consultation**

Companies who qualify under the provisions of clause 4 of the 2014/2016 Substantive Agreement and who decide to utilise it, shall have 2 full calendar months (“the prescribed period”) to conclude plant level incentive arrangements, time effective as follows:

For companies which have not yet employed employees on the incentivised wage scheme: from the date of employment of any employee employed in terms of the provisions of clause of the 2014/2016 agreement or from the date of notice to the trade union of intention to employ (whichever occurs first), and

For all other companies: with effect from 15 September 2014, unless a longer period is agreed by the trade union.

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