NATIONAL BARGAINING COUNCIL
FOR THE
CLOTHING MANUFACTURING INDUSTRY

NORTHERN CHAMBER
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Telephone Enquiries : Labour Affairs Department

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TO : ALL EMPLOYERS SUBJECT TO PART B OF THE COUNCIL'S NATIONAL MAIN COLLECTIVE AGREEMENT (FREE STATE & NORTHERN CAPE REGION WITHIN THE "METRO" AREAS ONLY OF THE NORTHERN CHAMBER OF THE NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY)

Dear Sir/Madam

INFORMATION CIRCULAR TO THE INDUSTRY FOLLOWING THE 2014 ROUND OF NEGOTIATIONS

METRO AREAS ONLY

(i.e. those Clothing establishments situated within the Magisterial Districts of Bloemfontein, Frankfort, Kimberley, Kroonstad, Parys and Vredefort)

The Parties to the National Bargaining Council have concluded a **two year** Collective Agreement in terms of which the total labour cost increase for all "Metro" regions amounts to **8%** with effect from and backdated to 1 September 2014, for the 1st year of the agreement. For the 2nd year of the agreement, a further total labour cost increase of CPI plus 1% shall become applicable with effect from 1 September 2015, provided that this "second year" total labour cost increase shall not exceed 8.5%, failing which the parties shall re-commence substantive negotiations to determine the settlement for the 2015 improvements in substantive conditions of employment (see further details about the second year increases applicable, 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. to all Non-Parties.

Party companies are automatically covered by the terms of the signed Agreement.

Details of the negotiated settlement in respect of the Free State/Northern Cape Region (Parts B of the Council's National Main Collective Agreement) are set out below.

1. INCREASE TO TOTAL LABOUR COST

The increase to total labour cost for all current employees (inclusive of those previous employees who rejoin the industry after less than 3 years' absence from the industry) shall be 8%, of which 7.5% shall be allocated as a wage increase and the balance of 0.5% to increase employer provident fund contribution levels, for each of the job categories prescribed for these areas with effect from 1 September 2014, rounded to the nearest 50 cents. The increase shall be back-dated to 1 September 2014 and back pay will be due. The new wage schedules for the first year of the Agreement, incorporating the new wage rates after the 2014/2015 agreed increases, are attached. Please note that there are two enclosed sets of Wage Schedules, Group A & Group B, one applicable to those companies that **HAVE** registered a productivity agreement with the Bargaining Council, another applicable to those companies that **HAVE NOT** registered a productivity agreement and a new category of wage rates applicable to the new employees on the Incentivised Wage Scheme effective from 1 September 2012.

For the second year of the agreement, a further total labour cost increase of CPI plus 1% shall become applicable with effect from 1 September 2015, provided that this “second year” total labour cost increase shall not exceed 8.5%, failing which the parties shall recommence substantive negotiations to determine the settlement for the 2015 improvements in substantive conditions of employment. The wage- and deduction schedules for this period (2nd year of the Agreement) will be circulated once the information relating to the CPI as mentioned above is known.

In the event of CPI plus 1% for the second year of the agreement resulting in the total labour cost increase being less than the rand wage increases for this year, the adjustment shall be the rand equivalent of the 2014 total labour cost increase.

For the purpose of the immediate previous paragraph of this sub-clause, CPI shall refer to the CPI as at November 2014.

Please Note: The wage rates in the magisterial districts of Frankfurt, Parys and Vredefort shall be adjusted upwards by the rand amount applicable in the magisterial districts of Bloemfontein, Kimberley and Kroonstad areas.

2. INCENTIVISED WAGE RATES

The ‘new entry wage rates’ provisions as specified in clause 4 of the 2011/2012 party-to-party substantive agreement shall be abolished and replaced with the following incentivised wage rates provisions, applicable to new employees only:

2.1 With effect 1 September 2012, new employees shall be paid a guaranteed wage of no less than 80% of the normal gazetted wage rate applicable to current employees, subject to the following provisions:

2.2 New employees are those persons with no previous working experience in the industry and shall include those persons with previous work experience but who have not been employed in the industry for a minimum period of 3 years, unless the applicant employee agrees otherwise with his/her prospective employer.

2.3 The guaranteed wage rate as specified in sub-clause 2.1 above 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 September 2012, once a national framework agreement governing the incentive portion has been agreed. The parties have now agreed to the terms of the national framework agreement for the incentivised wage component.

2.4 The incentivised wage provisions of the agreement are only applicable to companies which are registered with the National Bargaining Council for the Clothing Manufacturing Industry of South Africa, subject further to sub-clause 2.5 below.

2.5 The incentivised wage provisions of the agreement are only applicable to those current compliant companies which were in existence and operational as at 1 June 2011. It is not applicable to those companies who are members of an employer association which has not signed this agreement and/or not to companies which have not implemented the wage increases envisaged in this agreement.

The parties will explore further mechanisms which will protect current companies and current employees in the event of it being agreed that the incentivised wage provision be extended to new companies which enter the industry for the first time.

2.6 All other provisions of the industry’s Main Agreement shall be applicable to new employees.

2.7 The closed shop shall be applicable to all new employees.

2.8 Employers shall not embark on retrenchment exercises, where the intent of such retrenchment is to re-employ employees at the rates specified in sub-clause 2.1 above.

2.9 Employers will ensure that short time arrangements are at all times fairly and equitably distributed across a workplace's employees in all job categories affected by short time arrangements.

2.10 Qualified employees shall be employed at the qualified rate, subject to sub-clause 2.2.

2.11 Current employees employed in terms of the new entry rate provision envisaged in the 2011/2012 party-to-party agreement and who were so employed prior to 1 September 2012 shall by exemption be ring-fenced on those rates plus all the subsequent annual increases due, and subject to the companies at which they are employed meeting the compliant employment growth targets as set out in the 2011/2012 wage agreement.

2.12 Effective retrospectively from 1st September 2012, all retrenched employees will, within a period of 12 months of having been retrenched, be given preferential employment in the same job category at the same wage rate which was applicable at the date of the employee's retrenchment or any higher wage rate which may have been negotiated as part of the Party-to-Party Agreement and/or gazetted and become applicable to the affected employee's job category after such date of retrenchment.

2.13 The parties have negotiated a national framework agreement at national bargaining council level, to give enabling effect to the plant level incentivised wage component as contemplated in sub-clause 2.3 of this agreement. Companies who qualify for the provisions of clause 2 of this agreement and who wish to implement it shall have a 2 months period to conclude plant-level incentive arrangements in terms of the provisions of the national framework agreement, which national framework agreement is attached as Annexure A hereto.

2.14 The deadlock breaking mechanism for the national framework agreement is either binding interest arbitration or, at the end of the prescribed period, the entire 80% dispensation falls away, unless other forms of deadlock breaking mechanisms are agreed between the parties.

2.15 Should the 80% dispensation fall away in consequence of the provision in sub-clause 2.14 above, new employees employed on the incentive wage provisions should be paid 100% of the applicable agreement rate.

2.16 The deadlock breaking mechanism for operationalising the incentive component at plant level shall consist firstly of a facilitation process by a panel of experts jointly appointed by the employer and trade union parties to this agreement and if not resolved, by an advisory award by the panel, unless other forms of deadlock breaking mechanisms are agreed to between the parties.

2.17 Further provisions for the introduction of plant level incentivised wage arrangements are set out in an annexure to this year's wage agreement. A copy of that annexure is attached hereto for your information and records.

3. COMPLIANCE PROMOTION

3.1 At every future meeting of the NBC, each party shall make one practical concrete suggestion on how to further promote compliance in the industry.

3.2 The NBC General Secretary shall have unfettered authority to serve any writ of execution upon any employer who fails to become compliant in terms of the new compliance provisions envisaged in this agreement, unless the parties agree otherwise.

3.3 Nothing in the agreement shall have the effect of downward migration of conditions of employment for any current employee.

3.4 The Trade Union shall have the unfettered right to embark on industrial action against any company which fails to implement the terms of the agreement.

4. CONTRIBUTIONS

4.1 Medical Benefit Society

The employee contribution rate to the Medical Benefit Society remains unaltered at **R7.00** per week, whilst the **employer contribution** rate **increases** from **R16.28 to R17.58** per week:

Employee : R7.00
Employer : R17.58

4.2. Provident Fund

The **employer contribution** rate to the Provident Fund has **increased by 0.5%** from **6.5%** to **7%** and the employee contribution rate remains unaltered as:

Employee : 5.75%
Employer : 7%

Please note that the Provident Fund contributions are payable for the full 52 weeks of the year.

4.3 Bargaining Council Levy

The Bargaining Council Levy payable by the **employee** shall be **R2.11** per week deducted from each employee's wage and the Bargaining Council Levy payable by the **employer** shall be **R2.28**.

4.4 Across-the-board Increases in Employer Contributions

The following levies and contributions payable by the Employer has been increased by the agreed Total Labour Cost increase of 8%:

Category	Old Rate	New Rate (p.w. per employee)
Industry Protection Fund	14 cents	15 cents
SACTWU HIV/AIDS Project	45 cents	49 cents
SACTWU Bursary Fund	31 cents	33 cents

5. TRADE UNION DEDUCTIONS

The **Trade Union Subscription** rate for its members changes to 1% of the member's basic wage rate with a *new minimum* of **R7.65** per week and a *new maximum* of **R14.05** per week, effective 1 September 2014, together with the funeral scheme contribution of R1, 80 per week which remains unchanged, bringing the *total* **new minimum** to **R9.45** per week (i.e. the R7.65 plus the R1,80) and the *total* **new maximum** to **R15.85** per week (i.e. the R14.05 plus the R1,80). The Trade Union has sent out a separate notice in this regard, in September this year. Companies are to ensure that the correct union fee deductions are implemented and transmitted to the Bargaining Council as part of your monthly returns.

NB: For all Non-Union Members, an Agency Fee deduction of 1% of the basic weekly wage with the minimum of **R7.65** per week and the maximum of **R14.05** per week is applicable. Companies are to ensure that the correct agency fee deductions are implemented and transmitted to the bargaining council as part of your monthly returns.

6. STRENGTHENING THE NBC

6.1 The parties commit to take such steps as may be necessary to strengthen the work, operations, services and structures of the NBC.

6.2 The employer parties to this agreement undertake to use their best endeavours to grow employer representivity within the NBC

7. BACKPAY

7.1 The parties agree that all employers in the industry should implement the terms of this agreement, backdated to its effective date, especially regarding (but not restricted to) the implementation of the wage increases consented to in this agreement.

7.2 The NBC is required, as soon as possible after the effective date of this agreement but no longer than 4 weeks after the gazettal date, to conduct an industry survey to determine the extent of implementation of the wage increases envisaged in this agreement.

7.3 The following provision shall be submitted for gazettal, unless a different mechanism is agreed to:

"all employers covered by the registered scope of the NBC shall implement the wage increases agreed to at NBC level" or

"all employers covered by the registered scope of the NBC who have not implemented the wage increases agreed to at NBC level shall implement a 10% wage increase for metro areas and the rand equivalent of the Durban qualified machinist's rate, for non-metro areas with effect from 1 September each year".

8. OTHER CONDITIONS

8.1 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.

8.2 The parties have accepted that the terms agreed to are hereby formalised in this final written agreement concluded and signed under the auspices of the NBC, subject to ratification by their respective members.

8.3 All other unresolved matters as identified in the plenary sessions of this year's substantive negotiations are referred for further bilateral discussions between the parties.

8.4 The parties agree to support the establishment of a Fashion Council and undertake to progress discussions on the details of such a Fashion Council, with a view to conclude it prior to the expiry date of this agreement.

9. SCHEDULE OF DEDUCTIONS

A revised schedule of weekly deductions and contributions is enclosed.

10. NON-METRO AREAS (for the purposes of this circular, means all areas of the old Province of the Transvaal not covered by Parts D (Clothing) and E (Knitting) of the Council's National Main Collective Agreement for the Northern Region)

A separate circular is being distributed to all establishments in the non-metro areas, nationally.

11. 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 any of the ***party employer associations*** 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 telephone no 011 402-2737.

Yours faithfully

S NDUNA
GENERAL SECRETARY