



# NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

## NORTHERN CHAMBER

**Address:** 2nd Floor, Anchor House Building, 100 Juta Street, Cnr Biccard Street, Braamfontein 2001  
**Tel:** 011 402 2737 **Fax:** 011 402 7375 **Post:** P O Box 5101, Johannesburg 2000 **website:** www.nbc.org.za

### CIRCULAR NO. NC/3/2016

Telephone Enquiries : Labour Affairs Department

2 September 2016

**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 2016 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 2016, for the 1st year of the agreement. For the 2nd year of the agreement, a further total labour cost increase of CPI plus 1% provided that in the event of CPI plus 1% resulting in the total labour cost increase being less than the rand value increase for 2017, the adjustment shall be the rand equivalent of the 2016/2017 total labour cost increase. Should the CPI plus 1% for the second year 2017, exceed this, the parties shall renegotiate the total labour cost quantum.

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%**, for each of the job categories prescribed for these areas with effect from 1 September 2016, **rounded** to the nearest 50 cents. (The increase shall be back dated to 1 September 2016 and back pay will be due). The new wage schedules incorporating the new wage rates after the 2016/2017 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 **new wage rates** applicable to the new employees on the Incentivised Wage Scheme which became effective from 1 September 2012.

**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 area.

## 2. CONTRIBUTIONS

### 2.1 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 **R18.88 to R20.39** per week:

Employee	:	R7.00
Employer	:	R20.39

### 2.2 Provident Fund

The employer contribution rate to the Provident Fund remains unaltered for the period 2016/2017 and employee contribution rate remains unaltered for the period 2016/2017 as:

Employee	:	5.75%
Employer	:	7%

**NB:** The current employer contribution levels for metro which is part of the employer total labour cost shall be improved by 0.5% from 1 September 2017.

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

### 2.3 Bargaining Council Levy

The Bargaining Council levy payable by the employee shall be **R2.45** per week deducted from each employee's wage and the Bargaining Council Levy payable by the employer shall be **R2.65**.

### 2.4 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	<b>16c</b>	<b>17c</b>
SACTWU HIV/AIDS Project	<b>53c</b>	<b>57c</b>
SACTWU Bursary Fund	<b>35c</b>	<b>38c</b>

## 3. 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 **R8.53** per week and a *new maximum* of **R15.64** per week, effective 1 September 2016 together with the funeral scheme contribution of R1,80 per week which remains unchanged, bringing the *total new minimum* to **R10.33** per week (i.e. the R8.53 plus the R1,80) and the *total new maximum* to **R17.44** per week (i.e. the R15.65 plus the R1,80). 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 **R8.53** per week and the maximum of **R15.64** 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.

**4. EMPLOYER AGENCY SHOP FEE**

The Employer Agency Shop Fee is payable by employers who are not members of the Employers' Association and remains unaltered for employers who employ 60 or less employees is **R250.00** per month and it is **R4.25** per employee per month for employers who employ more than 61 and more employees.

**5. FAMILY RESPONSIBILITY LEAVE**

5.1. An employer must grant an employee, during each annual leave cycle, three (3) days paid family responsibility leave, two (2) days' pay from 1 September 2016, and the remaining one (1) day's pay effective from 1 September 2017.

5.2. This clause applies to an employee –

- a) Who has been in employment for a period of four months; and
- b) Who works for at least four days a week for that employer.

**6. SHOP STEWARDS TIME OFF**

6.1 For all areas, paid time off for head shop stewards for union activities shall be improved by 1 additional day's pay per annum.

6.2 Any day or part thereof used for attending bargaining council or related meetings shall not be debited from normal shop stewards time off for trade union activities. Payment for such days or hours shall be the responsibility of the relevant regional chamber of the NBC.

**7. GRADING SYSTEM**

The NBC Main Agreement job grades and job categories specified in the various industry agreements shall be reviewed to accommodate new forms of work and work organisation which has arisen as a result of technology changes in the industry. It shall set new specific wage levels for such job categories. It is recorded that the discussion on this matter shall take place under the Developmental Matters Agenda.

**8. MACHINIST QUALIFYING PERIOD**

The proposal that the qualifying period for a machinist is to be reduced from 18 months to 14 months shall be discussed under the Developmental Matters agenda.

**9. DEVELOPMENTAL MATTERS**

The developmental matters as set out in the 2010/2011 Substantive Agreement under clause 7 shall be finalised as per the provisions of sub-clauses 7.1 and 7.2 of the 2010/2011 Substantive Agreement and the task team referred to in clause 7.1 of the said Substantive Agreement shall be decided at the first NBC Council meeting following the signing of this agreement.

**10. BLACK INDUSTRIALISTS**

It is recorded that the discussion on this matter shall be referred to the Bargaining Council Productivity and Training Institute for prioritised attention and resolution. The Director of the NBC PTI shall provide the parties with relevant background information on this prior to the commencement of the first meeting of the working group. The Director of the NBC PTI shall act as convenor of this working group.

**11. COMPANIES ON THE PLANT LEVEL INCENTIVISED WAGE DISPENSATION**

The current 80% plant level incentivised scheme dispensation shall be amended to provide for an individual employee cycle commencing 1 September 2016, in terms of which such employees will, in year two, progress from 80% to 90% of their respective gazetted wages and in year three to 100% of their wage.

**12. JOINT AND SEVERAL LIABILITY FOR NON-COMPLIANCE**

The joint and several liability provisions regarding sub-contracting by compliant companies to non-compliant companies shall apply to all factories that pay below 80% of the full gazetted NBC wage rates. Companies paying between 80% and 100% of the gazetted wage rates may apply to the NBC for specific level B compliance registration, in which case the joint and several liability provisions would not apply.

**13. INDUSTRY SUMMIT**

The parties to the Council agreed to convene and host an industry summit. A task team has to be appointed to do some preparatory work for the summit which shall take place under the auspices of the NBC Productivity Training Institute.

**14. BACKPAY**

14.1 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.

14.2 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.

14.3 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”

**15. OTHER CONDITIONS**

15.1 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.

15.2 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.

15.3 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.

15.4 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.

**16. SCHEDULE OF DEDUCTIONS**

A revised schedule of weekly deductions and contributions accompanies this circular

**17. 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)

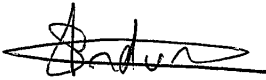
A separate circular is being distributed to all establishments in the non-metro areas, nationally.

**18. 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 Employers' 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



**SICELO NDUNA**  
**ACTING REGIONAL SECRETARY**