



NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

NORTHERN CHAMBER

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Telephone Enquiries : Labour Affairs Department

12 October 2012

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 2012 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 Collective Agreement in terms of which the total labour cost increase for Bloemfontein, Kimberley and Kroonstad regions amounts to **6,5%**. **This takes effect from 1 September 2012.** The increase in total labour cost also has other consequential contribution increases as reflected hereunder.

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 (Part B of the Council's National Main Collective Agreement) are as follows:-

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 **6.5% (6.23% shall be the basic wage increase and 0.27% shall be the Medical Benefit Society increase)** for each of the job categories prescribed for these areas with effect from 1 September 2012, **rounded** to the nearest 50 cents. (The increase shall be back dated to 1 September 2012 and back pay will be due). The new wage schedules incorporating the new wage rates after the 2012/2013 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.

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. 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 be replaced with the following incentivised wage rate 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 of ALL wage categories 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 qualified rate, provided that 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.
- 2.4 The incentivised wage rate provisions 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 provisions 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 have not signed the wage agreement and/or
- have not implemented the wage increases envisaged in the agreement.

During the first year of operation of the incentivised wage provisions, the parties will engage to explore mechanisms which will protect current companies and current employees in the event of it being agreed that this 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 above.
- 2.11 Current employees employed in terms of the new entry rate provision envisaged in the 2011/2012 party to party agreement (i.e. 70%) and who were so employed prior to 1 September 2012 shall by exemption be ring-fenced on those rates plus the annual increases of 6.23%, 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 1st September 2012, all retrenched employees will, within a period of 12 months of having being 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 gazetted and become applicable to the affected employee's job category after such date of retrenchment.

- 2.13 The parties shall negotiate a national framework agreement at National Bargaining Council level, to give enabling effects to the plant level incentivised wage component as contemplated in sub-clause 2.3 above. This shall be finalised within a period of 4 months with effect from 1 October 2012 (excluding the annual shutdown period). Thereafter, companies who qualify for the incentivised wage provisions and who wish to implement it shall have a 2 month period to conclude plant-level incentive arrangements in terms of the provisions of the national framework agreement.
- 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 agreed 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.

3. **CONTRIBUTIONS**

3.1 **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 by R2,31 cents from R9,84 to R12.15 per week:

Employee : R7.00
Employer : R12.15

3.2. **Provident Fund**

The employer and employee contribution rates to the Provident Fund remain unaltered as:

Employee : 5.75%
Employer : 6,5%

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

3.3 **Bargaining Council Levy**

The Bargaining Council levy payable per week by Employers remains unaltered at **0.40%** of each employee's wages. The percentage payable by Employees remains unaltered, at **0.28%**. These percentage contributions are capped at a maximum of **R1.97** of each employees' weekly wage for employers, and for employees, it is capped at a maximum of **R1.82** per week.

3.5 **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 6.5%:

Category	Old Rate	New Rate (p.w. per employee)
Industry Protection Fund	12 cents	13 cents
SACTWU HIV/AIDS Project	39 cents	42 cents
SACTWU Bursary Fund	27 cents	29 cents

4. **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 R6,95 per week and a new *maximum* of R12,75 per week, effective

1 September 2012. The contribution rate towards its funeral scheme remains unchanged at R1,80 per week bringing the **total new minimum** to R8,75 per week (i.e. the R6,95 plus the R1,80) and the **total new maximum** to R14,55 per week (i.e. the R12,75 plus the R1,80). The Trade Union has sent out a separate notice in September 2012 this regard.

5. **COMPLIANCE PROMOTION**

- 5.1 All current non-compliant companies which meet a minimum of 80% of the party-to-party *negotiated wage rate* for current employees, shall be regarded as level B compliant, subject to sub-clause 5.2 below.
- 5.2 All companies described in 5.1 above shall achieve 100% wage compliance within a period of 18 months from 1 September 2012, in 6 monthly equal increments, failing which full compliance enforcement including the execution of writs shall apply to them.
- 5.3 The arrears of non-compliant companies shall be ring-fenced in a 'suspense account' at 100% of the verified arrears value and a written time-bound repayment plan agreed with the bargaining council. They should also sign a legally enforceable acknowledgement of debt.
- 5.4 The current policy that allows for a maximum of 6-months as a repayment period for arrears shall be amended, to allow for a maximum eighteen (18) months repayment period with effect from 1 November 2012.
- 5.5 The arrears will become payable in full should the employer become non-compliant, or default on the repayment plan at any time in future, unless otherwise agreed by the parties.
- 5.6 At every future meeting of the NBC, each party shall make one practical concrete suggestion on how to further promote compliance in the industry.
- 5.7 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.
- 5.8 Nothing in the agreement shall have the effect of downward migration of conditions of employment for any current employee.
- 5.9 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.

6. **DEVELOPMENTAL MATTERS**

The parties decided to fast track the work of the developmental matters task team as set out in Clause 7 of the 2011/2012 party to party wage agreement.

7. **BACKPAY**

- 7.1 The parties agree that it is desirable that all employers in the industry should implement the terms of this agreement from 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 effective 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" and/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 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 effective, 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.

9. SCHEDULE OF DEDUCTIONS

A revised schedule of weekly deductions and contributions accompanies this circular

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)

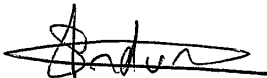
A separate circular is being distributed to all establishments in the non-metro areas, nationally.

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 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
GENERAL SECRETARY