



# NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

## CAPE CHAMBER

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### CIRCULAR NO. CC/01/22

Telephone Enquiries : Labour Affairs Department

2 September 2022

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 CAPE CHAMBER OF THE NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY)

Dear Sir/Madam

#### INFORMATION CIRCULAR TO THE INDUSTRY

#### **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 **two year** Collective Agreement in terms of which the total labour cost increase for all "Metro" regions amounts to 7% with effect from 1 September 2022, 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 2022, the adjustment shall be the rand equivalent of the 2022/2023 total labour cost increase. Should the CPI plus 1% for the second year 2023, 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 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. **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 7%, for each of the job categories prescribed for these areas with effect from **1 September 2022**, rounded to the nearest 50 cents. The new wage schedules incorporating the new wage rates after the **2022/2023** 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 2022.

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 to 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 to 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 2022		
ANNUAL	MONTHLY	WEEKLY
R157 146.00	R13 095.50	R3 022.00

## 3. CONTRIBUTIONS

### 3.1 Health Care Fund

- The **Employee** contribution rates to the Health Care Fund increased by the average percentage calculation of the rand value increase i.e 7%.
  - From **R40.87 to R43.73 and R47.15 to R50.45 per week** for a **Group 1** contributor,
  - From **R43.55 to R46.60 and R52.51 to R 56.19 per week** for a **Group 2** contributor,
  - From **R46.13 to R49.36 and R55.87 to R59.78 per week** for **Group 3** contributors who continue to be members of the fund and
  - **From R53.41 to R 57.15and R63.17 to R67.59 per week** for **Group 4** contributors who are exempted into the Fund, respectively.
  - **From R92.15 to R 98.60 and R114.68 to R122.71 per week** for **Group 5** contributors who continue to be members of the fund and
  - **From R98.34 to R105.22 and R120.90 to R129.36 per week** for **Group 6** contributors who are exempted into the Fund, respectively.
- The **Employer** contribution rates to the Health Care Fund increase by 7% to:
  - **R14.67** per employee per week for **Group 1**,
  - **R17.51** per employee per week for **Group 2**,
  - **R19.10** per employee per week for **Group 3** members who continue to be members of the fund
  - **R32.60** for **Group 4** members who are exempted into the Fund.
  - **R32.60** per employee per week for **Group 4** members who continue to be members of the fund
  - **R32.60** for **Group 6** members who are exempted into the Fund.

The **Employer and Employee new** contribution rates to the Health Care Fund are detailed in the deduction schedule which follows as a separate notice to employers.

### 3.2 Provident Fund

#### Employer Contribution Rate:

The Employer's contribution rate to the Provident Fund **remains unaltered at 6.75%** of the weekly wage rate, which rate is based on employees' actual basic wage (exclusive of the "2001 Allowance").

The **maximum** Provident Fund contribution rate payable by **employers** will be **R203.99** per week or **R883.96** per month.

#### Employee Contribution Rate:

Employees' contribution rate to the Provident Fund **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 2010 who will earn in excess of the ceiling rates reflected in clause 4 above.

The **maximum** deduction for Provident Fund from the earnings of **employees** will be **R182.22** per week or **R789.62** per month.

### 3.3 Bargaining Council Levy

The Bargaining Council Levy payable by the employer **remains unaltered at 0.32%**, calculated on each employee's wage rate, up to a maximum of **R5.65 per week**.

The percentage Bargaining Council Levy payable by the employee **remains unchanged 0.22%**, calculated on each employee's wage rate, up to a maximum of **R3.52 per week**.

### 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 has been increased by the agreed Total Labour Cost increase of 7% :

Category	Old Rate (p.w. per employee) 2022	New Rate (p.w. per employee) 2023
Industry Protection Fund	<b>33c</b>	<b>35c</b>
SACTWU Capacity Building Fund	<b>59c</b>	<b>63c</b>
SACTWU HIV/AIDS Project	<b>76c</b>	<b>81c</b>
SACTWU Bursary Fund	<b>51c</b>	<b>55c</b>

## 4. 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 **R12.02** per week and a *new maximum* of **R22.03** per week, effective 1 September 2022 together with the funeral scheme contribution of R2.75 per week which remains unchanged, bringing the *total new minimum* to **R14.77** per week (i.e. the R12.02 plus the R2.75) and the *total new maximum* to **R24.78** per week (i.e. the R22.03 plus the R2.75). 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 **R12.02** per week and the maximum of **R22.03** 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.

## 5. **NBC DISPUTE RESOLUTION LEVY**

The dispute resolution levy payable by employers who are not members of any of the employer associations' party to the Bargaining Council has been increased by 7%. The new levy for employers who employ 40 or less employees is **R216.53** per month and it is **R4.44** per employee per month for employers who employ more than 40 employees.

## 6. **OTHER CONDITIONS**

- 6.1 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.
- 6.2 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.
- 6.3 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

## 7. **SCHEDULE OF DEDUCTIONS**

A revised schedule of weekly deductions and contributions is enclosed.

## 8. **NON-METRO AND COUNTRY AREAS**


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

## 9. **COUNCIL'S WEBSITE ([www.nbc.org.za](http://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 **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 tel no (021) 460-4000.

Yours faithfully



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**N MGUMANE**  
**REGIONAL SECRETARY**