

NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

CAPE CHAMBER (EASTERN CAPE SUB-CHAMBER)

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TO: ALL EMPLOYERS SUBJECT TO PART A OF THE COUNCIL'S NATIONAL MAIN COLLECTIVE AGREEMENT - CLOTHING, GARMENT KNITTING, HOSIERY AND MILLINERY SECTORS FOR THE "METRO" AREAS OF THE EASTERN CAPE SUB-CHAMBER OF THE NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

Dear Sir/Madam

INFORMATION CIRCULAR TO THE INDUSTRY FOLLOWING THE 2008 ROUND OF NEGOTIATIONS

METRO AREAS ONLY

(i.e. those establishments situated within the Magisterial Districts of East London, Hankey (portion), Mdantsane (portion), Port Elizabeth and Uitenhage (portion))

Further to the Council's Circular NBC/2008/2 of 19 March 2008, this circular summarises the outcome of the Industry negotiations. The Parties to the National Bargaining Council have concluded a Collective Agreement in terms of which the total labour cost increase for all "Metro" regions amounts to 9% with effect from 1 September 2008.

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. all Non-Parties.

Details of the negotiated settlement in respect of the Eastern Cape Metro Region (Part A of the Council's National Main Collective Agreement) are as follows:-

1. New wage rates and across-the-board increases for the period commencing 1 September 08

The new wage rates from 1 September 2008 are enclosed. Please note:

- 1.1 **Clothing:** A total labour cost increase of 9% has been agreed. Of this 9% increase, 0.5% shall be allocated towards a plant level productivity incentive scheme. (Refer point 8 below.) Those companies who elect not to introduce a productivity incentive scheme at their plants will be required to grant the full 9% increase to their employees. The wage rates increased by 8.5% (or 9%, as the case may be) have been further reduced by 10c for the employer contribution, which (together with an employee contribution of a like amount) will be paid into a new fund created by the Chamber, the Industry Protection Fund. (Refer point 4 below.)
- 1.2 **Garment Knitting:** In terms of a side agreement between the Parties, the wage rates for this sector are based on 95% of the Western Cape Garment Knitting's wage rates as at 1 September 2008, being the 9% total labour cost increase reduced by 0.5%. The 0.5% shall be allocated towards a plant level productivity incentive scheme. (Refer point 8 below.) Those companies who elect not to introduce the productivity incentive scheme at their plants will be required to grant their employees an additional 0.5% wage increase on the attached schedule, to their employees. The wage rates in the schedule for the Eastern Cape Garment Knitters have been further reduced by 10c for the employer contribution, which (together with an employee contribution of a like amount) will be paid into a new fund created by the Chamber, the Industry Protection Fund. (Refer point 4 below.)

The Parties have further agreed that the wages rates for the Garment Knitting sector will be introduced as follows, for those employees who are below the new rates:

1 July 2008	75% of Western Cape's wage rates
1 January 2009	80% of Western Cape's wage rates
1 July 2009	85% Western Cape's wage rates
1 January 2010	90% Western Cape's wage rates
1 July 2010	95% Western Cape's wage rates

This 'phase-in' arrangement will be managed by automatic exemption, until such time as the final phase-in is reached on 1 July 2010. The agreement between the parties stipulates further that no employee's wage rates must be varied downwards in consequence of this phase-in arrangement.

The Western Cape rates referred to above are the rates specified in the Wage Schedule in the Western Cape Metro Knitting Agreement, inclusive of annual increases negotiated and agreed at the Bargaining Council.

Garment Knitting establishments will receive both a "clothing" and a "garment knitting" wage schedule. Employees not involved in Garment Knitting must be administered in terms of the clothing wage schedule.

2. Contributions

2.1 Provident Fund

The Provident Fund contribution rate for employers and employees remain unaltered, as follows:

Qualified Machinists' earnings and above:	Employer: 6,79%	Employee: 3,60%
Earnings below Qualified Machinists' rate:	Employer: 6,99%	Employee: 3,80%

2.2 Medical Aid (Prime Cure)

The Medical Aid contribution rates for employers increases as set out below and that of employees remain unaltered, as follows:

Employee	:	R22,89
Employer	:	from R12.03 to R13.11

2.3 Bargaining Council Levy

The Bargaining Council levy payable per week by both Employers and Employees will henceforth be percentage based, viz an amount equal to 0.23% of each employee's wages.

2.4 SACTWU HIV/AIDS Contribution

This increases from 32 cents to **35 cents** per employee per week, payable by the employer only.

2.5 SACTWU Bursary Fund

Contributions increase from 21 cents to **23 cents** per employee per week, payable by the employer only.

2.6 Supplementary Benefits Fund

Employer contributions increase from 63 cents to **69 cents** per employee per week.

3. Trade Union Deductions

The Trade Union subscription rate for its members remains unchanged at 1% of the member's basic wage rate but with a new *minimum* of R5.30 per week and a new *maximum* of R9.80 per week, effective 1 September 2008. The contribution rate towards its funeral scheme remains at per week to R1,20 per week, bringing the **total new minimum to R6.50 per week** (i.e. the R5.30 plus the R1,20) and the **total new maximum to R11.00 per week** (i.e. the R9.80 plus the R1,20). The Trade Union will send out a separate notice in this regard.

4. Industry Protection Fund

It has been agreed that where currently no such provision exists, an Industry Protection Fund shall be introduced with a minimum contribution of 10 cents per week per employee and employer respectively, effective from 1 September 2008, provided that this shall be part of total labour cost. The wage rates for each job category have been reduced by 10c, which shall constitute the employer's contribution, and the contributions of employees shall be deducted from their wages.

5. Schedule of Deductions

A revised schedule of weekly deductions and contributions is enclosed.

FURTHER ISSUES ON WHICH AGREEMENT WAS REACHED**6. Extension of current gazetted agreements to non-Parties**

The Minister will be requested to extend the current gazetted agreements to non-parties .

7. HIV/AIDS

A Code of Good Practice on Key Aspects of HIV/AIDS and Employment has been adopted and shall be policy in the industry. A copy of the document shall be provided to all establishments.

8. Productivity Incentive

The following provisions shall be applicable to the 0.5% productive incentive allocation referred to in paragraphs 1.1 and 1.2 of this circular:

- 8.1. Employers shall pay an amount of 0.5% of the weekly wage into a dedicated productivity incentive bank account. This must be done on a weekly basis or on the date that wages is normally paid, if it is paid at a time other than weekly.
- 8.2. The money in this productivity incentive bank account is ringfenced for the introduction of plant level productivity incentive schemes only.
- 8.3. This productivity incentive scheme bank account shall be opened and authorised on the basis of co-signatures, as follows: a person nominated by management plus a SACTWU shop steward (where there are no shop stewards at a workplace, a representative nominated by the workers shall be the second signatory).
- 8.4. With effect from 1 September 2008, each workplace shall have a period of 2 months within which they must reach agreement between management and the union about how the productivity incentive scheme at that workplace will function and how the incentives are to be paid.
- 8.5. If there is no productivity incentive scheme agreement reached by 1 November 2008, all the monies in the productivity bank account must be paid out to the workers as part of their wages, until an agreement on an appropriate productivity incentive scheme is reached.
- 8.6. The productivity incentive scheme agreements reached must ensure that all workers covered by the terms of this agreement, not just some, shall benefit from the incentive scheme.
- 8.7. All productivity scheme agreements reached must be registered with the National Bargaining Council for the Clothing Manufacturing Industry, within 1 month after agreement has been reached.
- 8.8. Productivity incentive scheme agreements shall not contain any provisions which have the effect of downward variation of any term or condition of employment.
- 8.9. The productivity incentive scheme envisaged in this agreement shall be in addition to and not in place of any existing productivity incentive scheme which may currently exist.

8.10. If the workplace closes or is liquidated, all the money left in the productivity incentive bank account must be paid out to the employees at that workplace and who are covered by the terms of this agreement.

9. **Qualifying Periods**

The qualifying period for the machinist job category will be reduced to 18 months, for those areas where it is currently more than 18 months.

For those other job categories where the qualifying period is 24 months or more, the qualifying period shall be reduced to by 2 months.

10. **Contract Employees**

10.1 Those contract employees with 12 months' or more employment with the same employer shall be converted into permanent employees.

10.2 All contract employees shall be entitled to receive a pro-rata share of all statutory payments due to permanent employees.

10.3 All contract employees who are in employ as at the end of November each year shall be entitled to full payment for all public holidays which fall during the annual shutdown period.

10.4 Employees who have completed a learnership shall not be placed on a further contract period after the completion of such a learnership, but shall be employed as a permanent fulltime employee.

10.5 Where there are more beneficial arrangements (other than those set out in sub-clauses 10.1 to 14.4 above) governing the employment of contract workers, such provisions shall remain effective.

11. **Shop Stewards Rights And Facilities**

Access to email and internet facilities for shop stewards will be encouraged, provided that such access is during shop stewards' own time and dealt with in a manner that is not disruptive to production.

All other existing provisions on shop stewards rights and facilities shall remain in force and effect.

12. **Night Shift Allowance**

Should the union so opt, the night shift allowance for garment knitting- and embroidery sector employees shall be increased, provided that such an increase shall form part of the total labour cost increase agreed to in this agreement. The trade union has not so opted for the Eastern Cape and there shall accordingly be no increase to night shift allowances in the Eastern Cape.

13. **Other Conditions**

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.

14. **Non-Metro Areas** (for the purposes of this circular, means all areas of the Eastern Cape Province other than the magisterial districts listed in the bolded heading of this circular)

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

15. **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 the Eastern Province Clothing Manufacturers' Association (EPCMA) should be directed to their Association. In the case of non-party establishments, enquiries should be directed to the Council's **Regional Secretary** on **(041) 487 1874**.

Kindly make the necessary arrangements to give effect to the new terms and conditions of employment, arising from this year's substantive negotiations.

Yours faithfully

T C HEUGH
REGIONAL SECRETARY

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