

**NATIONAL BARGAINING COUNCIL
FOR THE
CLOTHING MANUFACTURING INDUSTRY
NORTHERN CHAMBER**

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CIRCULAR NO. NBC/

Telephone Enquiries : Labour Affairs Department

1 September 2008

TO : ALL EMPLOYERS SUBJECT TO PART E OF THE COUNCIL'S NATIONAL MAIN COLLECTIVE AGREEMENT (NORTHERN REGION (KNITTING) 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 2008 ROUND OF NEGOTIATIONS

METRO AREAS ONLY

(i.e. those Garment Knitting establishments situated within the Municipal Area of Pretoria and the Magisterial Districts of Alberton, Benoni, Germiston, Johannesburg and Roodepoort)

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. Of this 9% increase in total labour cost, 0.5% shall be allocated for plant level productivity incentive schemes. 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. all Non-Parties.

Details of the negotiated settlement in respect of the Northern Metro Region (Knitting) (Part E 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, which reflect an across-the-board increase of 8.5% on all grades, **rounded** to the nearest 10 cents, are enclosed.

Please note the following:

- (i) Employees who earn in excess of the prescribed wage should receive the increase equivalent to the increase of an employee in the same category. (See attached schedule).
- (ii) Learners in employment for 16 weeks or more in any half-year are deemed to be in employment for the full half-year except in the case of the first half-year where more than 13 weeks' experience is deemed to be employment for the full half-year.

2. Contributions

2.1 Sick Pay Fund

The employee contribution rate to the Sick Pay Fund increases by 21 cents from R2,33 to R2,54 per week, whilst the employer contribution rate increases by 18 cents from R1,99 to R2,17. These now are:

Employee	:	R2,54
Employer	:	R2,17

2.2 Medical Benefit Society

The employee contribution rate to the Medical Benefit Society increases by 59 cents from R6,51 to R7,10 per week, whilst the employer contribution rate increases by 65 cents from R7,21 to R7,86 per week. These now are:

Employee	:	R7,10
Employer	:	R7,86

2.3 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. 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 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 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 has sent out a separate notice in this regard.

4. Productivity Incentive

The following provisions shall be applicable to the 0.5% productivity incentive allocation described in the opening paragraph of this circular.

- 4.1 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 are normally paid, if it is paid at a time other than weekly.
- 4.2 This money in the productivity incentive bank account is ring fenced for the introduction of plant level productivity incentive schemes only.

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).

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.

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.

The productivity incentive scheme agreements reached must ensure that all workers are covered by the terms of this agreement, not just some, shall benefit from the incentive scheme

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.

Productivity incentive scheme agreements shall not contain any provisions which have the effect of downward variation of any term or condition of employment.

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.

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.

5. 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 by 2 months.

6. Contract Employees

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

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

6.3 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.

6.4 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.

6.5 Where there are more beneficial arrangements (other than those set out in subclauses 6.1 to 6.4 above) governing the employment of contract workers, such provisions shall remain effective.

7. Shop Stewards rights and facilities

Access to e-mail 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.

8. **Schedule of Deductions**

A revised schedule of weekly deductions and contributions accompanies this circular.

9. **Non-Metro Areas** (for the purposes of this circular, means all areas in the Provinces of Gauteng, Limpopo, Mpumalanga and North West other than the six areas/districts listed in the bolded heading of this circular

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

10. **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 tel no (011) 402-2737.

Yours faithfully

K PEDRICK
REGIONAL SECRETARY

WAR/wp/Annual Increase 2006 Draft Circular-Northern Knitting