

# NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY CAPE CHAMBER

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## CIRCULAR NO. WCC/10/2009

Telephone Enquiries : Labour Affairs Department

19 October 2009

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

Dear Sir/Madam

### **INFORMATION CIRCULAR TO THE INDUSTRY FOLLOWING THE 2009 ROUND OF NEGOTIATIONS**

#### **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 Collective Agreement in terms of which the total labour cost increase for all "Metro" regions amounts to **7%** with effect from 1 September 2009. 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. all Non-Parties.

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. New wage rates and across-the-board increases for the period commencing 1 September 2009**

There are **two** enclosed new wage rates schedules effective from 1 September 2009, which reflect **an across-the-board increase of 7%** on all grades, **rounded** to the nearest 50 cents.

**Schedule A** reflects the wage rates to be paid by those companies which have registered a productivity agreement with the bargaining council.

**Schedules B** reflects the wage rates to be paid by those companies which have **NOT** registered a productivity agreement with the bargaining council.

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 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 2009		
ANNUAL	MONTHLY	WEEKLY
R67 869.00	R5 655.00	R1 305.00

### 3. Contributions

#### 3.1 Health Care Fund

- The **Employee** contribution rates to the Health Care Fund remain unaltered, viz. **R19.40** and **R24.10 per week** for a **Group 1** contributor and **R21.40** and **R28.10 per week** for a **Group 2** contributor, respectively.
- The **Employer** contribution rates to the Health Care Fund increase by 7% from **R5.92** per employee per week to **R6.33** for Group 1 and from **R7.07 to R7.56** for Group 2.

#### 3.2 Provident Fund

##### Employer Contribution Rate:

The Employer's contribution rate to the Provident Fund **remains unaltered** at **6,25%**, of the weekly wage rate, which rate is based on employees' actual basic wage (exclusive of the "2001 Allowance").

##### Employee Contribution Rate:

Employees' contribution rate to the Provident Fund also **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 2009 who will earn in excess of the ceiling rates reflected in paragraph 2 above.

#### 3.3 Bargaining Council Levy

The Bargaining Council Levy payable by the employer **has been increased** from 0.22% to **0.32%**, calculated on each employee's wage rate, up to a maximum of **R2.45 per week**.

- 3.4 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 **R1.52 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 have been increased by the **7%** total labour cost increase:

Category	Old Rate	New Rate (p.w. per employee)
Industry Protection Fund	15c	<b>16c</b>
SACTWU Capacity Building Fund	28c	<b>30c</b>
SACTWU HIV/AIDS Project	35c	<b>37c</b>
SACTWU Bursary Fund	23c	<b>25c</b>

### 4. Consequential changes for the period commencing 1 September 2009

Wage and salary departments are reminded of the following consequential changes flowing from higher wage rates as well as other changes :

- The **maximum** deduction for Provident Fund from the earnings of **contributors** will be **R78.69** per week or **R340.99** per month. The **maximum** Provident Fund contribution rate payable by **employers** will be **R81.56** per week or **R353.43** per month.
- The Trade Union subscription rate for its members changes to 1% of the member's basic wage rate with a **new minimum** of R5.85 per week and a **new maximum** of R10.80 per week, effective 1 September 2009, together with the funeral scheme contribution of R1,80 per week, bringing the **total new minimum** to **R7.65** per week (i.e. the R5.85 plus the R1,80) and the **total new maximum** to **R12.60** per week (i.e. the R10.80

plus the R1,80).

- The cut-off point for the lower and higher **Health Care Fund contributions** increases to **R692.50** i.e. R3,00 above the Qualified Grade B Wage Rate.

## **FURTHER ISSUES ON WHICH AGREEMENT WAS REACHED**

### **5. Absenteeism**

The "Managing absenteeism: Memorandum of Understanding" (MOU) entered into between the CCA and SACTWU on 14 June 2007 shall become applicable nationally, with the following adjustments:

- 5.1 the timeframes set out in the MOU shall be adjusted forward with effect from 1 November 2009 and further adjusted for context;
- 5.2 The processes envisaged shall be facilitated by the CCMA and the parties shall use their best endeavours to secure resources from the bargaining council, the CTFL SETA and other sources to support this process;
- 5.3 For the duration of the agreement, the processes as envisaged shall focus on all those companies where agreed absenteeism is more than 10%.

### **6. Back Pay**

The wage agreement is back dated to the 1<sup>st</sup> September 2009. The back pay component can be paid in equal instalments over a period of 6 weeks.

### **7. Unilateral Implementation**

Those companies which have, prior to 29 September 2009 (the date when the recommended settlement was concluded), implemented a wage increase at plant level shall, in addition to the increase which they have implemented, increase their employer council levies by an amount equal to the rand equivalent of 2% of their wage cost with effect from 1<sup>st</sup> September 2009, unless they join an employers' association party to the bargaining council within two month's from the effective date of this agreement. This additional 2% levy increase for such companies shall be used to combat non-compliance in the industry.

### **8. Working-In Arrangements**

Employees shall be permitted to work in the time lost due to strike action at normal rates of pay, provided that this is agreed to at plant level and further provided that where agreed, such employees shall be offered a loan equal to between one week and two weeks' wages, deductible from their wages in equal weekly amounts over a 10 week period.

### **9. Productivity**

- 9.1 The bargaining council shall establish a dedicated productivity unit to promote productivity issues in the industry, as part of the NBC's value-added services.
- 9.2 The bargaining council shall commission a feasibility study for the establishment of a training institute similar to the previous Clothing Industry Training Board (CITB), to be operated under the auspices of the bargaining council as part of the NBC's value-added services.

### **10. NBC Employer Levy**

In addition to the 7% total labour cost increase envisaged in the agreement, the employer levy shall be increased by a further 0,1% to 0.32%, the purpose of which shall be to fund employer association activities and capacity associated to NBC- and industry promotion related activities.

### **11. Non-Compliance**

- 11.1. The provisions of the gazetted Main Agreement shall be appropriately amended so as to clearly permit the trade union to institute non-compliance proceedings against any non-compliant company in the industry. Such trade union rights shall include but not be limited to the right to initiate and embark on protected industrial action against non-compliant employers.
- 11.2. Outsourcing to non-compliant companies shall not be permitted in the industry.
- 11.3. The parties shall enter into agreements with all Provincial and Local governments which shall have the

effect that their sourcing from the industry shall include a requirement to only source from companies which hold a valid Certificate of Compliance from the bargaining council.

**12. Other Conditions**

12.1 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.

12.2 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.

**13. Schedule of Deductions**

A revised schedule of weekly deductions and contributions is enclosed.

**14. Non-Metro Areas**

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

**15. 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 **Cape Clothing Association** 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

**S NDUNA**  
**General Secretary**  
**National Bargaining Council for the Clothing Manufacturing Industry**