

An abstract artwork featuring a central brown, textured figure that resembles a person or a mask. This figure is surrounded by various colorful geometric shapes, including circles, triangles, and squares, some of which are outlined in white. The background is composed of vertical bands of horizontal stripes in various colors, creating a complex, layered effect. The overall style is reminiscent of traditional African or indigenous art.

2019 Bargaining Indicators

Wage Bargaining Review 2017-2018

by George Mthethwa

List of Tables

| | |
|---|----|
| Table 1 Sample Size (Workers Covered by CBA) 2018 | 14 |
| Table 2 Minimum Wages 2017-2018 All Industries | 15 |
| Table 3 Median Minimum Monthly Wages by Industries 2018 | 16 |
| Table 4 Minimum Wages Rates across Sectoral Determination 2017-2018 | 22 |
| Table 5 Minimum Wages Rates across Bargaining Council 2017-2018 | 23 |

List of Figures

| | |
|---|----|
| Figure 1 Median % Wage Increases by Industries 2017-2018 | 16 |
| Figure 2 Median Minimum Monthly Wages by Industries 2017-2018 | 17 |
| Figure 3 Median Minimum Wages by Sectoral Determination, Bargaining Council and Plant Level 2017-2018 | 17 |
| Figure 4 Wage increase by Trade Unions 2017-2018 | 18 |
| Figure 5 Median Minimum Monthly Wages by trade Unions 2017-2018 | 18 |
| Figure 6 Mining Subsectors Median Minimum Wages 2017-2018 | 19 |
| Figure 7 Manufacturing Subsectors Median Minimum Wages 2017-2018 | 19 |
| Figure 8 Agriculture Subsectors Median Minimum Wages 2017-2018 | 20 |
| Figure 9 Construction Subsectors Median Minimum Wages 2017-2018 | 20 |
| Figure 10 Electricity, Gas & Water Subsectors Median Minimum Wages 2017-2018 | 20 |
| Figure 11 Community Subsectors Median Minimum Wages 2017-2018 | 21 |
| Figure 12 Wholesale and retail trade subsectors median minimum wages 2017-2018 | 21 |

Introduction

Trade unions play an important role as a core component of the industrial relations sphere in South Africa. Trade unions negotiate agreements such as recognition agreements, agreements covering wages and conditions of employment, retrenchments and health and safety in various workplaces across the country.

Unions also protect their members from government policies and regulations that undermine workers and favour employers. Although the government makes labour policies and regulations, it is also an employer of thousands of workers in the public sector. Strong trade unions are necessary for effective collective bargaining, which is an important way of regulating industrial relations.

However, the current state of the economy is affecting the ability of trade unions to bargain for better wages and conditions of employment for workers. Trade unions are losing members through retrenchments, outsourcing, dismissal and technological changes. The economic situation makes it difficult for unions to recruit and organise workers because workers fear losing their jobs in these difficult times. Some of the workers who've lost jobs have entered the informal employment economy and accepted below minimum wages in order to earn a living.

As a vanguard of workers, trade unions negotiated above inflation wage increases and raised the

minimum wage floor across industries. But these achievements competed with the high price increases in the economy. The competitiveness is unbalanced because workers' wages increase once a year while the prices of goods and services increase throughout the year. Sometimes prices will increase higher than wages, for example, water and other services increased by 11.1%, fuel 8.7% and electricity 7.7% in December 2018. Trade unions managed to secure median wage settlements of 8%. The recorded median wage increases for 2018 and 2017 were the same.

This report aims to stimulate discussion and to inform strategy development and action during and after wage negotiations by unions. Though the report contains rich information, it does not tackle every strategic and tactical challenge faced by unions in collective bargaining. The report describes both wage outcomes, and a broader range of conditions of employment found in collective agreements collected by the LRS.

Definitions

Bargaining Council:

These agreements are concluded between associations of employers and one or more trade unions.

Cash Wage or Nominal Wage:

This is the amount of money that an employer pays a worker, for example, if a worker earns R3 500 per month then that is the worker's cash wage.

Consumer Price Index (CPI):

Measures the change over time in the general price level of goods and services that households buy for the purpose of sustaining themselves (consumption). Put simply, CPI is a weighted average of the price of goods and services that households purchase. CPI is used to measure the price level in the economy and is published by Statistics South Africa on a monthly basis.

Median Wage:

A median wage is the boundary between what the highest 50% of workers are paid and what the lowest 50% of wage earners are paid. Thus, if the median wage in South Africa is R3 033, it means that 50% of workers are earning above the median wage and 50% are paid below it.

Minimum Wage:

This is the lowest wage (entry level) permitted by law or a negotiated collective agreement.

Plant Level Agreements:

These are agreements that are concluded between a single employer and one or more trade unions. Bilateral agreements include large national companies with many plants or branches as well as small employers with only a single outlet.

Real Wages:

This refers to the value of the wage in terms of what it can buy, that is, the purchasing power of the wage. It is called a real wage because it has taken the effects of rising prices (inflation) on workers' wages into account.

Sectoral Determination:

These are agreements covering workers in designated or specific industries.

Acronyms

| | | | |
|------------------|--|-----------------|---|
| AMCU: | Association of Mineworkers and Construction Union | NEHAWU: | National Education, health and Allied Workers Union |
| AWARD: | Actual Wage Rates Database | NUM: | National Union Mineworkers |
| BCEA: | Basic Conditions of Employment Act | NUMSA: | National Union of Metal Workers of South Africa |
| CEPPWAWU: | Chemical, Energy, Paper, Printing and Allied Workers Union | PSCBC: | Public Sector Coordinating Bargaining Council |
| DOL: | Department of Labour | SACCAWU: | South African Commercial, Catering and Allied Workers Union |
| FAWU: | Food Allied Workers Union | SALGA: | South African Local Government Association |
| HOSPERSA: | Health and Other Service Personnel Trade Union of South Africa | SAMWU: | South African Municipal Workers Union |
| MEIBC: | Metal and Engineering Industry Bargaining Council | SARPBC: | South African Road Passenger Bargaining Council |
| MIBCO: | Motor Industry Bargaining Council | SASBO: | South African Society of Bank Officials |
| NBCCI: | National Bargaining Council for the Chemical Industry | SATAWU: | South African Transport and Allied Workers Union |
| NBCRFLI: | National Bargaining Council Road Freight Logistical Industry | UASA: | United Association of South Africa |

Key Summary

Cost of Living

The term inflation means a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase.

The annual average inflation rate as measured by Statistics South Africa's Consumer Price Index declined to 4.7% in 2018 from 5.3% in 2017. The decline is largely attributed to slower food price inflation that averaged 3.3% in 2018 from 7% in 2017.

Employment rate

The employment rate in South Africa was 43.1% in the fourth quarter of 2017 and increased to 43.3% in the fourth quarter of 2018 reflecting a 0.2% increase.

Growth Domestic Product (GDP)

The GDP is an indicator or tool used to measure the country's economy. It represents the total of the market value, or prices, of all final goods and services produced in an economy during a period of time. GDP is expressed as comparison to the previous year or quarter.

The South African economy grew by 1.4% in 2018 compared to 3.1% in 2017. The growth declined due to economic recession which shrunk by 2.7% in the first quarter and 0.5% in the second quarter of 2018. GDP growth was driven primarily by finance, real estate and business services sectors and manufacturing industry increased by 4.5% and contributed a 0.6% point. The transport storage and communication industry increased by 7.7% and contributed a 0.7% point.²

Wage outcomes

Collective bargaining in 2018 continued the trend set in 2017. Trade unions managed to secure median wage settlements of 8%. The median wage increases that came into force during 2018 was the same as those of the previous year (2017).

The median minimum wages in all industries was R4409 in 2017 and increased to R4812 per month in 2018. This translated to an increase of R403 or (9.1%). The average minimum wage was R5232 in 2017 and increased to R5399 in 2018. This translated to an increase of R167 or (3.1%).

Electricity, gas and water supply sectors attained the highest median minimum wages of R12073 per month. The agriculture sector had the lowest median minimum wage at R3512 per month in 2018.

Construction attained a median wage increase of 6%, Agriculture 7%, Community 7%, Finance 7% and Transport 7%. Electricity, Manufacturing, Mining and Wholesale recorded a median wage increase of 8% in 2018.

The lowest minimum wage in sectoral determinations was found in domestic workers who work 27 ordinary hours per week or less in Area B, at R1641 in 2017 and increased to R1722 in 2018. This translated to an increase of R81 or 4.5%. The highest minimum wage in sectoral determinations was found in the private security Area 1 at R4102 in 2017 and increased to R4377 in 2018. This translated to an increase of R275 or 6.7%.

Sectoral determinations that cover vulnerable workers recorded the lowest median minimum wage of R3169 per month in 2019 and bargaining council and plant level attained R4456 and R5207 respectively.

Methodology

The purpose of this chapter is to look at the outcomes of median minimum wages and wage settlements from various collective agreements and sectoral determinations for the period of 2017-2018. In 2018, the Labour Research Service reviewed 557 collective agreements.

The agreements were negotiated at various bargaining councils and decentralised levels (see **Table 1**) in different sectors covering an estimated 2 534 483 workers. The LRS also examined nine sectoral determinations that cover an estimated 5 075 109 unorganised workers (through legislated nominal minimum wages) (LRS, 2018).

The LRS sourced the collective agreements through visiting union offices and using email, telephone and fax correspondence. The process of analysing the collective bargaining agreements was affected by the uneven cooperation from union regional offices in submitting the documents to the LRS.

Table 1: Sample Size (Workers Covered by CBA) 2018

| Standard Industrial Classification Major Division (SIC) | Number of Wage Agreements 2018 | Estimated number of workers 2018 |
|---|--------------------------------|----------------------------------|
| Agriculture | 40 | 3 224 |
| Community | 50 | 1 530 975 |
| Construction | 10 | 78 645 |
| Electricity | 11 | 44 505 |
| Financial | 40 | 37 201 |
| Manufacturing | 145 | 448 180 |
| Mining | 50 | 107 934 |
| Transport | 30 | 112 815 |
| Wholesale | 181 | 171 448 |
| Total | 557 | 2 534 483 |

Source: Labour Research Service (Actual Wage Rates Database: 2017)

Wage category:

The category of worker used is generally located at the minimum entry level wage or the lowest wage in the bargaining unit.

Median and Average Minimum Wages By Industries 2017-2018

Table 2: Minimum Wages 2017-2018 All Industries

| | Hours of work (weekly) | 2017 Median Minimum Wage (Rands) | 2018 Median Minimum Wage (Rands) | Actual Wage Increase (%) | Average Inflation (%) | Real Wage Increase (%) |
|---------|---------------------------|--|--|-----------------------------|--------------------------|---------------------------|
| Median | 45 | 4409 | 4812 | 8 | 4.7 | 3.3 |
| Average | 44 | 5232 | 5399 | 8 | 4.7 | 3.3 |

Source: Labour Research Service (Actual Wage Rates Database: 2017)

Table 2 shows the wage increase in both the median and the average minimum wages for the period 2017-2018. The median minimum wages in all industries was R4409 in 2017 and increased to R4812 per month in 2018. This translated to an increase of R403 or (9.1%).

The average minimum wage was R5232 in 2017 and increased to R5399 in 2018. This translated to an increase of R167 or (3.1%). Actual wage increase was 8% in 2018. When we factor the average inflation rate of 4.7%, workers gained a 3.3% wage increase. The average median minimum wage was higher than the median minimum wages in 2017 and 2018.

Table 3 (on next page) shows that median minimum wages differ within industries. Electricity, gas and water supply attained the

highest median minimum wages of R12073 per month followed by transport and community at R8249 and R7427 per month respectively in 2018.

Agriculture had the lowest median minimum wage of R3512, followed by wholesale R3897, Finance R3933 and Construction R4070 per month in 2018. The table also shows that Wholesale, Manufacturing, Mining, Transport and Electricity attained the highest wage increase of 8% in 2018. Agriculture, Finance and Community showed a median of 7% wage increase, while Construction attained a median of 6% wage increase in 2018. The lowest median real wage increase was found in Construction at 1.3% and the highest median wage increase was recorded by Wholesale, Manufacturing, Mining, Transport and Electricity at 3.3% in 2018.

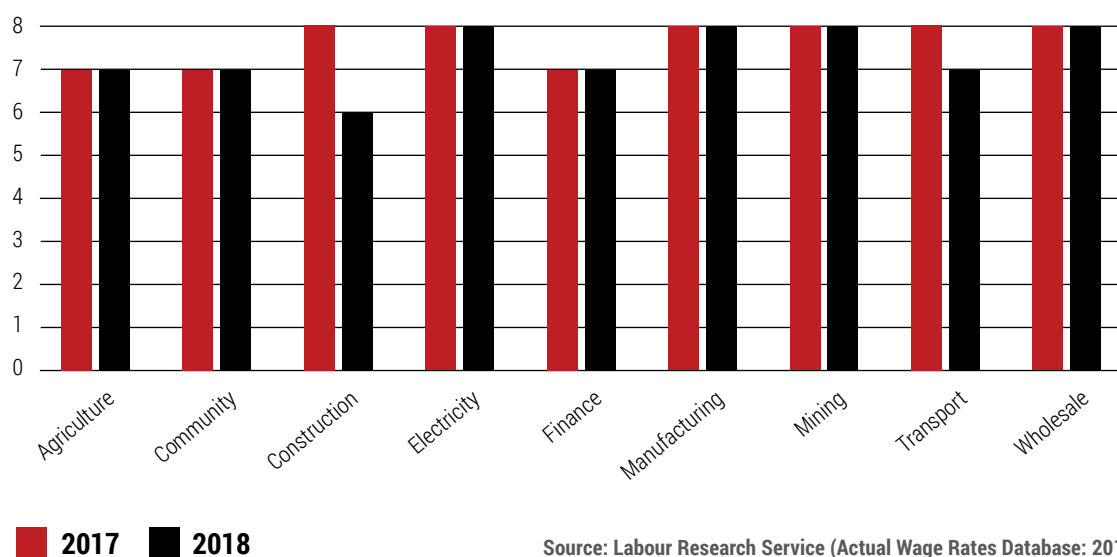
Table 3: Median Minimum Monthly Wages By Industries 2018

| | Median hours of work (weekly) | Median minimum wages 2018 | Median Actual wage increase % | Average Inflation % 2018 | Median Real Wage Increase % |
|--|-------------------------------|---------------------------|-------------------------------|--------------------------|-----------------------------|
| Agriculture, Hunting, Forestry and Fishing | 45 | 3512 | 7 | 4.7 | 2.3 |
| Wholesale | 45 | 3897 | 8 | 4.7 | 3.3 |
| Financial | 45 | 3933 | 7 | 4.7 | 2.3 |
| Construction | 44 | 4070 | 6 | 4.7 | 1.3 |
| Manufacturing | 45 | 4938 | 8 | 4.7 | 3.3 |
| Mining | 45 | 6318 | 8 | 4.7 | 3.3 |
| Community, Social and Personal Services | 45 | 7427 | 7 | 4.7 | 2.3 |
| Transport | 45 | 8249 | 8 | 4.7 | 3.3 |
| Electricity, Gas & Water Supply | 45 | 12073 | 8 | 4.7 | 3.3 |

Source: Labour Research Service (Actual Wage Rates Database: 2017)

Median Minimum Wages Increase % by Industries

The graph below shows that electricity, manufacturing, mining, and wholesale industries attained the highest median wage settlement of 8% in 2018. The lowest wage increase was found in Agriculture (7%), Community (7%), Construction (6%), Finance (7%) and Transport (7%) in 2018.

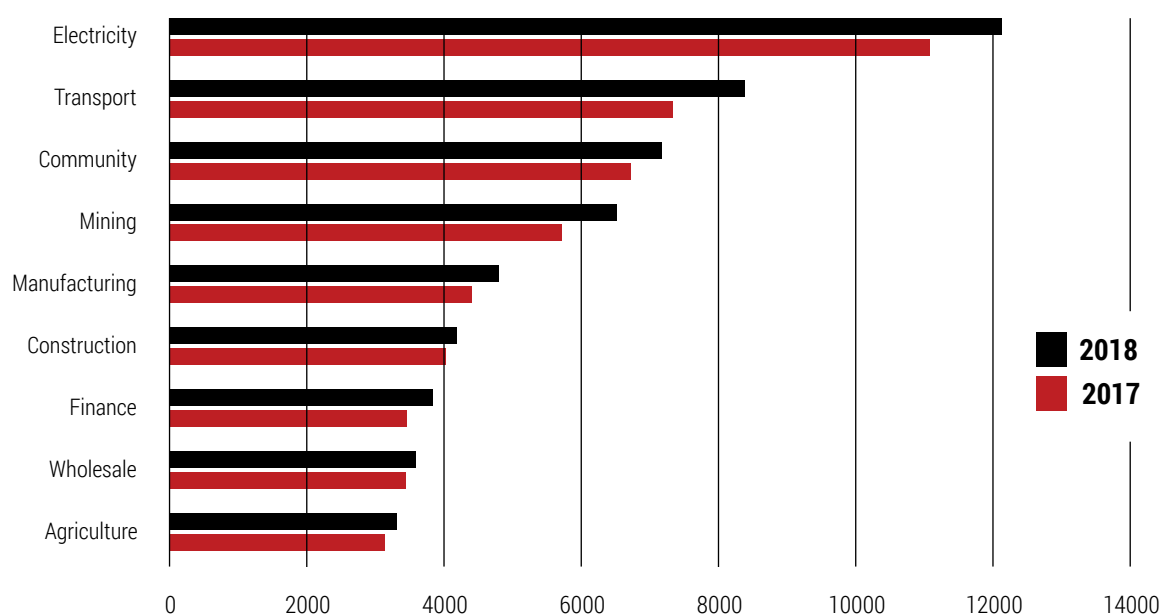
Figure 1: Median % Wage Increases by Industries 2017-2018

Source: Labour Research Service (Actual Wage Rates Database: 2017)

Median Minimum Wages by Industries

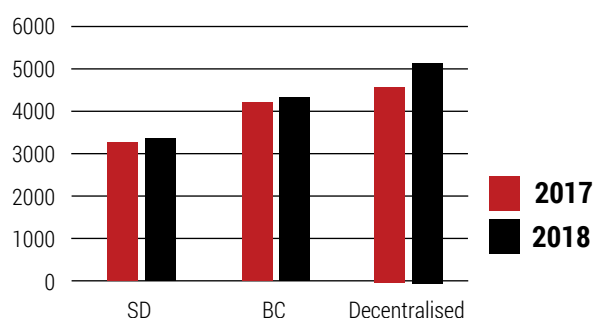
The graph below shows the wage gap between workers employed in different industries in 2017 and 2018. The highest wage floor was found in the electricity, gas and water supply (R12073) per month in 2018 and lowest was in agriculture, hunting, forestry and fishing (R3512) per month in 2018.

Figure 2: Median Minimum Monthly Wages by Industries 2017-2018



Source: Labour Research Service (Actual Wage Rates Database: 2017)

Figure 3: Median Minimum Wages by Sectoral Determination, Bargaining Council and Plant Level 2017-2018



Source: Labour Research Service (Actual Wage Rates Database: 2017)

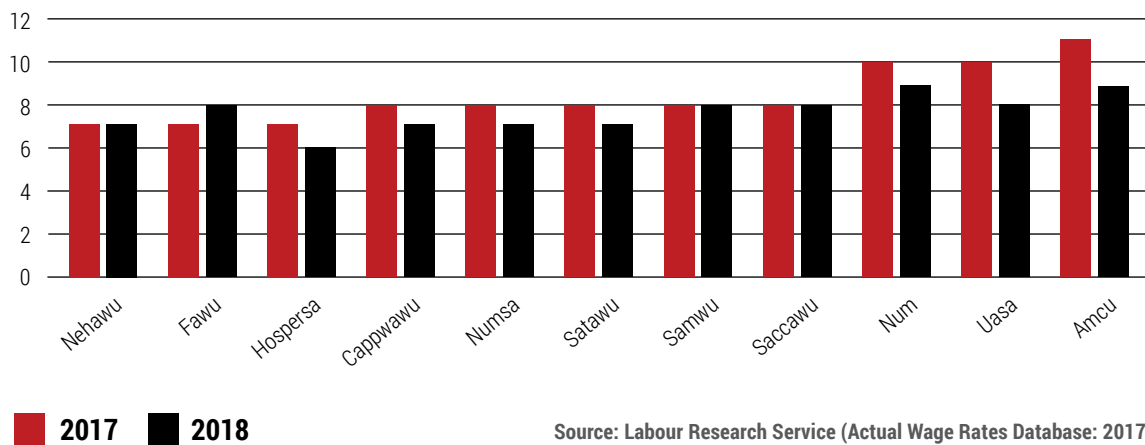
Bargaining Level Wages

Figure 3 gives a comparing median minimum wages between sectoral determination, bargaining council and plant level bargaining in 2017-2018. The sectoral determination attained the lowest median minimum wages of R3169 per month followed by the bargaining council at R4456 per month in 2018. Plant level agreements showed the highest median minimum wages of R5207 per month in 2018.

Trade Unions Wage Settlement

From the graph below, the highest median wage settlements was recorded by NUM and AMCU at 9% in 2018. The lowest median wage settlements was attained by HOSPERSA at 6% in 2018.

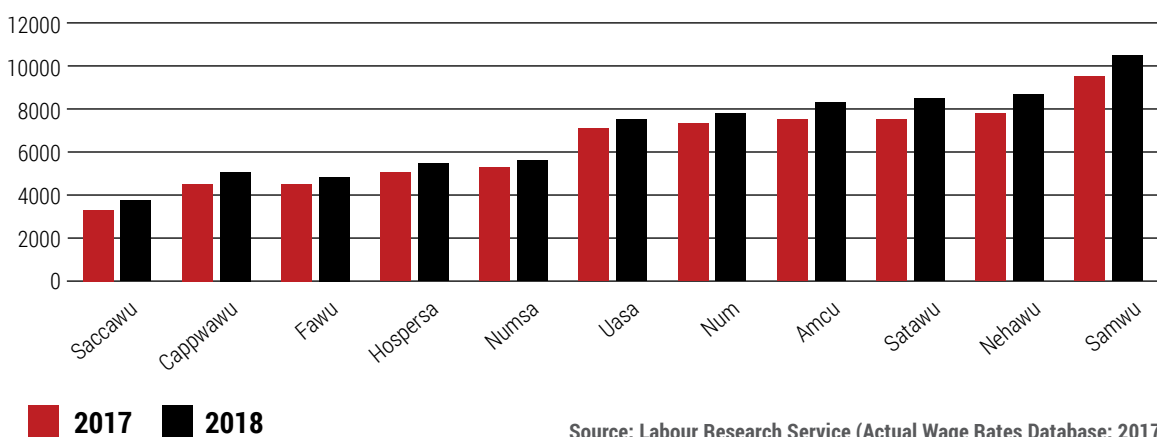
Figure 4: Wage increase by Trade Unions 2017-2018



Trade Unions Median Minimum Wages

The graph below shows the wage gap between unionised workers in different industries in 2017 and 2018. The highest median wage floor was attained by SAMWU at R10390 in 2018 and the lowest was recorded by SACCAWU at R3897 per month in 2018.

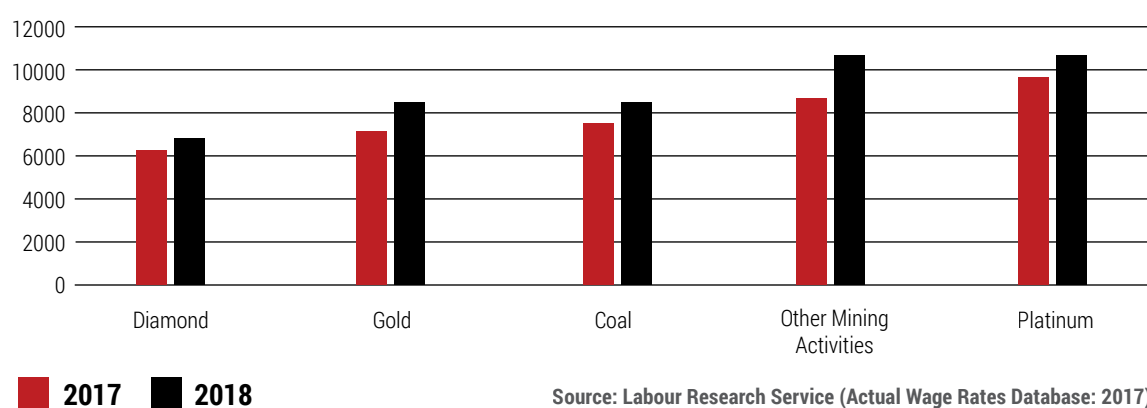
Figure 5: Median Minimum Monthly Wages by Trade Unions 2017-2018



Mining Subsectors Median Minimum Wages

The graph below shows the platinum sector achieved the highest median minimum wage of R10776 per month while the diamond sector recorded the lowest median wage of R6773 per month in 2018.

Figure 6: Mining Subsectors Median Minimum Wages 2017-2018



Manufacturing Subsectors Median Minimum Wages

The graph below shows steel products achieved the highest median minimum wage of R8059 per month while wood products recorded the lowest median wage of R3524 per month in 2018.

Figure 7: Manufacturing Subsectors Median Minimum Wages 2017-2018

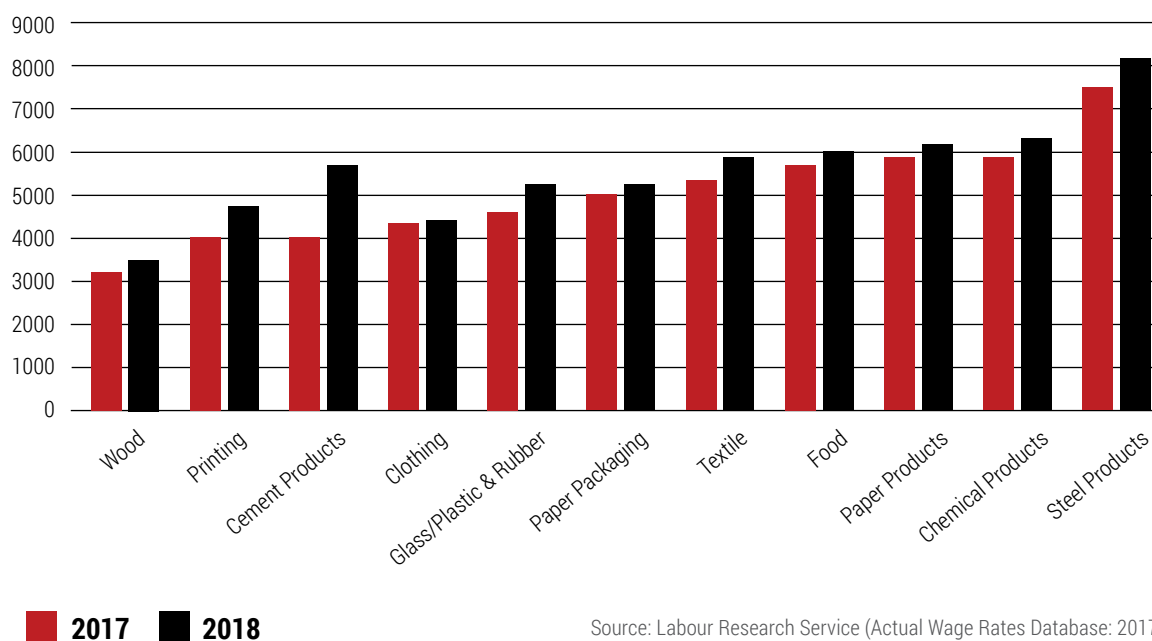
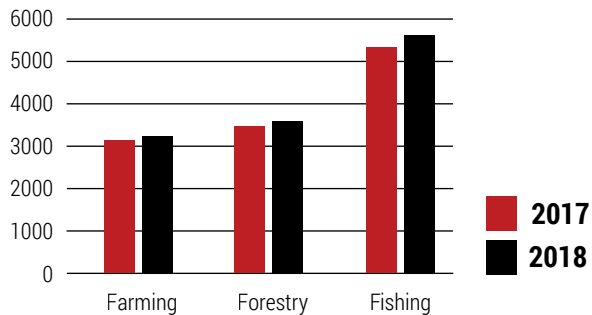


Figure 8: Agriculture Subsectors Median Minimum Wages 2017-2018

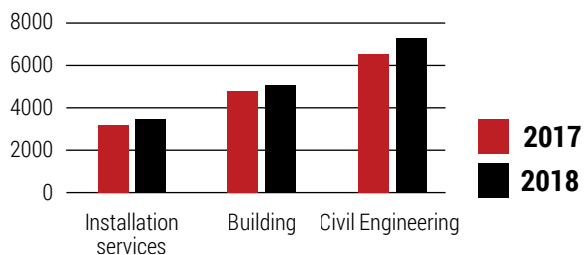


Source: Labour Research Service (Actual Wage Rates Database: 2017)

Agriculture Subsectors Median Minimum Wages

Figure 8 shows farming showed the lowest median minimum wage of R3169 per month while fishing recorded the lowest median wage of R5656 per month in 2018.

Figure 9: Construction Subsectors Minimum Wages 2017-2018



Source: Labour Research Service (Actual Wage Rates Database: 2017)

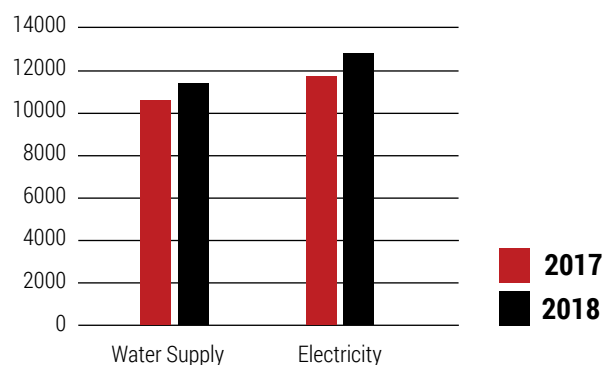
Construction Subsectors Median Minimum Wages

Figure 9 shows that Installation Services achieved the lowest median minimum wage of R3551 per month while Civil Engineering attained the highest median minimum wage of R7124 per month in 2018.

Electricity, Gas & Water Subsectors Median Minimum Wages

Figure 10 shows that Water Supply achieved the lowest median minimum wage of R11393 per month and Electricity attained the highest minimum wage of R12812 per month in 2018.

Figure 10: Electricity, Gas & Water Subsectors Median Minimum Wages 2017-2018

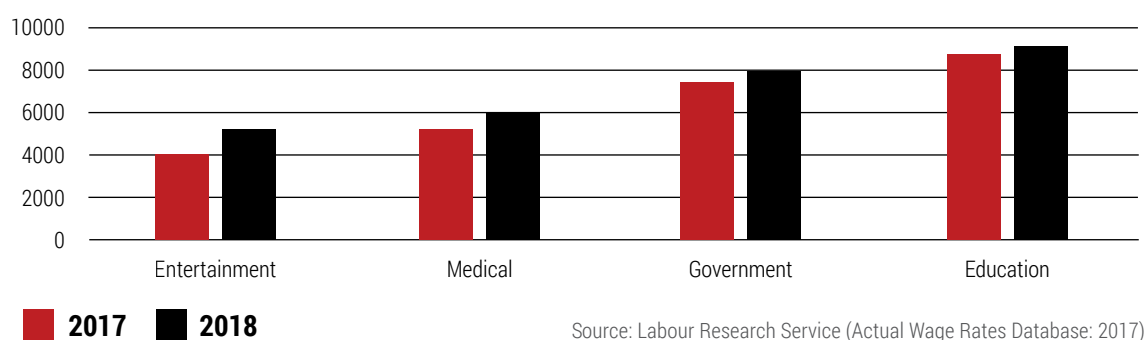


Source: Labour Research Service (Actual Wage Rates Database: 2017)

Community Subsectors Median Minimum Wages

The graph below shows Entertainment achieved the lowest median minimum wage of R5730 per month while Higher Education recorded the highest median wage of R9450 per month in 2018.

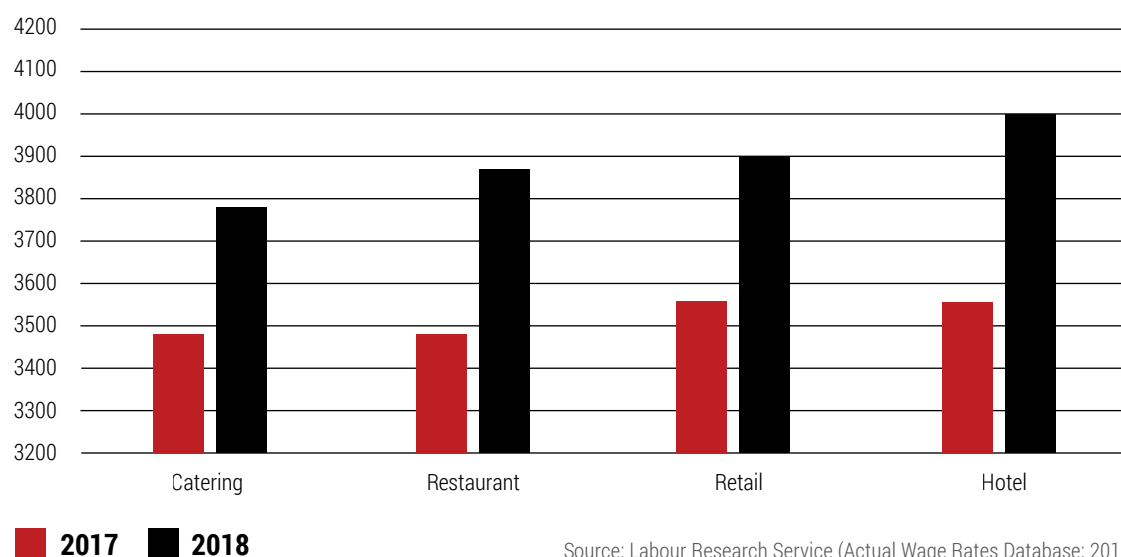
Figure 11: Community Subsectors Minimum Wages 2017-2018



Wholesale & Retail Trade Subsectors Median Minimum Wages

The graph below shows that Catering achieved the lowest median minimum wage of R3779 per month while Hotel recorded the highest median wage of R4000 per month in 2018.

Figure 12: Wholesale and retail trade subsectors median minimum wages 2017-2018



Minimum Wage Rates across Sectoral Determination

The lowest minimum wage was found in the Domestic Workers (who work 27 ordinary hours per week or less in Area B) earning a monthly wage of R1722 in 2018. This amount is R1778 lower than the national minimum wage of R3500 per month. The highest minimum wage was found in the Private Security Area 1 and 2 earning a monthly wage of R4377 in 2018. This amount is R877 higher than the national minimum wage of R3500 per month.

Table 4: Minimum Wages Rates across Sectoral Determination 2017-2018

| | Occupation | Monthly Wage 2017 | Monthly Wage 2018 |
|--|-------------------|-------------------|-------------------|
| Domestic Workers (who work 27 ordinary hours per week or less) Area B | Cleaner | 1641 | 1722 |
| Domestic Workers (who work 27 ordinary hours per week or less) Area A | Cleaner | 1788 | 1875 |
| Expanded Public Works Programme (EPWP) | General Worker | 1905 | 1999 |
| Domestic Workers (who works more than 27 ordinary hours per week) Area B | Cleaner | 2318 | 2431 |
| Domestic Workers (who works more than 27 ordinary hours per week) Area A | Cleaner | 2545 | 2669 |
| Taxi (Marshall) | Marshall | 2564 | 2564 |
| Wholesale & Retail Trade B | General Assistant | 2953 | 3148 |
| Forestry Workers | Labourer | 3001 | 3169 |
| Farm Workers | Labourer | 3001 | 3169 |
| Hospitality (less than 10 employees) | General Assistant | 3193 | 3385 |
| Taxi | Driver | 3219 | 3219 |
| Wholesale & Retail Trade A | General Assistant | 3223 | 3387 |
| Contract Cleaning Area C | Cleaner | 3273 | 3273 |
| Private Security Area 3 | Security | 3414 | 3643 |
| Hospitality (more than 10 employees) | General Assistant | 3559 | 3773 |
| Contract Cleaning Area A | Cleaner | 3592 | 3592 |
| Private Security Area 1 | Security | 4102 | 4377 |
| Private Security Area 2 | Security | 4102 | 4377 |
| Median | | 3097 | 3194 |

Source: Labour Research Service (Actual Wage Rates Database: 2017)

Minimum Wage Rates across Bargaining Council 2017-2018

The lowest minimum wage was found in the Hairdressing & Cosmetology Trade (Kimberley) Division 103 Kimberley earning a monthly wage of R1463 per month in 2018. This amount is R2037 lower than the national minimum wage of R3500 per month. The highest minimum wage was found in the new tyre manufacturing earning a monthly wage of R12314 per month in 2018.

Table 5: Minimum Wages Rates across Bargaining Council 2017-2018

| Bargaining Unit | Industry | Monthly Wage 2017 | Monthly Wage 2018 |
|---|-------------------------|-------------------|-------------------|
| Hairdressing & Cosmetology Trade (Kimberley) Division 103 Kimberley | Hair Salon | 1380 | 1463 |
| Electrical Area N | Installation | 2346 | 2477 |
| Furniture Manufacturing (Western Cape) | Manufacturing | 2713 | 2903 |
| Furniture Manufacturing (Pretoria) | Manufacturing | 2714 | 3500 |
| Food Retail, Retail, Catering & Allied Trade Area B | Catering | 2917 | 3897 |
| Clothing Group B (Frankfort, Parys & Vredefort) Clothing | Manufacturing | 2932 | 3166 |
| MIBCO Sector 4,5 & 7 Only Area A | Retail | 3046 | 3258 |
| Textile (Blanket) Isithebe Area | Manufacturing | 3098 | 3532 |
| Fast Food, Restaurant, Catering & Allied Trades (Employers with 10 or less employees) | Catering | 3208 | 3507 |
| Meat Trade Gauteng | Retail | 3281 | 3904 |
| BIBC-North West Boland Area C | Construction | 3308 | 3506 |
| Restaurant, Catering and Allied Trades Wits | Restaurant | 3420 | 3659 |
| Sawmilling Sector (NBCWPS) | Manufacturing | 3450 | 3900 |
| Textile (Blanket) Urban Areas | Manufacturing | 3525 | 3807 |
| Fishing (Inshore) | Agriculture | 3553 | 3820 |
| Textile (Home Textile) | Manufacturing | 3730 | 3998 |
| Laundry, Cleaning & Dyeing D/C (WC) | Laundry Services | 3735 | 3933 |
| Clothing Group A (Millinery) | Other Business Services | 3950 | 4247 |
| Grain Co-Operative MGK | Manufacturing | 3961 | 4238 |
| Clothing Group A (Garment Knitting) | Manufacturing | 4039 | 4342 |

Continued: Table 5: Minimum Wages Rates across Bargaining Council 2017-2018

| | | | |
|--|---------------|-------------|-------------|
| Leather (General Goods & Handbags) | Manufacturing | 4117 | 4446 |
| MEIBC (Construction Site) | Manufacturing | 4177 | 4459 |
| Fishing Deep sea | Agriculture | 4294 | 4595 |
| Fishing (Mid-Water Trawl Chamber) | Agriculture | 4391 | 4743 |
| MEIBC | Manufacturing | 4586 | 4862 |
| BIBC-Overstrand Area D | Construction | 4691 | 5127 |
| Glass (NBCCI) | Manufacturing | 5375 | 5375 |
| Canvas Goods BC | Manufacturing | 5484 | 5868 |
| NBCRFLI | Transport | 5066 | 5497 |
| Textile (Wool & Mohair Broking) | Manufacturing | 5314 | 5739 |
| Textile (Woven Crochet) | Manufacturing | 5508 | 5949 |
| Leather (Tanning) | Manufacturing | 5587 | 6006 |
| Textile (Non-Woven Textile) | Manufacturing | 5691 | 6146 |
| Leather industry National BC (Footwear) | Manufacturing | 5888 | 6329 |
| Petroleum (NBCCI) | Manufacturing | 6000 | 6000 |
| Textile (Woven Cotton) | Manufacturing | 6028 | 6495 |
| SARPBAC | Transport | 6071 | 6617 |
| Motor Ferry Industry BC | Transport | 6143 | 6712 |
| FMCG (NBCCI) | Manufacturing | 6175 | 6576 |
| Civil Engineering | Construction | 6237 | 6713 |
| Fibre & Particle Board Sector (NBCWPS) | Manufacturing | 6529 | 6986 |
| Industrial Chemicals (NBCCI) | Manufacturing | 6671 | 7105 |
| Sugar Manufacturing & Refining (Illovo) Umzimkulu | Manufacturing | 6736 | 7241 |
| South African Local Government Association (SALGA) | Government | 6916 | 7324 |
| Pulp & Paper Sector (NBCWPS) | Manufacturing | 7007 | 7007 |
| Pharmaceutical (NBCCI) | Manufacturing | 7525 | 8089 |
| Textile (Wool & Mohair Processing) | Manufacturing | 7571 | 8177 |
| Transnet SOC Limited | Transport | 7702 | 8249 |
| PSCBC | Government | 7916 | 8470 |
| New Tyre Manufactures Employer's Association | Manufacturing | 11402 | 12314 |
| Median | | 4638 | 4994 |

Source: Labour Research Service (Actual Wage Rates Database: 2017)

Conditions of Employment

Hours of Work per Week:

Section 9 of the Basic Conditions of Employment Act (BCEA) stipulates that an employer may not require or permit an employee to work more than 45 hours in a given week.

Workers covered by collective agreements attained an average of 45 hours' work per week, Sectoral determination had the most hours of work, at 45 hours per week.

ALLOWANCES

Night Shift allowance as % of basic wage:

In terms of section 17 of the BCEA, any work performed after 18:00 and before 06:00 the following day is considered night work. An agreement is required between the employer and employee in this regard. An agreement between an employer and an employee to generally work shifts would not meet the requirement of the BCEA unless such an agreement specifically makes mention of working night shifts and the employee is aware of such a requirement.

Subsection 2 (b) of the BCEA require employers to make sure that transportation is available between the employee's place of residence and the workplace at the commencement and conclusion of the employee's shift. Collective agreements provided a median of 12.8% night shift allowance as a % of basic wage.

Shift allowance as % of basic wage:

Shift allowance differs from night shift work. Shift work requires employees to work evening shifts, early morning shifts and rotating shifts. Hence night shift is any work performed after 18:00 and before 06:00 the following day. Collective agreements provided a median shift allowance of 10 % of basic wage.

Acting allowance as a % of basic wage:

In order to qualify for the acting allowance, the staff member is required to assume responsibility for the full range of duties of the vacant position in which he or she is acting. The acting allowance

shall be calculated at % of the acting employee's current total package, and is non-pensionable. Collective agreements showed a median acting allowance of 10% of basic wage.

Standby allowance as % increase:

Standby allowances are not regulated by the BCEA and must be negotiated between the employee/employer. Standby allowances will also depend on the sector that you are operating in, that is, bargaining council agreements and collective agreements. If there is no collective agreement or bargaining council agreement, it is up to the employer to decide. Collective agreements showed a median standby allowance of 8.5% basic wage.

Transport allowance in Rands:

A travel allowance is a payment made to an employee to cover expenses when he or she travels for work. This money might be used to cover things like accommodation, food, drink and incidentals. An allowance may be paid to an employee before or after they travel. If an allowance is paid to an employee before they travel, the employee does not need to use all of the allowance.

Collective agreements showed a median transport allowance of R128 per month.

Long service award in Rands:

Long service awards are a great way to thank your employees for their hard work and loyalty to your company. Every business needs employees to function, and having a great team that is willing to go the extra mile is something that is definitely worth celebrating.

Collective agreements provided a median of R809 for completing five years' service.

Housing benefits in monthly Rands:

Housing allowance is a very important element of an employee's working life, particularly now that the rates of house rents have appreciably gone up. Collective agreements provided a median of R1538 per month housing allowance.

LEAVE

Annual leave in working days per annum:

Section 20 of the BCEA defines annual leave as cycle period of 12 months' employment with the same employer immediately following an employee's commencement of employment; or the completion of that employee's prior leave cycle. An employer must grant an employee at least 21 consecutive days' annual leave on full remuneration in respect of each annual leave cycle; or by agreement, one day of annual leave on full remuneration for every 17 days on which the employee worked or was entitled to be paid. Collective agreements provided a median of 15 days annual leave per annum.

Duration of maternity leave in consecutive months:

Pregnant women are entitled to four months of maternity leave, which starts at one month before their due date (Section 25 of the BCEA). However, there are exceptions to this rule for some categories of work, including emergency work, workers in senior management and those who work less than 24 hours a month. Entitlements include at least four consecutive months of maternity leave. Workers may not go back to work within six weeks of giving birth unless this is agreed by the doctor or midwife. Mothers who are pregnant or nursing may not do work which is unsafe for their child. Collective agreements provided a median of four months maternity leave.

Duration of paid maternity leave in consecutive months:

It is not a requirement that employers pay workers during maternity leave. However, some companies may offer maternity benefit packages, which can be claimed from the Unemployment Insurance Fund (UIF). Collective bargaining agreements provided a median of 4 months paid maternity leave.

Maternity pay as a % of basic wage:

It is not a requirement that employers pay workers during maternity leave. However, some companies may offer maternity benefit packages, which can be claimed from the UIF. Collective agreements provided a median of 45% of basic wage.

Sick leave in days per annum:

Section 22 of the BCEA states workers may take the number of days they would normally work in a 6-week period for sick leave on full pay in a 3-year period. However, during the first 6 months of employment, workers are only entitled to 1 day of paid sick leave for every 26 days worked. Collective agreements provided a median of 12 sick leave in days per annum.

Duration of paid compassionate leave in days per annum:

Compassionate leave is part of family responsibility leave as stipulated in the BCEA. Some collective agreements showed a separation of compassionate leave from family responsibility leave. For example, bilateral agreements recorded 5 days paid compassionate leave per annum.

Duration of paid paternity leave in days per annum:

The BCEA and the Labour Relations Act (LRA) makes provision for Dad to take paternity leave when his child is born. Subsection 2 under section 27 states that an employer must grant an employee - during each annual leave cycle and at the request of the employee, - three days' paid leave, which the employee is entitled to take when the employee's child is born. Collective agreements provided a median of 4 days paid paternity leave per annum.

Shop stewards leave in days p/a (Paid):

Shop stewards who are also Union officials and are elected to represent members in bargaining units that qualify in terms of the Recognition Agreement may be granted paid time-off. Collective agreements showed a median of 10 days paid shop steward leave per annum.

Evidence of provident fund-employer contribution as % of basic

Provident Fund is set up to provide an income for a member on retirement or an income for their dependants if the member dies.

About 65% wage agreements provided evidence of employer contribution to provident fund.

Severance pay - no. of weeks per year of service

Operational requirements means requirements based on the economic, technological, structural or similar needs of an employer. Section 41 (2) stipulate that an employer must pay an employee who is dismissed for reasons based on the employer's operational requirements or whose contract of employment terminates or is terminated in terms of section 38 of the Insolvency Act, 1936 (Act No. 24 of 1936) severance pay equal to at least one week's remuneration for each completed year of continuous service with that employer, calculated in accordance with section 35. Collective agreements provided a median of 1 week severance pay in case of retrenchments.

Evidence of extension of normal benefits to fixed and short term employees:

The Department of Labour proposed an amendment to the BCEA to address labour brokering. The department wants employers to contribute equal or similar benefits for fixed term contract and permanent workers. Sectoral determinations may prohibit or regulate the placement of employees by temporary employment services, sub-contracting and contract work;

Minister may publish sectoral determinations covering employers and employees who are not covered by other determinations. About 8% of collective agreements provided evidence of extension of normal benefits to fixed- and short-term employees.

Evidence of policies with regards to labour brokers:

Labour brokering is a form of providing labourers or job seekers to client companies on a temporary basis. The workers work at the client workplace, but are employed by the labour brokers, not the client. What does that mean? Firstly, the labour broker will be liable for the payroll and other issues related to payroll such as leave and taxes. Secondly, there will be more flexibility on the side of the employer (client) as he/she can get and remove workers quickly without enduring high cost. Workers are unable to join trade unions and those who challenge management can be quickly replaced.

The Department of Labour proposed an amendment to the BCEA to address labour brokering. The department wants employers to contribute equal or similar benefits for fixed term contract and permanent workers. Sectoral determinations may prohibit or regulate the placement of employees by temporary employment services, sub-contracting and contract work;

Minister may publish sectoral determinations covering employers and employees who are not covered by other determinations (DOL labour law amendments: Public Consultation presentation). About 28% of collective bargaining agreements provided evidence of policies dealing with labour brokers in the workplace.

Evidence of employer provision of- or contribution to- medical/health cover.

Medical aid is imperative as it provides employees with health benefits such as an unexpected medical cost. About 64% of collective agreements showed employer contribution to medical aid.

Evidence of practical measures to raise awareness.

Companies need to adopt a policy that will support awareness systems that will encourage workers to do early testing and lifestyle changes that will thereby reduce and prevent further infection. About 9% of collective agreements showed evidence of practical measures to raise awareness.

Evidence of practical measures to provide Voluntary Counselling and Testing:

This is an important support structure that the company needs to initiate for its employees as to identify those workers who need care. About 3% of collective agreements showed evidence of practical measures to provide voluntary counselling and testing.

Evidence of practical measures to promote confidentiality.

About 3% of collective agreements showed evidence of practical measures to promote confidentiality.

Evidence of practical measures to provide access to treatment:

About 3% of collective agreements showed evidence of practical measures to provide access to treatment.

Evidence of implementation of learnerships:

Workers or students on learnerships can still earn an income while enhancing their skills in the immediate working environment. This will ultimately enhance their career prospects. Learnerships provide an opportunity for further learning and obtaining a recognised qualification that can be transferred from one workplace to another. Only 5% of collective agreements showed evidence of implementation of learnerships.

Evidence of implementation of other skills development initiatives:

Skill development is imperative to the workplace as it empowers workers and is a driving force to the economic growth and social development in the country. Trade unions need to focus and make sure that companies implement skills development initiatives to change or improve their members' earnings and education.

Only 6% of collective agreements showed evidence of implementation of other skill development initiatives while sectoral determinations did not show clauses that talk to skill development.

Evidence of funeral assistance or benefits:

The purpose of funeral benefits is to help pay the funeral costs when a member or pensioner passes away. Funeral benefits are also paid out on the death of workers next of kin who are covered by the benefits. About 87% of collective bargaining agreements showed evidence of funeral assistance or benefits.

Conclusion

The report has tried to capture key results in terms of nominal and real median minimum wages and wage increases, and conditions of employment of the collective bargaining processes undertaken by trade unions for the period of 2017 to 2018 in different industries. The report shows that industries' median minimum wages have increased from 2017 to 2018. The highest median minimum wage increase was found in the electricity industry and lowest median minimum wage was recorded in the agriculture industry from 2017 to 2018.

Given the above economic climate, trade unions secured higher wage settlements of above average inflation rate. However, these gains were disrupted by the job losses/retranchments experienced by different industries or sectors in 2017-2018.

Sectoral determination minimum wages were very low. This is where most vulnerable or unorganised workers are employed. We can therefore conclude that there is wage inequality between different sectors as indicated by the graphs of the different industries.

Unions are encouraged to use accurate and updated inflation and wage figures when preparing for and going into wage negotiations. Such information enables negotiators to negotiate wages that are above inflation and do not relate to an actual decrease in wages.

Non-wage benefits play an important role in the employment relationship for many workers, yet when it comes to the bargaining table they are used as a trade-off chip to get higher wage increases. As illustrated by the report, there's little change or no changes when it comes to non-wage benefits except in individual collective agreements.

Strength of the unions comes from members and therefore unions need to negotiate more economic issues that affect workers rather than be entangled in political dynamics.

References

- Bargaining Council for Contract Cleaning Industry (BCCCI) KZN: collective bargaining agreements. 2016. Available at: <http://www.bccci.co.za>
- Bargaining Council for Fishing Industry (BCFI) Collective Agreement. 2016. Available at: www.bc4fi.co.za
- Bargaining Council for the Building industry bargaining council (BIBC) Bloemfontein. 2016.
- Bargaining Council for the civil engineering industry (BCCEI) collective agreements. 2016. Available at: <http://www.bccci.co.za>
- Bargaining Council for the Motor Ferry Industry (BCMFI) collective agreements. 2016. Available at: <http://www.mibco.org.za>
- Bargaining Council for the Restaurant Catering and Allied Trade (BCRCT) (Pretoria Area A & B) collective agreement. 2016.
- Bargaining Council for the Restaurant Catering and Allied Trade Bargaining Council (BCRCT) (Wits) collective agreement. 2016. Available at: <http://www.bcrct.co.za>
- Basic Conditions of Employment Act 75 (BCEA) of 1997. Available at: <http://www.labour.gov.za/DOL/>
- Bargaining Monitor Volume 28 No.180 May 2016. Available at <http://www.lrs.org.za>
- Building Industry Bargaining Council (BIBC) Cape of Good Hope. 2016. Available at: <http://www.bibc.co.za>
- Building Industry Bargaining Council (BIBC) North & West Boland). 2016. Available at: <https://www.bibc.co.za/>
- Building Industry Bargaining Council (BIBC) Southern & Eastern Cape. 2016. Available at: <http://www.bibcpe.co.za/>
- Chamber of Mines Collective Agreements (Gold and Coal). 2016. Available at: <https://www.mineralscouncil.org.za/>
- Chemical Energy Paper Printing Wood and Allied Workers union (CEPPWAWU) selected decentralized collective bargaining agreements. 2016.
- Department of Labour (DOL) labour law amendments: Public Consultation presentation 2012. Available at: <http://www.labour.gov.za/DOL/>
- Development Policy Research Unit (DPRU) (Addressing the plight of vulnerable workers) The Role of Sectoral Determination 2010. Available at: <http://www.labour.gov.za/DOL/>
- Food and Allied Workers Union (FAWU) selected decentralised collective bargaining agreements. 2016.
- Hospital Personnel Trade Union of South Africa (HOSPERSA) selected decentralised collective bargaining agreements. 2016.
- Labour Research Service, (LRS), Actual Wage Rates Database (AWARD). 2016. Available at: <http://www.lrs.org.za>
- Labour Research Service. 2007 Collective Bargaining Indicators Volume 11 2007. Labour Research Service Cape Town. Available at: <http://www.lrs.org.za>
- Labour Research Service. 2008 Collective Bargaining Indicators Volume 11 2008. Labour Research Service Cape Town. Available at: <http://www.lrs.org.za>

- Metal Engineering Industry Bargaining Council (MEIBC) collective agreement 2016. Available at: <http://www.meibc.org.za>
- National Bargaining Council for Sugar Manufacturing Industry (NBCMRI) Collective Agreement. 2016.
- National Bargaining Council for the Chemical Industry (NBCCI) collective agreements (Glass, Industrial Chemical, Pharmaceutical and Fast Moving Consumer Goods) 2016. Available at: <http://www.NBCCI.org.za>
- National Bargaining Council for the Road Freight Logistics Industry (NBCRFLI), collective agreements. 2016. Available at: <http://www.nbcrfli.org.za>
- National Bargaining Council for the Wood & Paper Sector, (NBCWPS) collective agreements (Fibre & Particle Board Chamber, Sawmilling Chamber and Pulp Paper Chamber). 2016. Available at: <http://www.NBCWPS.org.za>
- National Education Health and Allied Workers Union (NEHAWU) selected decentralised collective bargaining agreement. 2016.
- National Union Metal Worker of South Africa (NUMSA) selected decentralised collective bargaining agreements 2016.
- National Union of Mineworkers (NUM) selected decentralised collective bargaining agreements. 2016.
- Public Sector Coordinating Bargaining Council (PSCBC) collective agreements, 2016. Available at: <http://www.pscbc.org.za>
- SAMWU, South African Municipality Workers Union (SAMWU) selected decentralize collective bargaining agreements. 2016.
- South African Commercial, Catering and Allied Trade Unions (SACCAWU) selected decentralised collective bargaining agreements. 2016.
- South African Local Government Bargaining Council (SALGA) collective agreement, 2016. Available at: <http://www.salgbc.org.za>
- South African Road Passenger Bargaining Council (SARPBAC) collective agreement. 2016. Available at: <http://www.sarpbac.com>
- South African Transport Allied Workers Union (SATAWU) selected decentralised collective bargaining agreements. 2016.
- Statistics South Africa 2011 and 2016. Quarterly Labour Force Survey publications. Available at: <http://www.statssa.gov.za>
- Statistics South Africa, 2016. Consumer Price Index publications. Available at: <http://www.statssa.gov.za>
- Edralin D M (2003) Collective Bargaining in the Philippines
- Statistics South Africa 2018 Gross Domestic Products publication available at <http://www.statssa.gov.za>
- Department of Labour (DOL) sectoral determination 2017 available at: <http://www.labour.gov.za>

Appendix

Snapshot of median conditions of low wage employment in the informal economy 2018

| | |
|--|----------------------------|
| Median Minimum Wage | R4 812 |
| Ordinary hours of work per week | 45 hours |
| ALLOWANCE | |
| Night shift allowance as % of basic wage | 12.8% |
| Shift allowance as % of basic wage | 10% |
| Acting allowance as % of basic wage | 15% |
| Standby allowance as % of basic wage | 8.5% |
| Transport allowance in Rands | R128 per month |
| Long Service Award in % or Rands | R809 (Five years' Service) |
| Housing allowance in Rands | R1538 per month |
| LEAVE | |
| Annual leave in working days per annum | 15 Days |
| Duration of maternity leave | 4 months |
| Duration of paid maternity leave | 4 months |
| Maternity pay as a % basic wage | 45% |
| Duration of paid paternity leave | 3 days |
| Duration of paid family responsibility leave | 4 days |
| Duration of paid compassionate leave | 5 days |
| Shop stewards leave in days p/a (Paid) | 8 days |
| Sick leave in days per annum | 12 days |
| MATERNITY BENEFITS | |
| Evidence of extension of maternity benefits to fixed and short term employees | 2% of agreements |
| Evidence of employer contribution to maternity pay over and above UIF entitlement. | 2% of agreements |
| Evidence of commitment by employer to pay employee in terms of maternity leave prior to or during maternity leave and to claim against UIF after the fact. | 3% of agreements |

KNOWLEDGE IS TOO IMPORTANT TO LEAVE IN THE HANDS OF THE BOSSES.

Labour Research Services

No. 7 Community House
41 Salt River Road, Salt River
Cape Town, 7915

T +27 (0) 21 486-1100

F +27 (0) 21 447 9244

W <http://www.lrs.org.za>