

2021

Wage bargaining review

APRIL 2022

Highlights

- **Context:** The world of work has changed profoundly over time and continues to change. The Covid-19 pandemic presented new dynamics to a trade union movement that was grappling with established dynamics. This had implications for conditions at work and wage bargaining in 2021.
- **Wage bargaining:** Trade unions secured wage settlements above the inflation rate in 2021. The median minimum wage floor attained was R6 516 per month in 2021.
- **Public sector:** In 2021, all public employees (salary levels 1 to 12) received a once-off 1.5% pensionable increase and a gratuity of R1 220 for the lowest-paid workers. Municipal workers accepted a 3.5% increase.
- **Private sector:** Companies struggled to reach wage settlements above inflation. Many employees lost their jobs and others experienced wages cuts and wage freezes.

Strategies for representing workers

- 1 Strategies for responding to the ongoing reorganisation of work, retrenchments and restructuring, and the increasing precariousness of being a worker.
- 2 Strategies for inspiring workers to believe in and exercise their individual and collective power in the struggle for social and economic justice.
- 3 Strategies for negotiating in different settings, ranging from the formal bargaining environment to the more informal bargaining environment.

Methodology

- LRS Actual Wage Rates Database (AWARD) – AWARD is a repository for minimum wages in all sectors of the economy. This report only considers minimum wages in low occupations within the sector under review.
- LRS used physical and electronic means to gather collective agreements from union offices, but not all regional offices reached the LRS. The agreements lacking pertinent information are excluded in our analysis.

Estimated coverage

About 1 010 584 workers are covered by a sample of 311 collective agreements drawn from the bargaining council and company-level agreements. Agreements lacking pertinent information are excluded from the analysis.

Wage category

The category of workers used is generally a minimum entry-level wage or the lowest wage in the bargaining unit.

Definitions

Inflation: the rate at which prices increase over time, resulting in a fall in the purchasing power of money.

Consumer Price Index (CPI) measures the change over time in the general price level of goods and services that households buy to sustain themselves (consumption).

Cash wage or nominal wage: This is the amount of money that an employer pays a worker

Median wage: A median wage is a boundary between what the highest 50% of workers are paid and what the lowest 50% of wage earners are paid.

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.

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

Household Affordability Index: Measure of an average household's ability to purchase food items in a particular region.

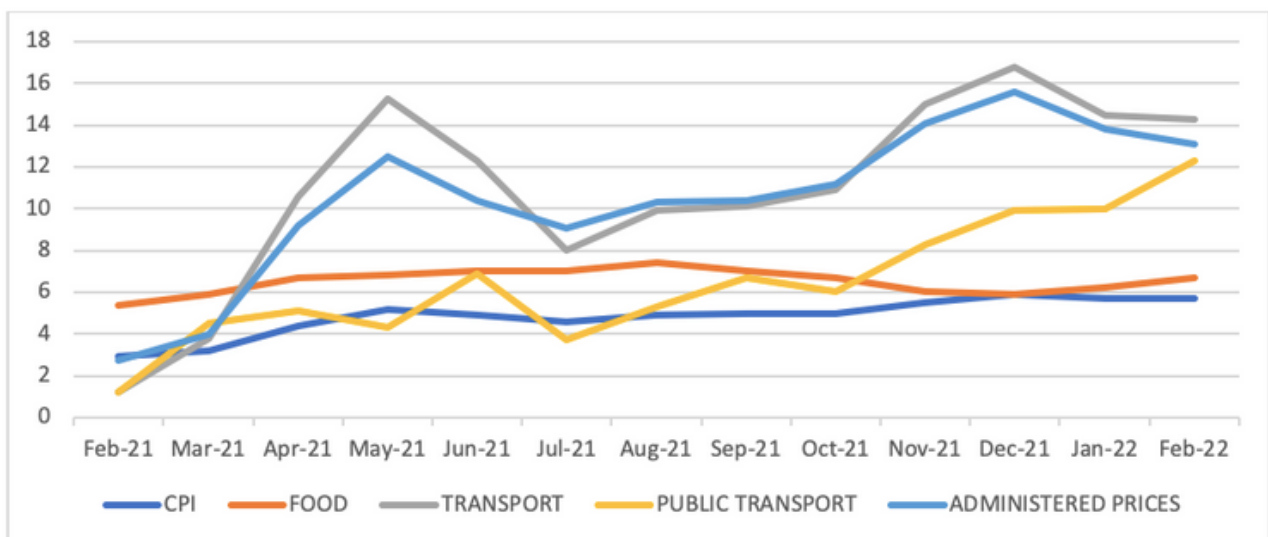
National Minimum Wage: The lowest hourly rate permitted by the government that an employer can pay to its employees.

GDP: (Gross Domestic Product) is a monetary measure of the market value of all the final goods and services produced in a period, often annually or quarterly in a country.

CPI (Inflation rate)

- The average inflation rate came to 4,5% in 2021 from 3,3% in 2020.
- The average inflation rate for food increased to 6,5% in 2021 from 4,8% in 2020.
- The average inflation rate for transport increased to 9,5% in 2021 from -0,4% in 2020.
- The average inflation rate for public transport increased to 5,3% in 2021 from 0,5% in 2020. (Buses, trains and other forms of transport that are available to the public charge set fares and run-on fixed routes.)
- The administrator's price (school fees, telephone fees, electricity, trains, and petrol/paraffin) increased to 9,2% in 2021 from 2,5% in 2020.
- The average inflation rate is at the midpoint of the bank's targeted range between 3% - 6% in 2021.

FIGURE 1: CONSUMER PRICE INDEX (CPI) AND SELECTED PRICE CATEGORIES | FEBRUARY 2021 TO FEBRUARY 2022

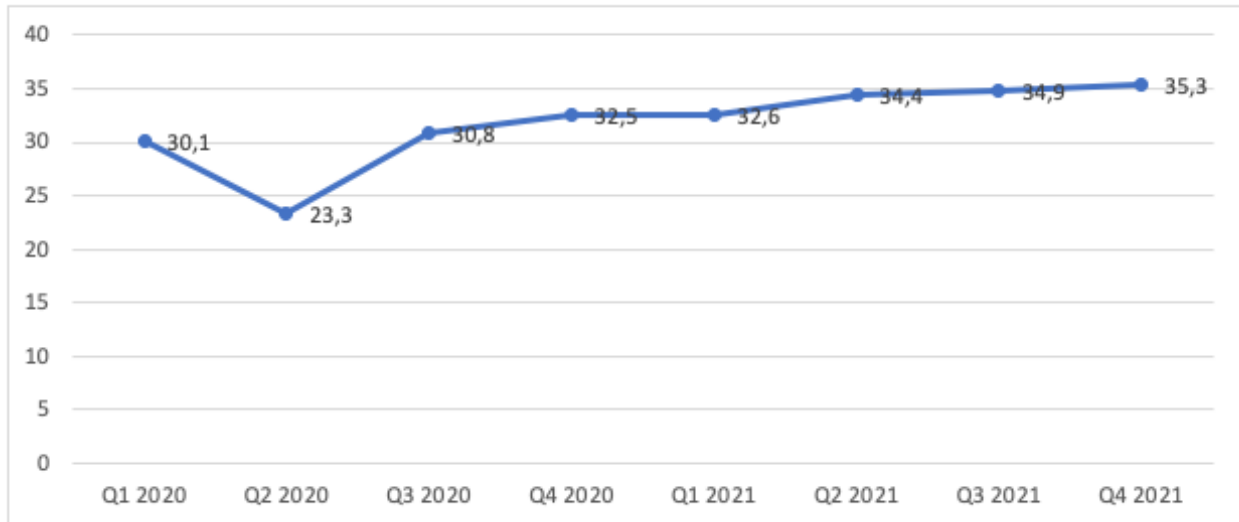


Source: Statistics South Africa 2021

Unemployment rate | Q4 2021

The Unemployment rate is the proportion of the labour force that is unemployed.

➤ Figure 2 shows that the unemployment rate in South Africa increased from 30.1% in Q1 2020 to 35.3% in Q4 2021.



Source: Statistics South Africa 2020-2021 Quarterly Labour Force Survey

TABLE 1: EMPLOYMENT RATE BY INDUSTRIES | Q4 2020 AND Q4 2021

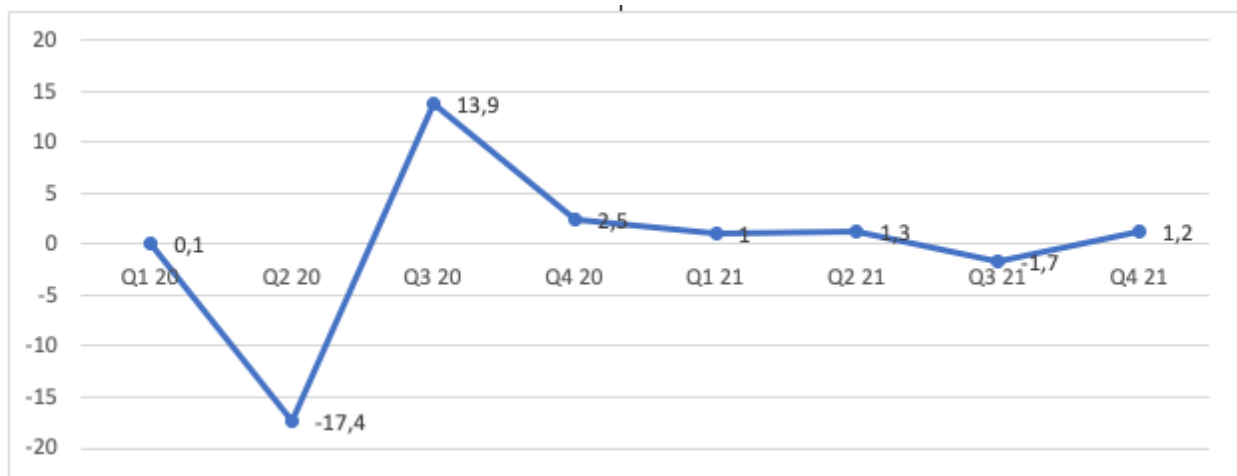
	Q4 20	Q4 21	Year-on-Year % Change
Utilities	99	82	-17,7
Manufacturing	1 491	1 316	-11,7
Community & Social Services	3 551	3 264	-8,1
Trade	3 063	2 896	-5,5
Mining	384	370	-3,5
Construction	1 166	1 133	-2,8
Transport	943	951	0,8
Finance	2 312	2 404	4
Private Households	1 197	1 258	5,2
Agriculture	810	868	7,1

Source: Statistics South Africa 2020-2021 Quarterly Labour Force Survey

Economic growth and GDP

The GDP represents the total market value, or prices, of all final goods and services produced in an economy during a period. GDP is expressed as a comparison to the previous year or quarter. Real gross domestic product (measured by production) declined by -1.5% in the third quarter of 2021, following an increase of 1.1% in the second quarter of 2021.

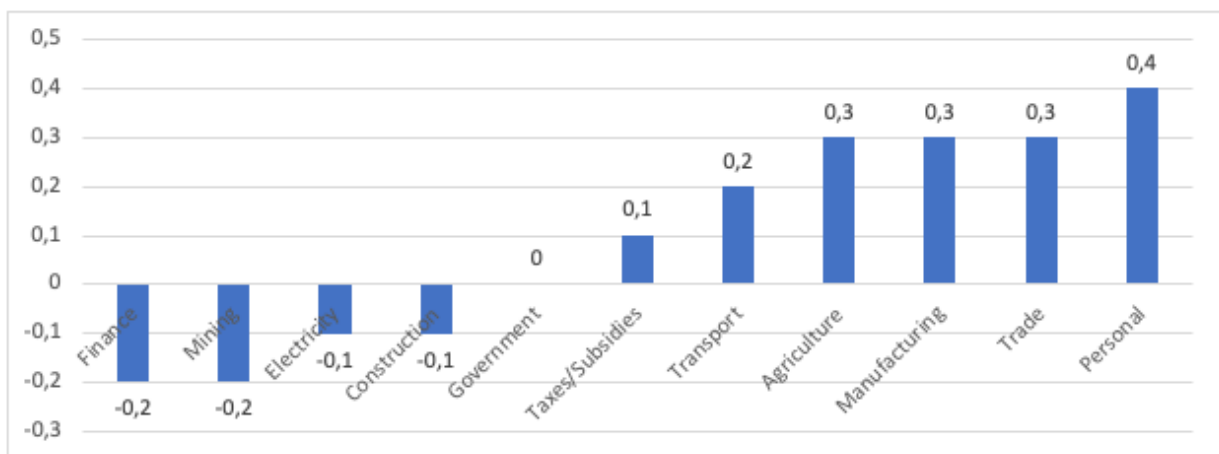
FIGURE 3: GROWTH IN GDP % Q4 2021



Source: Statistics South Africa 2020-2021 Quarterly Labour Force Survey

➤ The graph shows that four industries recorded negative growth in the fourth quarter of 2021. The largest negative contributors to growth in GDP in the third quarter were the trade (-0,7), manufacturing (-0,5%), and agriculture (-0,4%) industries.

FIGURE 4: CONTRIBUTIONS TO GROWTH (%) IN GDP BY INDUSTRIES IN Q4 2021

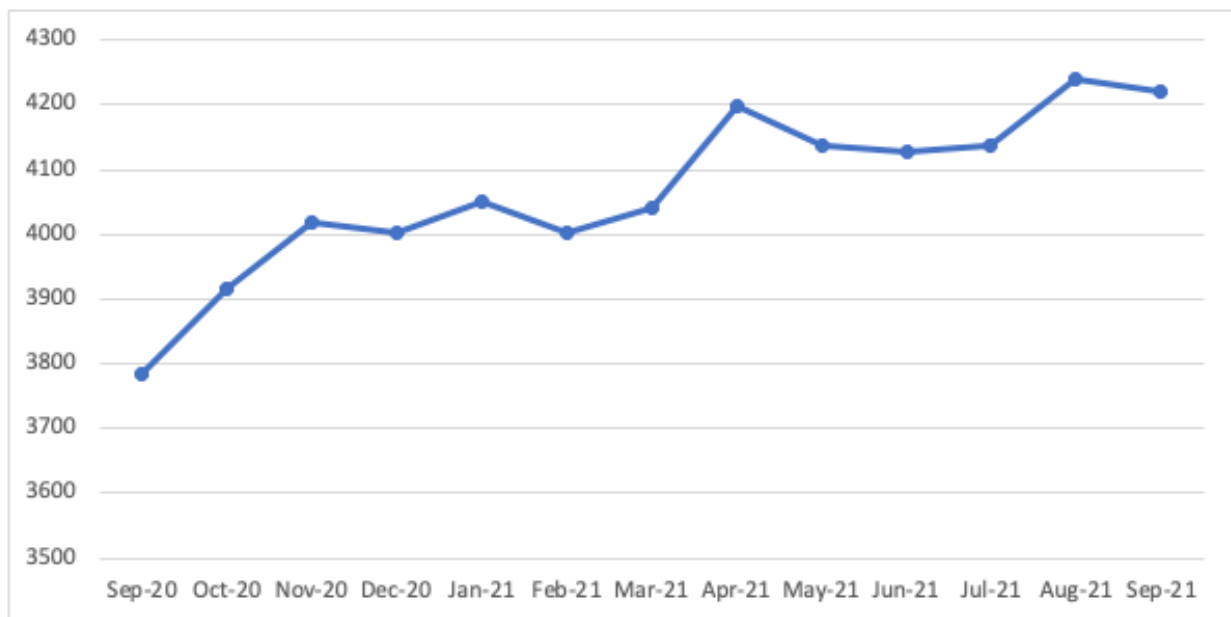


Source: Statistics South Africa 2021

Month-on-Month Household Food Basket Index | Q4 2021

The household food index is specifically designed to measure food price inflation as experienced by households living on low incomes in Pietermaritzburg but may be used to give insight into food price inflation as experienced by households living on low incomes in South Africa.

FIGURE 5: THE COST OF THE HOUSEHOLD FOOD BASKET FROM SEP 2020 TO SEP 2021

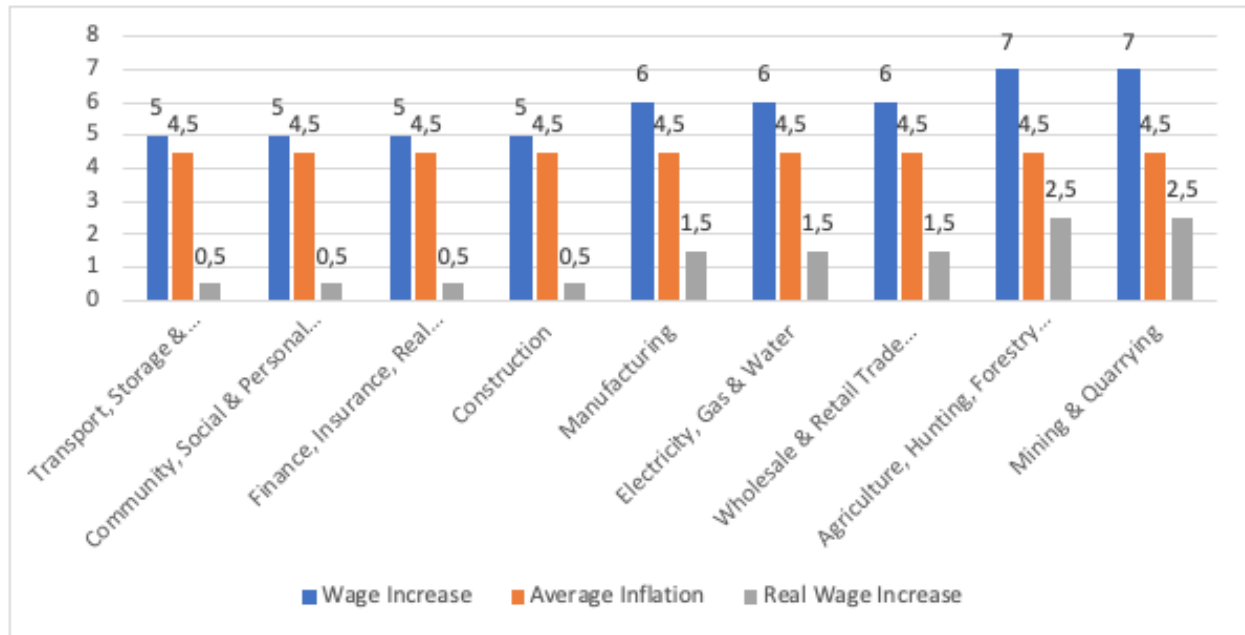


Source: Pietermaritzburg Economic Justice and Dignity

➤ Figure 6 describes industry median settlement levels between 2021. The figure also tracks inflation over the period and shows what the real wage increase has been each year.

The highest real median wage increase was found in agriculture and mining at 2.5% and the lowest was recorded by transport, community finance and construction at 0.5% in 2021. Nominal median settlement levels were above inflation over the period and therefore, there have been consistent real wage increases over the period.

FIGURE 6: INDUSTRY WAGE INCREASE, AVERAGE INFLATION, AND REAL WAGE INCREASE | 2021

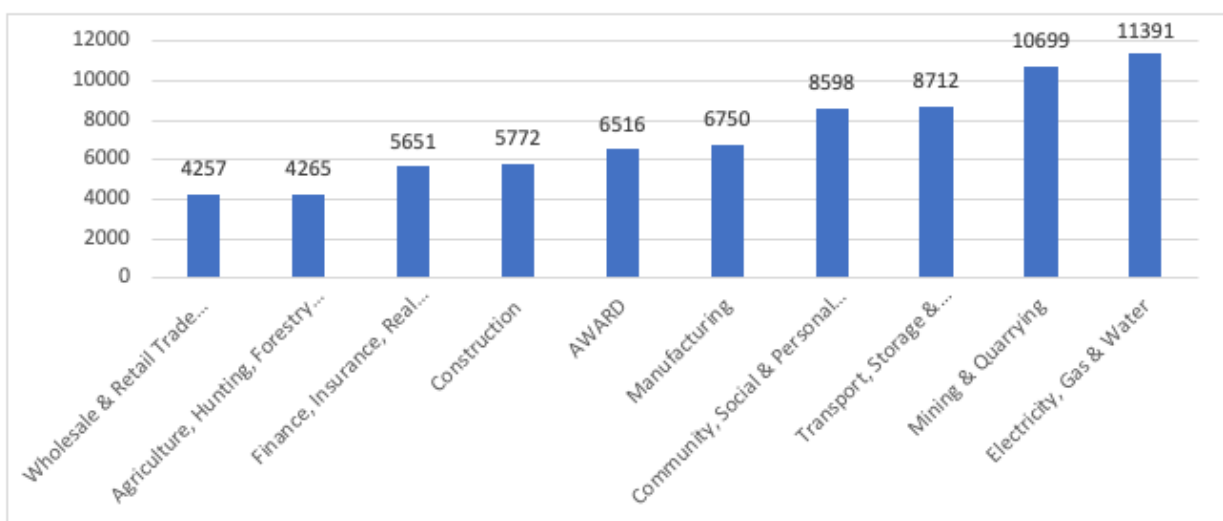


Source: LRS Actual Wage Rate Database

➤ Figure 7 shows that in 2021, the median minimum monthly wage floor across industries was R6 516 for a median working week of 45 hours.

The highest median minimum monthly wage floor of R11 391 was found in electricity, Gas and Water for a median 45 hours working week. The lowest median minimum monthly wage floor was paid to workers in the wholesale and Retail for a median of 45 hours working week.

FIGURE 7: INDUSTRY MEDIAN MINIMUM WAGE FLOOR | 2021

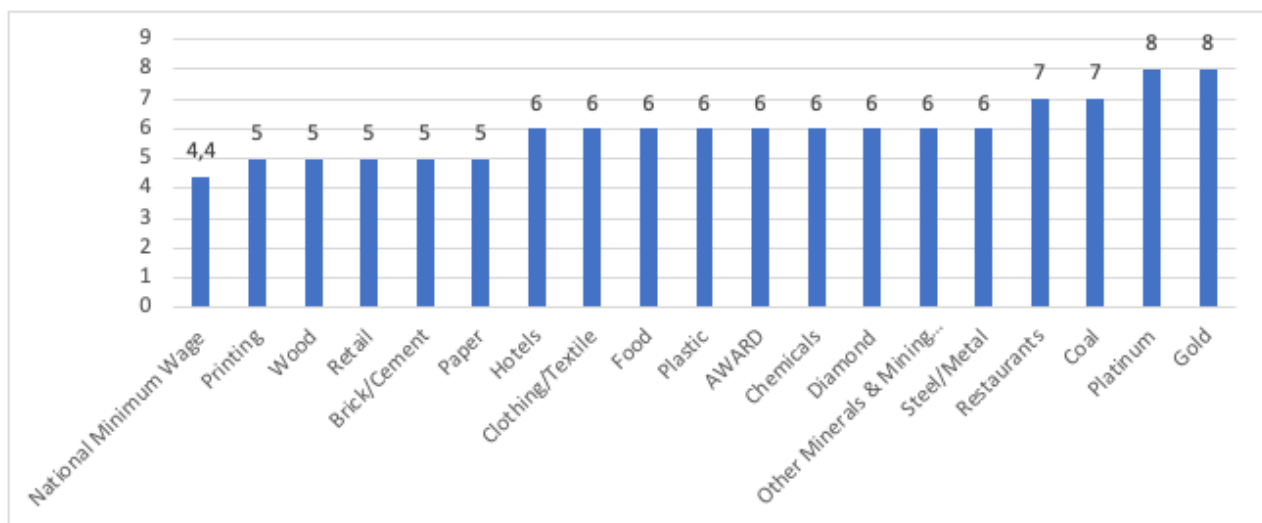


Source: LRS Actual Wage Rates Database

➤ Figure 8 describes median wage settlements by sub-sectors in 2021.

Workers in platinum and gold received the highest wage settlements of 8%, while those who are covered by the national minimum wage recorded the lowest increase of 4.4%. Median wage settlements attained by sub-sectors were above the average inflation rate of 4.5% except for those who are covered by the NMW who received a wage increase of 4.4%.

FIGURE 8: SUB-SECTORS NOMINAL MEDIAN WAGE INCREASE | 2021

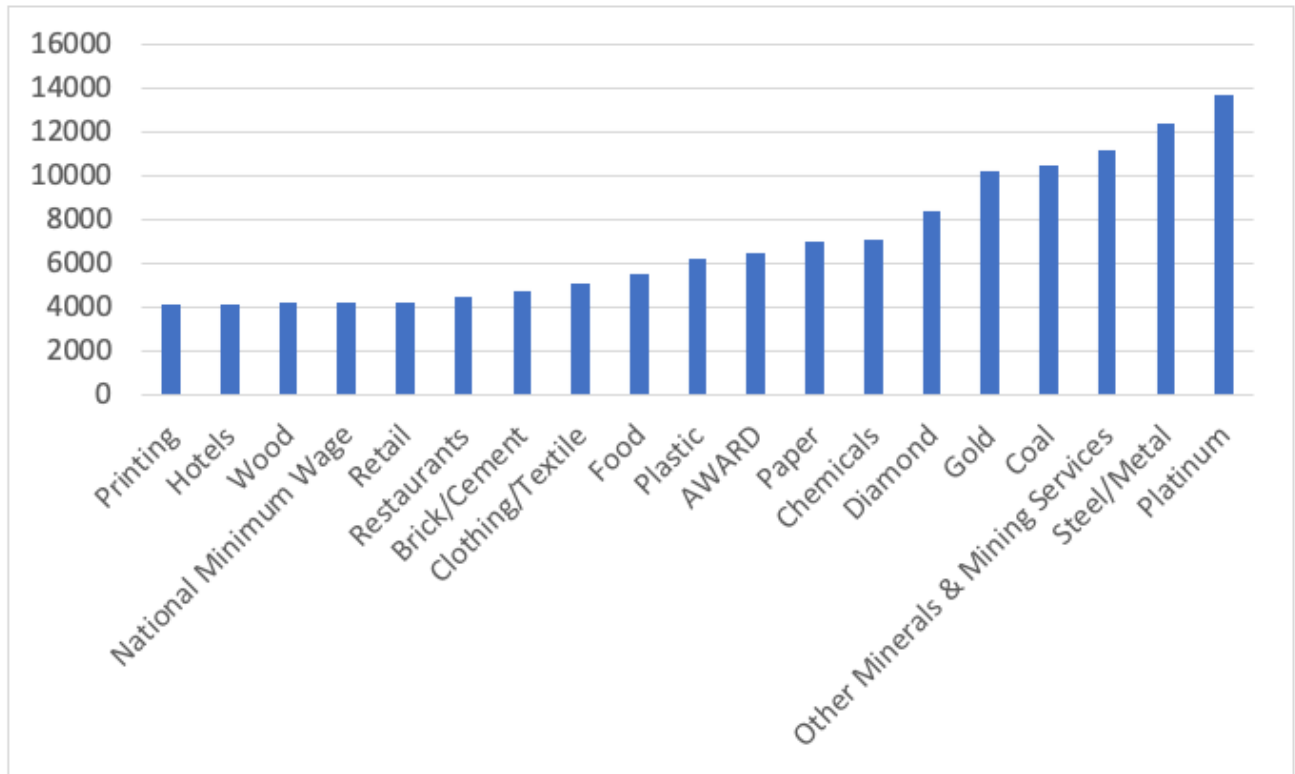


Source: LRS Actual Wage Rates Database

➤ Figure 9 shows that in 2021, the median minimum monthly wage floor across subsectors was R6 516 for a median working week of 45 hours.

The highest median minimum monthly wage floor of R13 670 was found in platinum for a median 45 hours working week. The lowest median minimum monthly wage floor of R4 120 was paid to workers in printing for a median of 40 hours working week.

FIGURE 9: SUB-SECTORS MEDIAN MINIMUM WAGE FLOOR | 2021

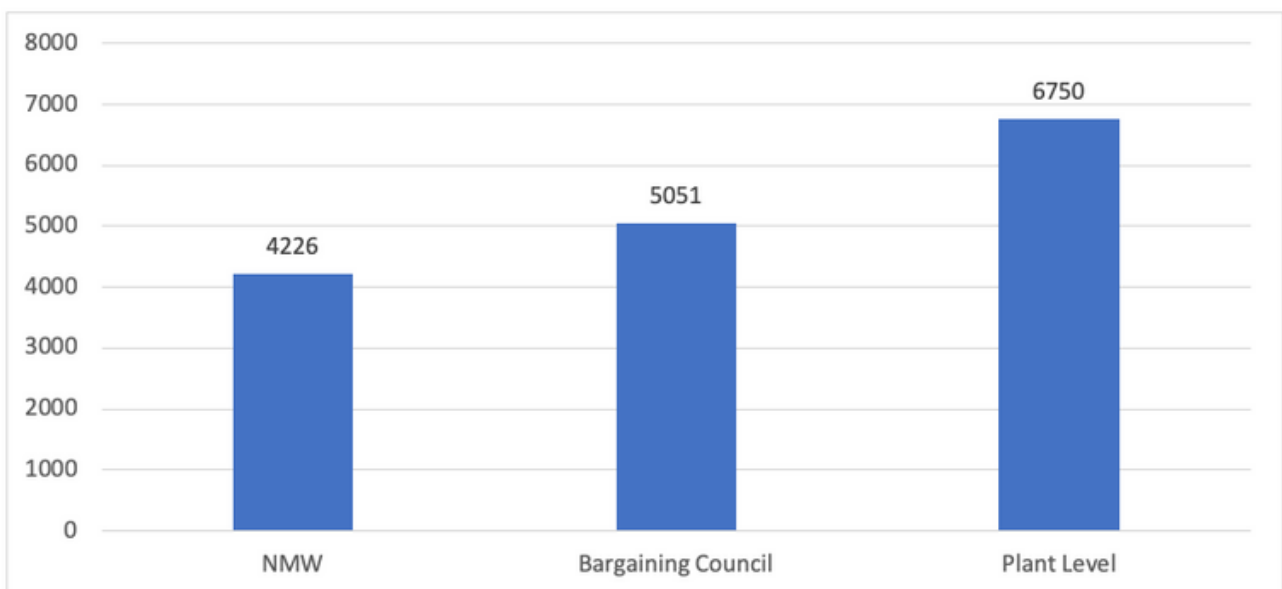


Source: LRS Actual Wage Rates Database

➤ Figure 10 shows that plant level or decentralised bargaining attained the highest median minimum wage floor of R6 750 per month in 2021.

National Minimum Wage (NMW) came low at R4 226, while the bargaining council median minimum wage floor (R5 051) was between the national minimum wage and the plant level median minimum wage floor.

FIGURE 10: MINIMUM WAGE FLOOR BY BARGAINING LEVEL | 2021



Source: LRS Actual Wage Rates Database

➤ Table 2 shows that the lowest minimum wage was found in the clothing bargaining council group B (Bloemfontein, Kimberley, and Kroonstad) at R3 821 per month in 2021 and the highest was found at the new tyre manufacturing bargaining council at R14 944 per month in 2021.

TABLE 2: MINIMUM WAGE FLOOR ACROSS BARGAINING COUNCIL | 2021

Bargaining council	Industry	Monthly wage 2021	2021% increase on Actual Wages	Hours of work
Clothing Group B (Bloemfontein, Kimberly & Kroonstad)	Manufacturing	3821	7,9	44
Laundry, Cleaning & Dyeing Non-Commercial (Natal)	Community, Social & Personal Services	3821	4	44
Electrical Area C	Manufacturing	4114	4	44
Furniture Manufacturing (KZN) Metro Areas	Manufacturing	4132	4,5	44
Furniture Manufacturing (Western Cape)	Manufacturing	4132	4,5	44
Furniture Manufacturing (Johannesburg)	Manufacturing	4132	4,5	44
Fast Food, Restaurant, Catering & Allied Trades (10 or less employees)	Wholesale & Retail Trade	4137	7,4	45
BIBC-Northwest Boland Area A	Construction	4210	3	42
Hairdressing & Cosmetology Trade (Pretoria) Wonderboom	Community, Social & Personal Services	4230	4,5	45
Textile (Home Textile)	Manufacturing	4284	5,9	45
Sawmilling Sector (NBCWPS)	Manufacturing	4447	4,4	45
MIBCO Sector 4,5 & 7 Only Area A	Wholesale & Retail Trade	4462	7	45
Food Retail, Retail, Catering & Allied Trade Area A	Wholesale & Retail Trade	4481	6	45
Restaurant, Catering and Allied Trades Wits	Wholesale & Retail Trade	4505	7	45
Meat Trade Gauteng	Wholesale & Retail Trade	4511	8	45
Fishing (Inshore)	Agriculture, Hunting, Forestry & Fishing	4549	6	45

Laundry, Cleaning & Dyeing D/C (WC)	Community, Social & Personal Services	4556	4,8	45
Textile (Blanket) Urban Areas	Manufacturing	4583	4,77	45
Textile (Blanket) Isithebe Area	Manufacturing	4610	6,66	45
BC for Contract Cleaning Durban, Pinetown, Inanda & Chatsworth's	Finance, Insurance, Real Estate & Business Services	4747	5	45
BC for the Private Security Sector (Area 3)	Finance, Insurance, Real Estate & Business Services	4786	4,8	48
Clothing Group A (Millinery)	Manufacturing	4903	7,9	44
Clothing Group A (Garment Knitting)	Manufacturing	5013	7,9	42
MEIBC (Construction Site)	Manufacturing	5034	6	40
Leather (General Goods & Handbags)	Manufacturing	5068	7,5	45
Bargaining Council for the Grain Industry	Manufacturing	5540	4	45
MEIBC (Plastic Sector)	Manufacturing	5902	6	40
BIBC-Cape Peninsula Area A	Construction	5772	8,2	41
Textile (Non-Woven Textile)	Manufacturing	6906	5,5	44
Glass (NBCCI)	Manufacturing	6930	4,75	42
Petroleum (NBCCI)	Manufacturing	7072	4	40
Leather (Tanning)	Manufacturing	7254	7,5	45
NBC Road Freight Logistical Industry (NBCRFLI)	Transport, Storage & Communication	7276	7,5	45
Textile (Woven Cotton)	Manufacturing	7367	5,5	44
Leather industry National BC (Footwear)	Manufacturing	7841	7,5	45
FMCG (NBCCI)	Manufacturing	7869	5	40
South Africa Road Passenger Bargaining Council (SARPBC)	Transport, Storage & Communication	7879	4	45
Sugar Manufacturing & Refining (Illovo) Umzimkulu	Manufacturing	8066	5	43

Civil Engineering	Construction	8127	4,7	45
Textile (Carpet)	Manufacturing	8453	5	45
Industrial Chemicals (NBCCI)	Manufacturing	8389	4	40
South African Local Government Association (SALGA)	Community, Social & Personal Services	8621	3,5	40
Textile (Fibre)	Manufacturing	8700	5,5	44
Motor Ferry Industry BC	Transport, Storage & Communication	8712	7,4	45
PSCBC	Community, Social & Personal Services	8712	7,4	45
Pharmaceutical (NBCCI)	Manufacturing	9770	5	40
Transnet SOC Limited	Community, Social & Personal Services	10010	5	45
New Tyre Manufactures Bargaining Council	Manufacturing	14944	6	40
Median		5051	5	45
Average		6207	6	44

Source: LRS Actual Wage Rates Database

R 5 051

Median

R 6 207

Average

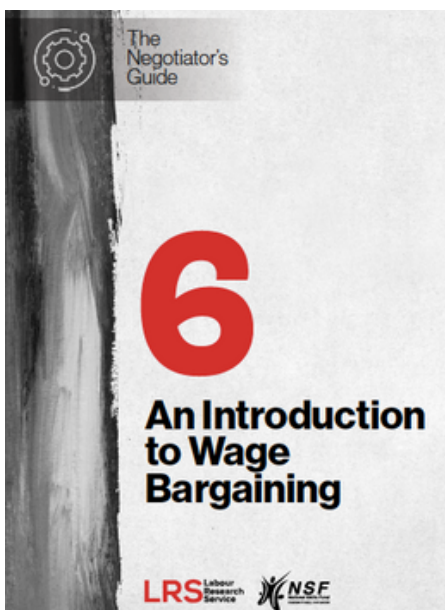
CONCLUSION

The report attempted to capture key results in terms of median wage settlements and the median minimum wage floor of the collective bargaining undertaken by trade unions in 2021. Despite the challenges in the economy, wage settlements were above the inflation rate in 2021. The unions attained a median minimum wage floor of R6 516 per month in 2021.

What to expect in 2022

The 2021 low average inflation (4,5%) might influence the outcome of wage settlements in 2022. Wage settlements across different industries could range between 7% to 8%.

Key resource for wage negotiators



Know how to:

- Build an argument
- Build a wage
- Approach and deal with inflation
- Calculate percentages and money amounts.

Get PDF: <https://bit.ly/3t25ldU>

Source: The LRS Negotiator's Guide (2022)

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Knowledge is too important to leave in the
hands of the bosses.

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