



March 2024

Bargaining Benchmarks

A resource for trade union negotiators
in South Africa

Negotiators often have very few resources to assist them with preparing for bargaining processes at company or sector level. There is very little information on wages and other key indicators in the public domain and trade union negotiators in particular have limited scope to buy the information that they might need. It is also true that much of the information that is available is not in a form that is easily understood by negotiators.

Bargaining Benchmarks is a basic resource for role players in collective bargaining in South Africa. This report provides negotiators with a series of benchmarks that will help them enter into bargaining processes as informed role players.

Table of Contents

Definitions	02
Price Inflation: Cost of Living	03
Contributions to annual change	04
Inflation by expenditure Group	08
Inflation by province	08
Producer Price Index	09
Unemployment rate	10
Economic Growth and GDP	11
Household Food Basket Index	12
Wage indicators	13
References	14

Definitions

CPI (Consumer Price Index)

Measures changes in the price level of market basket of consumer goods and services purchased by households.

Economic growth

The increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP.

Employment

The fact of having a paid job

Inflation

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

GDP (Gross Domestic Product)

A monetary measure of the market value of all the final goods and services produced in a period of time, often annually or quarterly in a country.

PPI (Producer Price Index)

Measure of the average change in the price of a basket of representative goods and services sold by manufacturers and producers in the wholesale market, including finished goods, intermediate goods, and raw materials or crude commodities.

PMBEJD

Pietermaritzburg Economic Justice and Dignity.

The median

The number found in the middle of a range of numbers. For example: if the range of numbers is 2, 4, 6, 8, 10, 12, 14, 16, 18 then the median is 10.

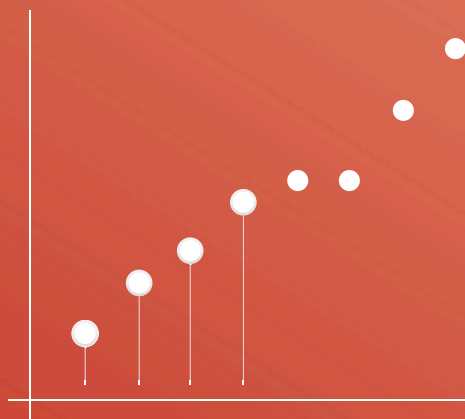
Price inflation: Cost of living

Inflation is backwards looking. If the latest inflation number is for December 2024 and it was reported to be 3%, then this tells us what happened to prices over the last 12 months (from December 2023 to December 2024).

The easiest way to understand inflation is to think of buying power. If a worker receives a 10% increase but the price of the goods that the worker buys also increase by 10%, then that worker will not be able to buy anything beyond what they bought previously even though they appear to have more money. The wage earner, therefore, has the same buying power they had before, despite the 10% increase.

The Consumer Price Index (CPI) represents the overall increase in prices of all goods. The inflation rate measured by the CPI was 3% in December 2024. This means that the price of goods and services generally increased by 3% from December 2023 to December 2024.

You can find this monthly release at www.statssa.gov.za

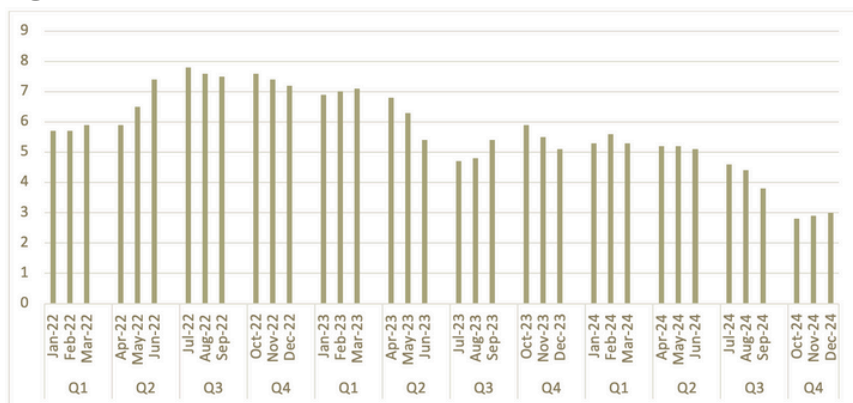


Inflation

The increase in prices over a certain time period. Measured as an annual percentage increase (for example, December 2023 to December 2024).

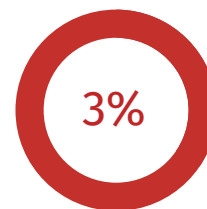
Almost always presented as an annualised number covering the previous 12 months.

Figure 1: Consumer Price Index (CPI) Q4 2024



Source: Statistics South Africa

Overall CPI is made up of different categories of goods and services.



December 2024

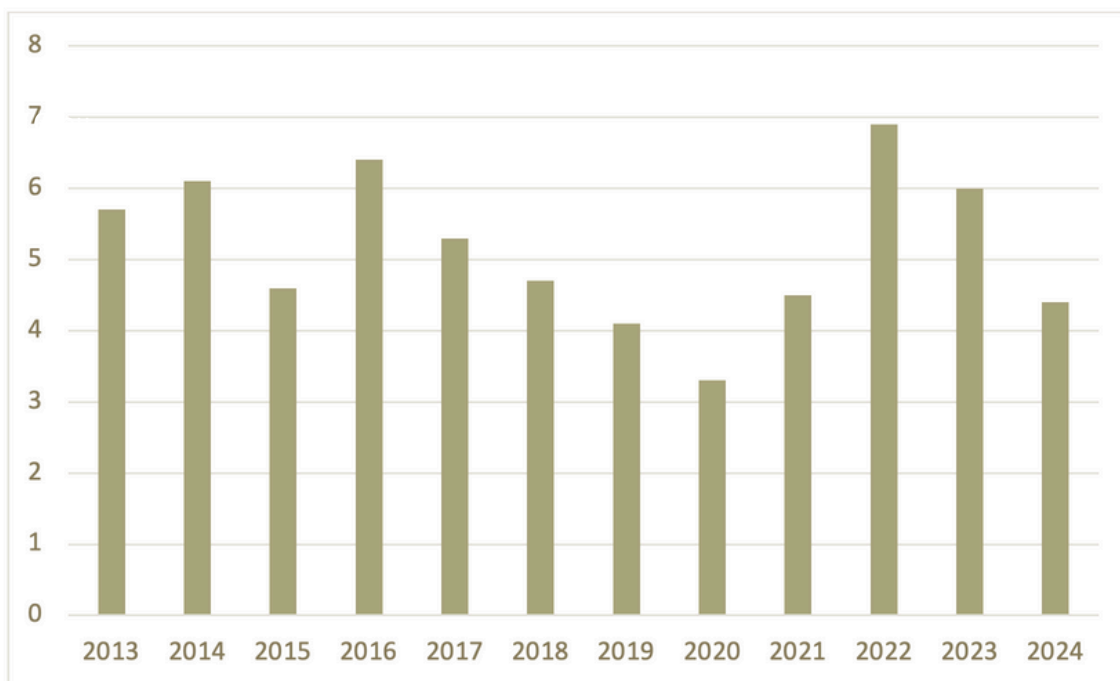
Remember the inflation rate describes a rate of increase. So, if annualised inflation is lower this month than it was last month, it does not mean that things are cheaper. It just means that the prices increased more slowly than they did before.

If we look even closer, we can see which sub-categories are currently driving inflation.



If annualised inflation is lower this month than it was last month, it does not mean that things are cheaper.

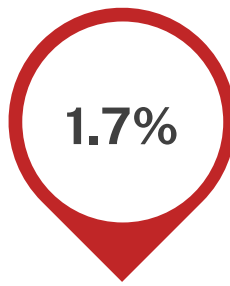
Figure 2: Average Consumer Price Index (CPI) | 2013 - 2024



Source: Statistics South Africa

The food price index shows the increase in the price level of food products only every month. This rate is incorporated in the overall CPI inflation rate.

Food price



December 2024

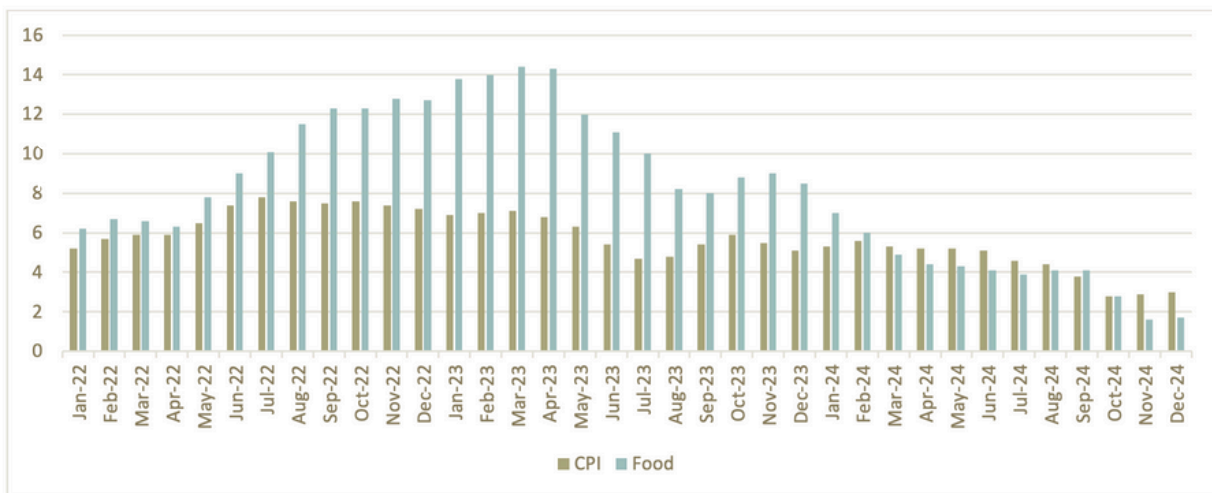
Consumer Price Index



December 2024

Food prices outpaced inflation from January 2022 to February 2024. Between March and June, prices fell below the annualised inflation rate but rose in September. In the last quarter of 2024, prices were low, rising by 1.7% in December compared to a 3% inflation rate.

Figure 3: The Food Price | January 2022 - December 2024



Source: Statistics South Africa

The transport price index reflects the rise in the cost of transportation items within the basket of goods and services used to calculate the inflation index. This rate is factored into the overall CPI inflation rate.

From January 2022 to May 2023, transportation prices exceeded inflation. Prices fell below the inflation rate from July to September 2023, rose above it in October, and then dropped in the last two months of the year. In January 2024, prices were lower than inflation, saw a slight rise in February, and settled at 5.3% in March. Prices surpassed the annualised inflation rate in the second quarter but declined in the third. By the end of the fourth quarter, transportation prices were at -2%, compared to an inflation rate of 3%.

Transport price



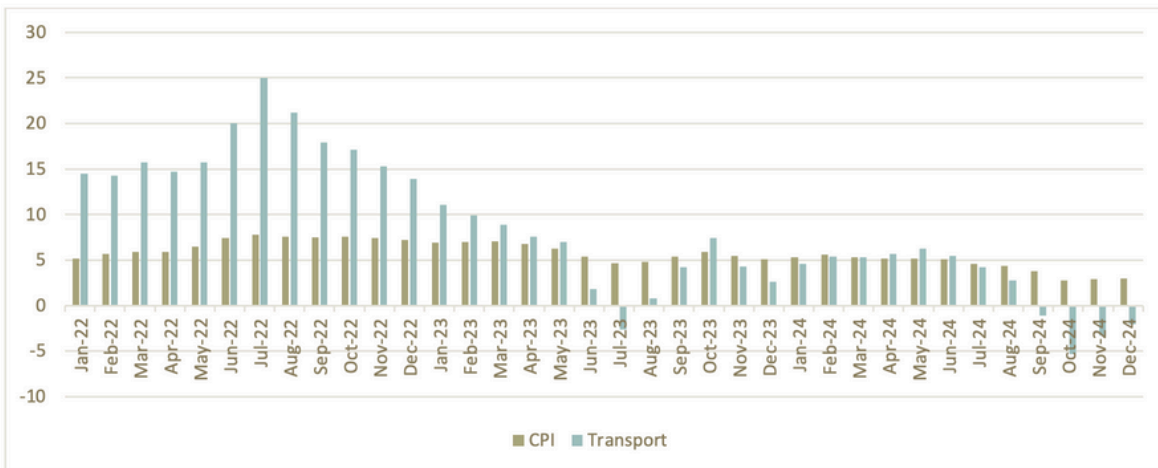
December 2024

Consumer Price Index



December 2024

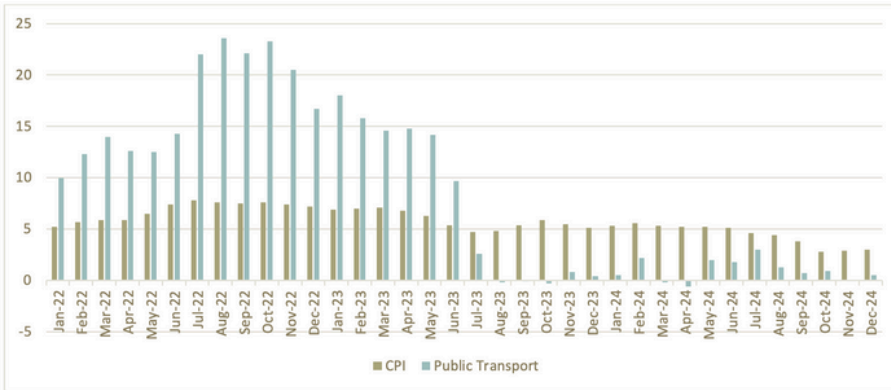
Figure 4: Transport price | January 2022 - December 2024



Source: Statistics South Africa

The public transport price index reflects price changes for taxis, trains, buses and other public transport for passengers or goods. This index is part of the overall CPI inflation rate.

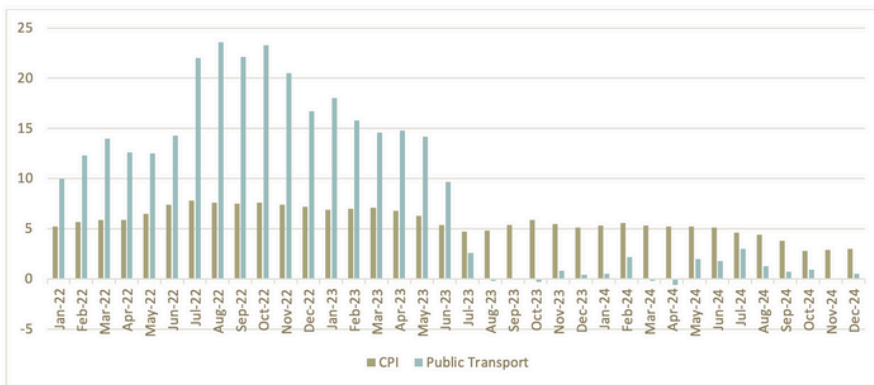
Figure 5: Public Transport price | January 2022 - December 2024



Source: Statistics South Africa

Public transport prices exceeded inflation from January 2022 to June 2023 before dropping below it in the last six months of the year. Prices were lower than the consumer price index in Q1 2024, followed by a slight uptick in May and June. Prices remained below inflation in the third quarter. In December 2024, public transport price was 0.5%, and inflation 3%.

Figure 6: Administered price | January 2022 - December 2024



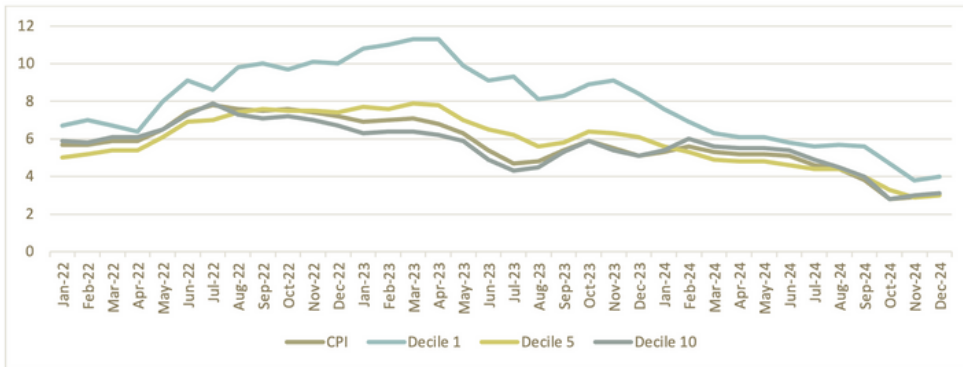
Source: Statistics South Africa

Administered prices rose in the first quarter of 2024 and stayed above the annualised inflation rate throughout the second quarter. However, by the third quarter, prices had dipped below inflation. As of December 2024, prices remain below the Consumer Price Index (CPI) but have been gradually increasing, rising from 0.6% in November to 1.4% in October and reaching 1.8% in December.

Inflation by expenditure group

There is more than one inflation number. Different groups, from the very poor to the wealthy, can experience different rates of inflation because they buy different things.

Figure 7: Annualised inflation by expenditure group | JAN 2022 - DEC 2024

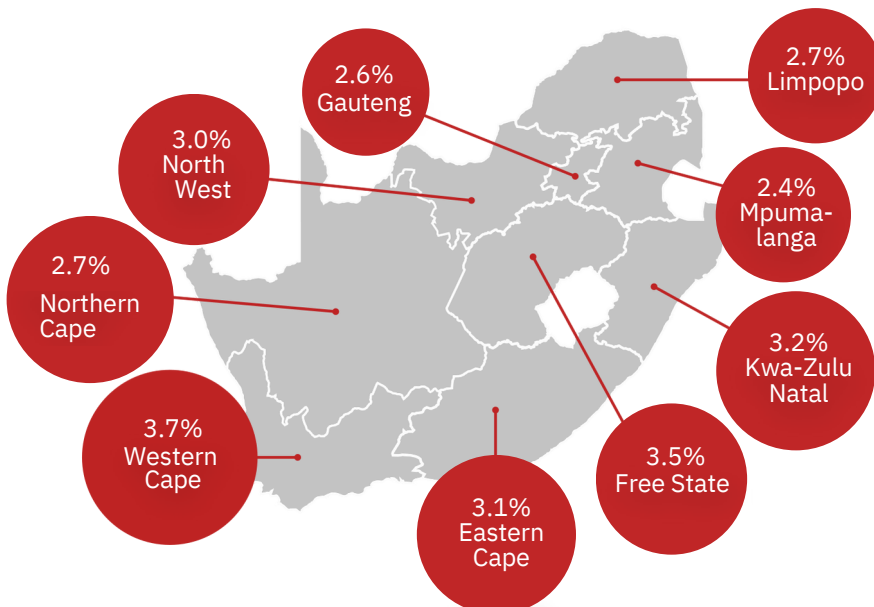


Source: Statistics South Africa

◀ In December 2024, the very-low expenditure group (Decile 1) faced an inflation rate of 4%, exceeding the headline annualised rate of 3%. The very-high expenditure group (Decile 10) experienced a slightly lower inflation rate of 3.1%, just 0.1% above the overall inflation rate. Workers are not affected equally by inflation.

Inflation by province

Figure 8: Annualised Rates by Province | December 2024



◀ Mpumalanga (2.4%), Gauteng (2.6%), Limpopo (2.7%), Northern Cape (2.7%), North West (3%) were the provinces with annual inflation rates lower than or equal to the headline rate. Eastern Cape (3.1%), KwaZulu Natal (3.2%), Free State (3.5%) and Western Cape (3.7%) had annual inflation higher than headline inflation.

Source: Statistics South Africa

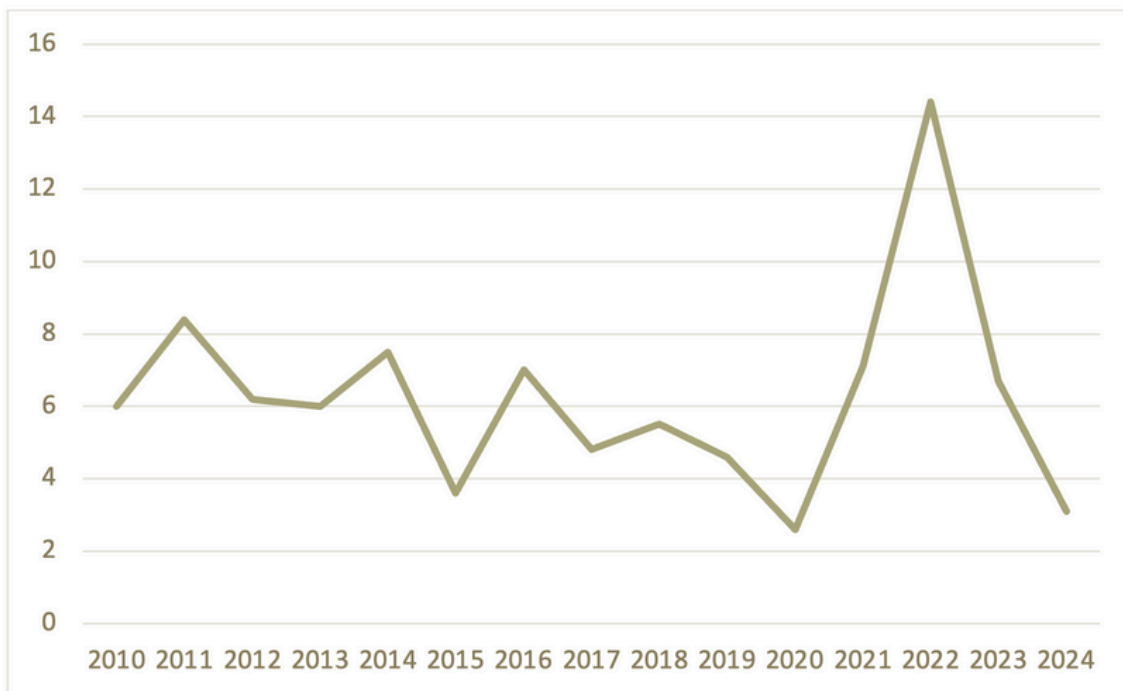
Producer Price Index

The Producer Price Index (PPI) measures the average change in the price of a basket of representative goods and services sold by manufacturers and producers in the wholesale market, while CPI measures price changes in a basket of goods and services bought by the average household.

The PPI can assist us in understanding what inflation might do in future. Many factors can influence the inflation rate, but the trend in PPI is one way of predicting what prices will do in the short term.

The average Producer Price Index increased from 6% in 2010 to 14.4% in 2022 and fell to 3.1% in 2024.

Figure 9: Average Producer Price Index (PPI) | 2010 - 2024



Source: Statistics South Africa

Unemployment rate

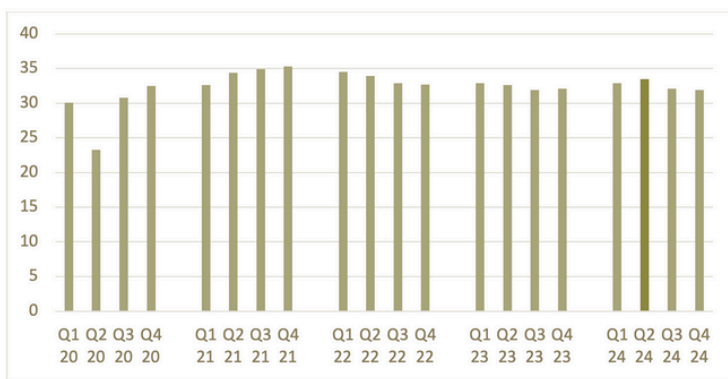
Q1 2020 - Q4 2024

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

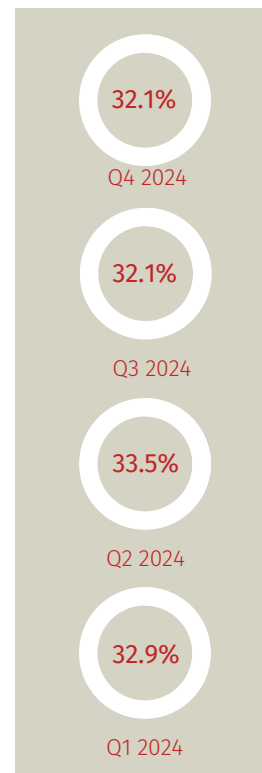
The official unemployment rate dropped from 32.1% in the third quarter of 2024 to 31.9% in the fourth quarter.

Unemployment rate (Q1,2,3 &4)

Figure 10: Unemployment rate (%) | Q1 2020 - Q4 2024

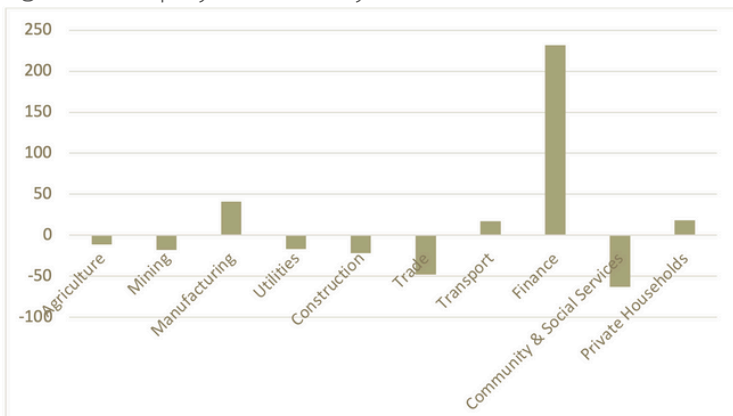


Source: Quarterly Labour Force Survey



Between Q3 and Q4 2024, employment grew in four of the ten industries surveyed. The biggest gains were in Finance (+232,000), followed by Manufacturing (+41,000), Private Households (+18,000), and Transport (+17,000). The largest job losses occurred in Community and Social Services (-63,000), Trade (-48,000), and Construction (-22,000).

Figure 11: Employment rate by industries | Q4 2024

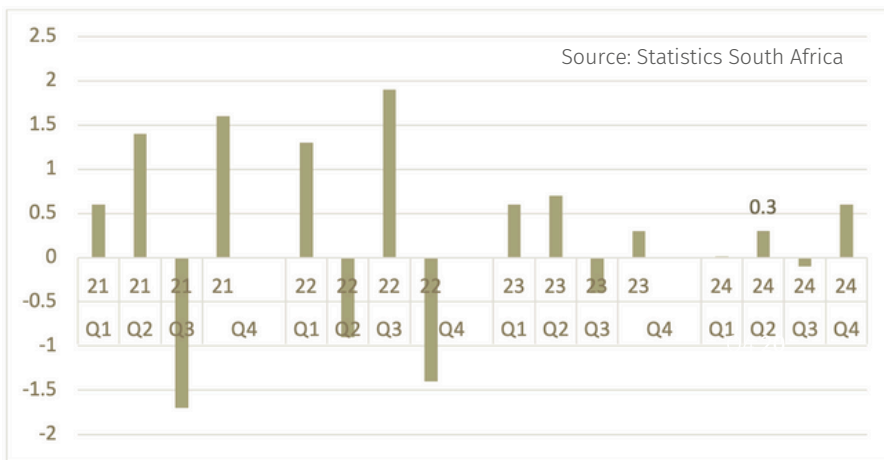


Source: Quarterly Labour Force Survey

Economic growth & GDP (Q4 2024)

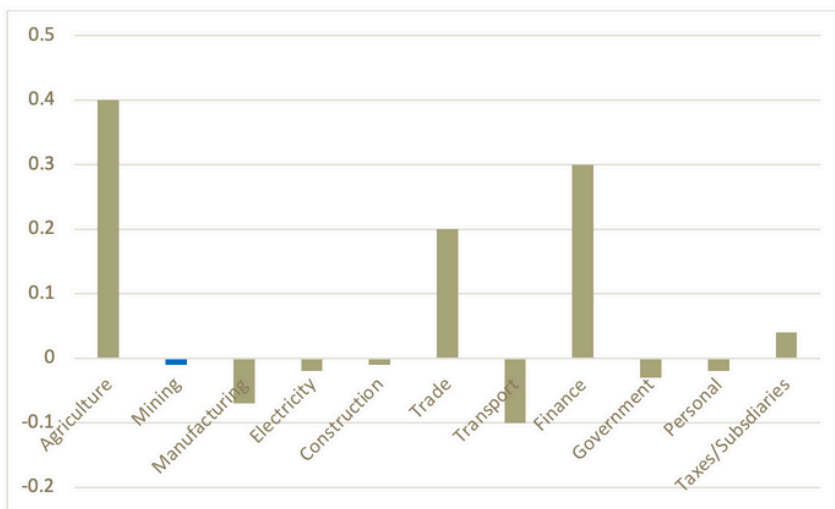
The GDP represents the total market value, or prices, of all final goods and services produced in an economy during a period. GDP is expressed as a comparison to the previous year or quarter.

Figure 12: Growth in GDP % | Q4 2024



Real GDP, measured by production, grew by 0.6% in the fourth quarter of 2024, rebounding from a 1.6% decline in the third quarter.

Figure 13: Contributions to growth (%) in GDP by Industries in Q4 2024

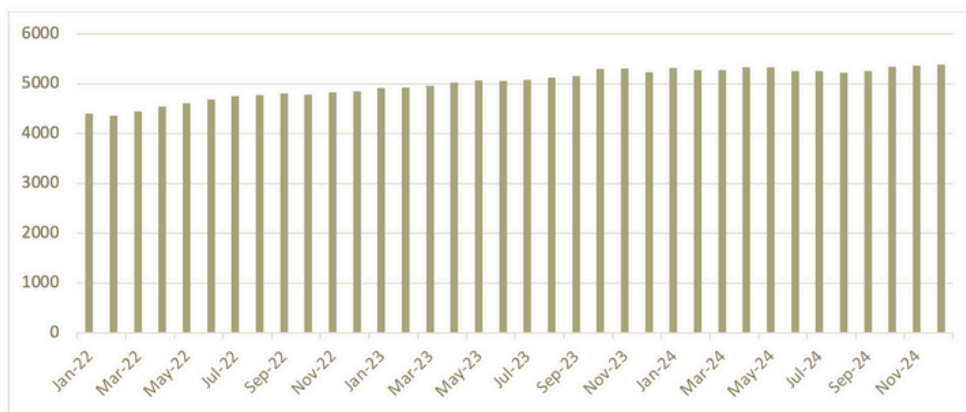


Only three sectors saw positive growth between the third and fourth quarters of 2024. Agriculture led with a 0.4% increase, followed by Finance at 0.3% and Trade at 0.2%. Meanwhile, Transport was the biggest negative contributor, declining by 0.1%.

Month-on-month household food basket index | Jan 2022 - Dec 2024

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 on food price inflation as experienced by households living on low incomes in South Africa.

Figure 14: The cost of the household food basket | JAN 2022 to DEC 2024



◀ The cost of the household food basket rose from R4401 per month in January 2022 to R5383 in December 2024, an increase of R982 or 22.3%

Source: Pietermaritzburg Economic Justice and Dignity

Wage indicators

You can find the median pay increase in different industries on the LRS Actual Wage Rates Database (AWARD). AWARD is located at www.lrs.dedicated.co.za/award

Agriculture recorded the highest median wage increases of 8%, followed by electricity, finance, mining and wholesale at 7%. Community, construction, manufacturing and transport recorded a median increase of 6%. The median wage increase for all collected wage agreements in the fourth quarter of 2024 was 7%.

Table 1: Median increases by industry (%) | Q4 2024

Industry	Median Wage Increase (%)
Agriculture, Hunting, Forestry & Fishing	8
Community, Social & Personal Services	6
Construction	6
Electricity, Gas & Water	7
Financing, Insurance, Real Estate & Business Services	7
Manufacturing	6
Mining & Quarrying	7
Transport, Storage & Communication	6
Wholesale & Retail Trade, Catering & Accommodation	7

Source: LRS Actual Wage Rates Database

The median is the number which is found in the middle of a range of numbers. For example, if the range of numbers is 2, 4, 6, 8, 10, 12, 14, 16, 18 then the median is 10.

References

Labour Research Service, Actual Wage Rates Database (AWARD).

Available at <https://lrs.dedicated.co.za/award/>

Consumer Price Index, Gross Domestic Product (GDP), Quarterly Labour Force Survey publications. Available at <http://www.statssa.gov.za>

Pietermaritzburg Economic Justice and Dignity, Household Affordability Index.

Available at <https://pmbejd.org.za>



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