

# Collective bargaining indicators

*As wage negotiations move into full swing in various sectors of the economy, the **Labour Research Services** tracks developments to ensure up-to-date data is available for collective bargaining.*

**A** study conducted by the National Institute for Economic Policy (Niep), found that all households rely extensively on wage labour as their main income-generating activity. Wages are thus the most important source of income for the majority of South Africans. However, wage labour has come under severe pressure due to the escalating cost of living, declining government spending on social services (which forces workers to pay for certain essential services) and the rise in unemployment and poverty levels. The wage packet of low-income workers is being eroded by the increased cost of basic commodities, like food and clothing, as well as by the rise in fuel prices.

## Average settlement levels

In 2001 we witnessed a wave of strike activity as workers tried to negotiate for wages that could alleviate the ever-increasing pressure on low-income households as a result of the rising cost of living. The South African economy is experiencing a steady increase in the rate of inflation (a measure of the average price increase of goods and services). This means that workers will be able to spend less on goods and services. Hence, pegging wage increases to inflation does little to improve the standard of living of low-income households.

Workers demanded wage increases

of between 10% and 15% during 2001 while increases were on average below 10%. With the rate of inflation on the rise again, these increases translate into very low real wage increases.

Out of a sample of 203 bargaining units representing about 303 443

workers across various industries, the annual median percentage wage increase was 8% for a 45-hour working week and the annual average wage settlement was 8.3% for an average working week of 44.25 hours.

Workers in the public transport

Table 1: Average percentage settlement levels attained by workers in various industries in 2001

Industry	No of bargaining units	Approx. No of workers covered	Median % increase	Average % increase
<b>Mining &amp; Quarrying</b>		190 000		
1) Gold & Uranium Ore	16		8%	8%
2) Diamond	8		10%	9.4%
3) Coal	6		7.5%	7.7%
4) Metal Ore	2		7%	10.8%
5) Other	8		9%	9.2%
<b>Manufacturing</b>				
1) Paper products; printing & publishing	23	4 217	7%	7.7%
2) Chemicals, rubber and plastic products	22	16 917	8%	9.4%
3) Food products and beverages	41	24 556	7%	7.6%
4) Automobile	1	21 000	9%	9%
5) Steel and engineering	6	13 685	7.8%	10.6%
<b>Construction</b>				
1) Building and manufacturing of bricks and cement	12	866	7%	7.6%
<b>Wholesale and retail trade, catering and accommodation services</b>				
1) Wholesale and retail	25	19 733	9.6%	10.1%
2) Catering and accommodation	21	1 368	7%	8.3%
<b>Transport, storage and communication</b>				
1) Public transport	4	7 130	9%	11%
<b>Financing, insurance, real estate and business services</b>				
1) Business services	7	434	8%	8.3%
<b>Electricity, Gas and Water</b>				
1) Water supply	1	3 537	7.7%	7.7%
<b>TOTAL</b>	<b>203</b>	<b>303 443</b>	<b>8%</b>	<b>8.3%</b>
<b>Annual inflation rates</b>	<b>CPI = 5.7%</b>		<b>CPIX = 6.9%</b>	

Source: AWARD, Labour Research Service. Industry settlement levels exclude bargaining councils' percentage settlements

<b>AWARD Job grade</b>	<b>No of barg. units</b>	<b>Median weekly wage</b>	<b>Median hours of work</b>	<b>Average weekly wage</b>	<b>Average hours of work</b>
<b>Labourers</b>					
Grade A1	273	R408.77	45	R411.82	43.65
Grade A2	39	R505.19	45	R517.83	44.00
<b>TOTAL</b>	<b>312</b>	<b>R419.81</b>	<b>45</b>	<b>R425.09</b>	<b>43.71</b>
<b>Production workers</b>					
Grade B1	109	R456.04	45	R489.42	44.06
Grade B2	115	R527.58	45	R561.63	44.10
Grade B3	97	R615.05	45	R657.47	44.00
Grade B4	56	R675.28	45	R700.70	45.00
<b>TOTAL</b>	<b>377</b>	<b>R571.32</b>	<b>45</b>	<b>R602.31</b>	<b>44.29</b>
<b>Craft workers</b>					
Grade D1	19	R423.20	40	R417.62	41.00
Grade D2	23	R664.67	40	R642.69	41.63
Grade D3	69	R794.40	45	R851.53	42.78
Grade D4	10	R490.40	40	R573.00	41.00
<b>TOTAL</b>	<b>121</b>	<b>R577.54</b>	<b>40</b>	<b>R621.21</b>	<b>41.60</b>
<b>Transport</b>					
Grade K1	26	R383.05	41	R388.15	42.13
Grade K2	28	R460.80	41	R459.68	42.20
Grade K4	17	R503.00	40	R468.35	41.53
<b>TOTAL</b>	<b>71</b>	<b>R460.80</b>	<b>41</b>	<b>R438.73</b>	<b>41.95</b>

Table 2: Average weekly minimum wage rates and working hours across various grades, 2001

sector won the highest average increase of 11% followed closely by the metal ore mining sector attaining an average wage increase of 10.8%. The steel and engineering and wholesale and retail employees also attained average wage increases of just above 10% (see Table 1).

#### **Average wage settlements attained by various trade unions**

The South African Transport and Allied Workers Union (Satawu) attained the highest annual percentage wage increases, recording a median increase of 9% and an average increase of 10.5% for an average working week of 42.03 hours. The lowest increase was found in the National Union of Food, Beverage, Spirits and Wine (Nufbsaw) with an annual median increase of 6% and an average annual increase of 7.45% for an average working week of 42.71 hours. The median annual settlement level for

the sample was 8% for a 45-hour working week. The average annual settlement level was 8.3% for an average working week of 44.15 hours.

#### **Average minimum wage levels**

In the sample of 312 bargaining units it was found that a labourer earned on average a weekly wage of R425.09 for a 43.71-hour week and a median weekly wage of R419.81 for 45 hours per week. In comparison, craft workers earn an average weekly minimum wage of R621.21 for a 41.60-hour week and a median weekly wage of R577.54 for a 40-hour working week. (See Table 2).

The average weekly wage for artisans was R851.53 for an average working week of 42.78 hours and their median weekly wage was R794.40 for a median working week of 45 hours. In the sample, labourers earn on average 49.9% of an artisan's

average weekly wage.

A look at the lowest wage rate reveals that the lowest wage in this category is found in the construction industry recording an average weekly minimum wage rate of R262.45 for a 44.27-hour working week and a median weekly minimum rate of R265.95 for a working week of 45 hours. The wholesale and retail trade and catering and accommodation services industry followed closely with an average weekly minimum wage rate of R311.63 for a 44.89-hour week and a median weekly minimum wage of R274.94 for 45 hours per week.

#### **Minimum wage rates**

The average weekly wage (from a sample of 17 bargaining councils representing 23% of the total number of bargaining councils and covering approximately 950 000 workers) was R566.25 for a 43.22-hour working

Table 1: Consumer price index and % change according to urban areas

CPI All Items Areas	Mar-02 CPI	Mar 01-Jan 02 Inflation
<b>Western Cape</b>	112,8	+8,0%
Cape Peninsula	112,5	+7,4%
<b>Eastern Cape</b>	112,2	+8,1%
Port Elizabeth	112,1	+7,5%
East London	112,0	+7,3%
<b>Northern Cape</b>	113,0	+7,5%
Kimberly	114,3	+9,1%
<b>Free State</b>	109,3	+5,4%
Bloemfontein	108,7	+4,3%
Free State Goldfields	110,7	+5,6%
<b>KwaZulu-Natal</b>	112,1	+6,7%
Durban/Pinetown	112,3	+6,3%
Pietermaritzburg	113,4	+7,9%
<b>North West</b>	111,0	+6,3%
<b>Gauteng</b>	111,0	+6,2%
Pretoria/Centurion	111,9	+7,0%
Witwatersrand	111,1	+6,0%
<b>Mpumalanga</b>	112,4	+7,6%
Nelspruit/Witbank	113,5	+7,9%
<b>Limpopo Province</b>	111,4	+6,3%
Polokwane/ Pietersburg	107,6	+4,2%
Metropolitan	111,7	+6,6%
<b>Metropolitan and other urban areas</b>	111,5	+6,8%

Source: Statistics South Africa

Table 2: Food price index and % change according to urban areas

Food Inflation Areas	Mar-02 CPI	Jan 01-Mar 02 Inflation
<b>Western Cape</b>	115,7	+12,2%
Cape Peninsula	117,6	+13,2%
<b>Eastern Cape</b>	117,1	+16,5%
Port Elizabeth	118,0	+15,9%
East London	116,6	+14,3%
<b>Northern Cape</b>	114,9	+11,1%
Kimberly	118,2	+13,3%
<b>Free State</b>	115,9	+12,6%
Bloemfontein	120,1	+15,4%
Free State Goldfields	115,3	+10,3%
<b>KwaZulu-Natal</b>	122,5	+15,9%
Durban/Pinetown	122,3	+15,2%
Pietermaritzburg	121,7	+14,9%
<b>North West</b>	117,3	+15,2%
<b>Gauteng</b>	114,7	+12,3%
Pretoria/Centurion	116,5	+13,3%
Witwatersrand	114,3	+11,8%
<b>Mpumalanga</b>	120,9	+18,0%
Nelspruit/Witbank	121,6	+16,9%
<b>Limpopo Province</b>	120,7	+15,4%
Polokwane/ Pietersburg	120,5	+18,1%
Metropolitan	116,5	+13,0%
<b>Metro and other urban areas</b>	116,8	+13,6%

Source: Statistics South Africa

week whilst the median wage was R489.13 for 45 hours per week

The lowest weekly wage was found in the Motor Service Stations Bargaining Council with grade A1 workers earning a weekly wage of R144.90 for a 45-hour working week. This is closely followed by general workers in the building industry earning R205.65 per week for a 45-hour working week. The lowest paid worker in the Tearoom, Restaurant and Catering Bargaining Council earns R219.25 per week for 45 hours per week.

The highest weekly wage in the sample was found in the public sector where educators in notch 1 rank 9 earn R2052.21 per week for a 35-hour working week. Artisans in the metal and engineering industry earn R939.72 per week for 41 hours per week. This is closely followed by the Meat Trade Industry Bargaining Council in Gauteng where master meat cutters earn a

weekly wage of R911.61 for a 45-hour working week.

### Conclusion

Wage bargaining has come under enormous pressure as a result of retrenchments, increased employment of casualised, part-time or temporary workers, increased levels of poverty and other negative impacts of globalisation. In 2001, workers won above-inflation wage increases. However, negotiations this year have to contend with an economy that is in a constant state of flux. The South African currency has experienced a 40% decline against the US dollar resulting in a rise in inflation and interest rates. Workers will have to dig deeper into their pockets to afford the increased cost of living. The above-inflation rate increases will thus do little to improve the standard of living of low paid workers.

The Bureau of Market Research calculated that an average low-income family requires a minimum living level of R354.43 to survive on and a supplemented living level of R465.99 per week. This report found that in a sample of 273 of the lowest paid workers, the average minimum weekly wage was R411.82. The average minimum weekly wage set by 12 bargaining councils was R468.13 with the lowest paid worker found in the motor service stations earning R144.90 per week for a 45-hour working week.

*This is an edited version of a report compiled by the Cape Town-based Labour Research Services. The data is obtained from their Actual Wage Rates Database (AWARD), which is designed to provide trade union negotiators with useful wage information in preparation for wage bargaining.*