



Wage and Wage Related
Exemptions
and
Special Phase-in Dispensation
for the period
1 July 2022 - 30 June 2023

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APPLYING FOR EXEMPTION FROM THE MAIN AGREEMENT WAGE INCREASES AND SPECIAL PHASE-IN DISPENSATION EFFECTIVE 1 JULY 2022

Introduction

SEIFSA, on behalf of the 18 affiliated Employer Associations, signed an agreement with all the trade unions in our industry on 21 October 2021 on the terms and conditions of employment for a three-year period ending 30 June 2024.

Exemptions Procedure

SEIFSA is aware that the current economic environment may pose severe constraints on certain member companies' ability to implement the increases (see **Appendix A**) and these members are advised that the industry's current wage exemption procedure continues to apply.

Furthermore, the parties have taken note that there are many employers who for one or other reason have been operating outside of the terms and conditions of the Main Agreement, particularly when it comes to rates of pay. The parties have agreed that encouraging these employers to come on board in one-step may not be feasible nor practical and will not assist in achieving the end-goal of parity on wages across the sector.

The parties have therefore agreed that in order to reach parity, phase-in will need to be approached in a stepped-phased approach and will form part of a broader project aimed at achieving parity with the Main Agreement in a managed manner over agreed time-spans. Phase-one of the project will focus on moving employers who may elect to be covered by the Main Agreement and/or have been operating outside of the Main Agreement to achieve 60% of the 2019/2020 Main Agreement minimum wage rates (see **Appendix B**).

The parties have agreed that 60% of the 2019/2020 Main Agreement minimum wage rates will be fixed for the duration of the 2021/ 2024 Main Agreement. Phase-one of the project will end on 30 June 2024. The parties have agreed that during the currency of the 2021/2024 Main Agreement the parties will agree on the modalities, goals, time-frames and objectives informing phase-two of the project.

Applying for a Wage Increase Exemption

Party employers may submit their applications for exemptions in-line with clause 23 of the Main Agreement to their respective Regional Bargaining Council Office by no later than 31 July 2022. The procedure to follow in applying for a wage increase exemption is outlined in **Appendix C**.

Applying for a Special Phase-in Exemption

To qualify for the special phase-in dispensation an employer must be a member of an employer organisation that is a signatory to the Main Agreement and party employers must apply for and receive an individual license of exemption setting out their phase-in plan to achieve 60% of the 2019/2020 minimum wage rates by 30 June 2024.

The license of exemption will stipulate that notwithstanding that an employer may be paying below 60% of the 2019/2020 Main Agreement minimum wage rates, leave pay and leave enhancement pay must be calculated on 60% of the 2019/2020 wage rates.

Furthermore, the license of exemption will stipulate that wage increases for employers paying less than 60% of the 2019/2020 Main Agreement minimum wage rates must implement the 2022/2023 Main Agreement increases on a rand and cents amount on what a worker is actually earning for his/her grade of work. For employers paying above 60% of the 2019/2020 Main Agreement minimum wage rates, must calculate leave pay and leave enhancement pay on a worker's actual rate of pay.

Wage increases for employers paying above 60% of the 2019/2020 Main Agreement minimum wage rates but less than a 100% of the 2022/2023 Main Agreement minimum wage rates, must implement the 2022/2023 Main Agreement increases as a rand and cents amount on what a worker is actually earning for his/her grade of work. Employers paying above 60% of the 2019/2020 Main Agreement minimum wage rates but below 100% of the 2022/2023 Main Agreement minimum wage rates will be required to calculate leave pay and leave enhancement pay on a worker's actual rate of pay. The procedure to follow in applying for a special phase-in exemption is outlined in **Appendix D**.

It is important to note that a wage or wage related exemption application and exemptions related to the special phase-in dispensation must be lodged with the bargaining council on or before 31 July 2022.

Wage, Wage Related and Special Phase-in Exemption Application questionnaire

A pro-forma exemption questionnaire to be used for applying for a wage, wage related or special phase-in exemption is contained in **Appendix E**.

Exemption Guidelines

A company wishing to apply for an exemption from either the wages or special phase-in dispensation must complete the questionnaire in its entirety and return all the necessary documentation to the bargaining council.

Attention is drawn to the importance of the Council's requirement that an application must be accompanied by the following important information in order for the application to be considered:

1. A fully detailed motivation explaining the difficulties that the company is experiencing and hence the need for the application. This motivation is not the same as the business plan (see point 2 below).
2. A business plan – which must give a breakdown of what the company is currently paying its employees and if applicable, what rands and/or cents and/or percentages, if any, the company is prepared to award and how long it will take to reach the applicable minimum rates of the Main Agreement.
3. Audited Financial Statement for the financial year ending 2021/2022. In the case of a closed corporation - a full set of Financial Statements which are to be signed by an Accounting Officer and the latest Management Accounts for the last three months. If the Financial Statements are older than six months, then the Management Accounts for the recent three months are required.
4. Formal confirmation that employees were informed of the company's decision to make an application for exemption.
5. Where employees reject the company's approach, they are to be informed of their right to submit written reasons for objecting to the exemption application and such reasons should be attached as an annexure to the company's application.
6. The signature of at least two employees who accept being the representatives for the workforce and who will be affected by the application. Representatives of the workforce are to sign the form, contained in the exemption application questionnaire, consenting to this.
7. The signatures of employees accepting that they have been informed of the implications of what the firm is proposing to the Council.
8. Where the employees are trade union members, the company should inform the local trade union office of the intention to apply for an exemption and request, in writing, a meeting with the local official to discuss the impact of the exemption on the company and the members of the union.
9. Where employees have elected a trade union representative or representatives (shop stewards) these persons should be requested to sign that they were consulted and that they understand the need for applying for the exemption. Where the local trade union official and/or shop stewards have been consulted and where they reject the application, such refusal must be recorded in the application and countersigned by at least two witnesses.

10. Where the local trade union official and/or shop stewards and affected employees support the exemption application, this signed agreement should be included with the application.
11. It is recommended that all meetings in this regard between management, employees, shop stewards and union officials be minuted and that the minutes of such meetings be submitted with the exemption application.
12. The application itself is to be signed by either a director of the firm, member, owner or a senior accountant - neither a bookkeeper nor the human resources manager's signatures will be acceptable.
13. The savings in cost to company should the application for exemption be granted and the workings in arriving at this cost.

It is important to note that the Bargaining Council is obliged to consider all applications for exemption irrespective of the basis on which they are founded. This was affirmed in a MEIBC/ CDR Consent Order dated 31 July 2012, which effectively means that financial reasons alone are not necessarily the only criteria which must be considered. Employers may apply for an exemption on any one or more of the following reasons including but not limited to:

- Increased competitive threats;
- Inability of employer to pass on cost increases to final customers;
- Technological changes threatening business survival;
- Inherently high difference between wage rates actually paid and current affordability of market competitive considerations facing an employer;
- Market decline, projections, etc.;
- Loss or potential loss of business;
- Existing/ current unprofitable contracts the consequences of which are only likely to manifest themselves in future/ current (unreported) accounting periods;
- Expansion opportunities (including capital investments) where cheaper labour costs could influence investment decisions;
- New ventures/ operations which justify retention or creation of job opportunities at reduced wage costs; and/or
- The adoption of the phase-in programme prohibits retrenchments as a consequence of the phasing-in of the new wage schedule, excluding retrenchments for reasons beyond the control of the Employer. Accordingly, such applications for exemptions must address the impact on employment and observance of the prohibition.

One nevertheless anticipates that application for exemption will primarily be founded on the grounds of affordability and security of employment.

Note:

- (i) The exemption application will not be considered or processed by the Bargaining Council unless all the above requirements are met.
- (ii) It is not a condition of the exemption that employees accept the proposed terms of the exemption. All that is required is that employees and their representatives are fully informed of the company's intention to apply for exemption and that this consultation process and their response thereto is formally recorded and submitted with the application.

WAGE INCREASES ON RANCS AND CENTS EFFECTIVE 1 JULY 2022

General Wage Increases				
Rate	Current Minimum Wage Rate 2021	Percentage Increase on Scheduled Wage Rates	Guaranteed Personal Increase on	New Minimum Wage Rates 2022
	R c	%	R c	R c
A	88,99	5,00%	4,45	93,44
AA(6)	84,87	5,00%	4,24	89,12
AA(start)	81,04	5,00%	4,05	85,09
AB	77,42	5,00%	3,87	81,29
B	74,41	5,50%	4,09	78,50
C	71,70	5,50%	3,94	75,64
D	70,24	5,50%	3,86	74,11
DD	65,16	5,50%	3,58	68,74
DDD	62,38	5,55%	3,46	65,84
E	59,73	5,77%	3,45	63,17
F	57,35	6,00%	3,44	60,79
G	54,75	6,00%	3,28	58,03
H	52,52	6,00%	3,15	55,67

Electric Cables (Schedule F)

Rate	Current Minimum Wage Rates 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase	New Minimum Wage Rates 2022
	R c	%	R c	R c
Rate Z	88,99	5,00%	4,45	93,44
Rate Y	70,32	5,06%	3,56	73,87
Group IX	67,16	5,28%	3,54	70,70
VIII	65,75	5,36%	3,53	69,28
VII	64,08	5,47%	3,51	67,58
VI	62,47	5,59%	3,49	65,96
V	60,81	5,71%	3,47	64,29
IV	59,15	5,84%	3,46	62,60
III	58,18	5,91%	3,44	61,62
II	56,59	5,79%	3,28	59,86
I	55,52	5,65%	3,14	58,66

Structural Engineering

Rate	Current Minimum Wage Rate 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase	New Minimum Wage Rates 2022
	R c	%	R c	R c
5	88,99	5,00%	4,45	93,44
4	82,78	5,00%	4,14	86,92
3	72,95	5,50%	4,01	76,97
2	61,33	6,00%	3,68	65,01
1	51,82	6,00%	3,11	54,93
1(a)	43,31	6,00%	2,60	45,91

Apprentices

Rate	Current Minimum Wage Rate per Week 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase	New Minimum Weekly Wage Rates 2022
	R c	%	R c	R c
First Year	1774,68	6,00%	106,48	1881,16
Second Year	1958,87	6,00%	117,53	2076,40
Third Year	2328,18	5,77%	134,34	2462,51
Fourth Year	3423,66	5,00%	171,18	3594,84

Five Grade Schedule

Rate	Current Minimum Wage Rate per Week 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase	New Minimum Weekly Wage Rates 2022
	R c	%	R c	R c
5	88,99	5,00%	4,45	93,44
4	76,61	5,00%	3,83	80,44
3	65,98	5,00%	3,30	69,28
2	56,81	5,00%	2,84	59,65
1	48,96	5,00%	2,45	51,41

Vehicle drivers

Rate	Main Agreement Symbol	Current Minimum Wage Rate 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase Rates	New Minimum Wage Rates 2022
		R c	%	R c	R c
Forklift drivers	F	57,35	6,00%	3,44	60,79
Code 08	E	59,73	5,77%	3,45	63,17
Codes 10 & 11	DD	65,16	5,50%	3,58	68,74
Codes 13 & 14	C	71,70	5,50%	3,94	75,64

Gate and Fence Manufacturing (Division D/7)

Rate	Current Minimum Wage Rate 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase	New Minimum Wage Rates 2022
	R c	%	R c	R c
B	47,94	5,20%	2,49	50,43
C	46,75	5,20%	2,43	49,18
D	46,57	5,20%	2,42	48,99
DDD	46,13	5,20%	2,40	48,53
E	45,75	5,20%	2,38	48,13
F	45,52	5,20%	2,37	47,89
G	43,61	5,41%	2,36	45,97
H	39,43	6,00%	2,37	41,80

ANNEXURE H: Special Provisions Related to Sites Covered by a Project Labour Agreement (PLA)

Rate	Current Minimum Wage Rate 2021	Percentage increase on Scheduled Wage Rates	Guaranteed personal increase	New Minimum Wage Rates 2022
	R c	%	R c	R c
5	88,99	5,00%	4,45	93,44
4	82,33	5,00%	4,12	86,45
3	72,11	5,50%	3,97	76,08
2	60,16	5,77%	3,47	63,63
2 (a)	50,54	6,00%	3,03	53,57
1 1 (a)	Rate 1 and 1(a) to be aligned with the wage rate applicable to the general worker rate in the bargaining council for the civil engineering industry			

APPENDIX B**SPECIAL PHASE-IN DISPENSATION TO ACHIEVE 60% OF THE 2019/2020 MAIN AGREEMENT WAGE RATES BY 30 JUNE 2024**

Rate	Current Minimum Wage Rate 2020	60% of Current Minimum Wage Rate 2020
	R c	R c
A	84,75	50,85
AA(6)	80,83	48,50
AA(start)	77,18	46,31
AB	73,73	44,24
B	70,53	42,32
C	67,96	40,78
D	66,58	39,95
DD	61,76	37,06
DDD	59,10	35,46
E	56,47	33,88
F	54,10	32,46
G	51,65	30,99
H	49,55	29,73

WAGE EXEMPTION PROCEDURE

The industry's current wage exemption procedure continues to apply. Any company that is unable to implement the full wage increase may make application to its local regional council to implement wage increases of a lesser amount than those agreed.

If the application is rejected then an appeal may be immediately lodged with the bargaining council's Independent Exemption Appeals Board which is an independent body established in terms of the Labour Relations Act.

The wage exemption procedure is detailed hereunder:

- Individual companies seeking exemption to pay a lesser wage increase must complete the wage exemption application form detailed in **Appendix E**.
- It is vital that companies utilise the standard application form to expedite the exemption process.
- Companies seeking exemption must consult their employees on the intention to apply for exemption and the application must contain details and proof of this consultation process.
- It is important to note that the employees' view on the application is not decisive but merely one of the factors that the Council and Board will take into account when considering the application.
- The exemption application must be accompanied by relevant financial information and any other pertinent supporting information and motivation for the proposed exemption.
- The application must be lodged with the local regional council as soon as possible and by no later than the 31 July 2022.
- The proposed exempted wage increase should be implemented by the company until the exemption process has been concluded, after which and presuming the exemption may be declined, any adjustments must be applied retrospectively from date of application of the agreement.
- The local regional council will make a decision on the exemption application. Where the exemption is rejected, an appeal may be lodged with the Independent Exemption Appeals Board.

SPECIAL PHASE-IN EXEMPTION

The industry's current wage exemption procedure continues to apply. Any company that wishes to apply for a special phase-in exemption may make application to its local regional council.

If the application is rejected then an appeal may be immediately lodged with the bargaining council's Independent Exemption Appeals Board which is an independent body established in terms of the Labour Relations Act.

The special phase-in exemption procedure is detailed hereunder:

- Individual companies seeking exemption to observe a special phase-in dispensation must complete the exemption application form detailed in **Appendix E**.
- It is vital that companies utilise the standard application form to expedite the exemption process.
- Companies seeking exemption must consult their employees on the intention to apply for exemption to observe a special-phase-in dispensation and the application must contain details and proof of this consultation process.
- It is important to note that the employees' view on the application is not decisive but merely one of the factors that the Council and Board will take into account when considering an application.
- The exemption application must be accompanied by relevant financial information and any other pertinent supporting information and motivation for the proposed exemption.
- Application for exemption to observe the special phase-in dispensation of the Main Agreement will be considered after giving consideration to the following:
 - clear evidence of financial difficulties;
 - the most recent set of annual financial statements and auditor's report signed by the auditor (or accounting officer in the case of CC's);
 - management accounts covering the period from the date of the above financial statements to two months prior to the date of application; and
 - An explanation of the difficulties being faced by the company.

- The company motivation, business plan and phase-in plan illustrating how the goal of 60% of the 2019/ 2020 Main Agreement rates will be achieved, all things been equal, by 30 June 2024.
- The special phase-in exemption will be valid for a period of one year and any extension will be reviewed and applied for on an annual basis.

Importantly, no company which agrees to adopt the phase-in programme may retrench any worker as a direct result of the phasing-in period of the new wage structure, unless such retrenchment is on a voluntary basis or unless external circumstances beyond either party's control impact upon the enterprise.

EXEMPTION QUESTIONNAIRE

**APPLICATION FOR EXEMPTION
QUESTIONNAIRE**

[Section 23 of the Council's Main Agreement]

DATE OF THIS APPLICATION:

PART 1. REGISTRATION DETAILS:

- 1. 1. Council Registration Number:
- 1. 2. Date the firm was Registered with the Council:
- 1. 3. Name of firm:
- 1. 4. Address of firm:
- 1. 5. Telephone Number: Fax Number:
- 1. 6. E-mail Address:
- 1. 7. Contact person:
- 1. 8. Name of Employer Organisation:
- 1. 9. Activities of firm:

PART 2. LABOUR DETAILS:

- 2. 1. Total Number of Employees:
- 2. 2. Total Number of Scheduled Employees:
- 2. 3. Name/s of Trade Union/s involved:
- 2. 4. Are Main Agreement Rates for 2021/2022 being paid? [Yes] [No]
- 2. 5. If No, please specify the % of the Rates presently being paid:

PART 3. EXEMPTION DETAILS:

- 3. 1. Specify exemption applied for:
- 3. 2. Are any Director/s - Member/s - partner/s - owners/s of the firm a Shareholder in any other Business?
If yes please specify:
- 3. 3. Specify by ticking, whether the Exemption will affect [Workshop] [Site] [all Employees]
- 3. 4. Have Trade Union/s been consulted? [Yes] [No] [NA]
- 3. 5. Date of consultation/s:
- 3. 6. Did Trade Union/s support the Application? [Yes] [No] [NA]
If not, why?
- 3. 7. Have affected employees been consulted? [Yes] [No]
- 3. 8. Did affected Employees support the Application? [Yes] [No]
If not, why?

- 3. 9. Has the following been attached to this Application?
- 3. 9. 1. Minutes of Meetings with Employees and Trade Union? [Yes] [No]
- 3. 9. 2. Signatures of Trade Union Official/s who attended the meeting? [Yes] [No]
- 3. 9. 3. Signatures of Employees who attended the Meeting? [Yes] [No], if not,

please state reason:

- 3. 10. Has the firm during the past 12 months worked (please tick) short time - embarked on lay-offs - retrenched employee/s?

Please supply details (e.g.: specify date/s - period/s and number of employees affected:

- 3. 11. Are the firm's contributions paid up to date? If not, please state reason:

.....

If yes, please attach Bank Deposit Slips as proof of payment.

- 3. 12. Audited Financial Statements for 2021/2022 and Auditors Report together with Balance Sheets and Income Statements for the last three months

- 3. 13. **MOTIVATION:** An explanation of the difficulties being faced by the firm. Please attach to the Exemption Application Questionnaire. If no Motivation is attached to the Application, we will not consider your request.

- 3. 14. **BUSINESS PLAN:** give dates - amounts - percentages and how long it will take for the firm to come in line with the latest Main Agreement Minimum Rates of Pay, keeping in mind the yearly Increases which come into effect the end of June of each year which is to be included in your calculations made in the Business plan. Please attach to the Exemption Application Questionnaire. If no Business Plan is attached to the Application, we will not consider your request.

PLEASE NOTE:

- 1. All relevant documentation pertaining to the Application **MUST** be attached in order to ensure an expeditious reply. If any Section of this document is NOT completed or any document/s is not attached, the Council will not consider the Application and the firm would have to make a new Application.

2. The details reflected in this document have been provided by the employer or person so designated as being true and correct at the date of this Application. It is understood that all information contained in this document is subject to verification if required. Any information found to have been incorrect would result in immediate disqualification of the Application.

SIGNED:

DATE:

PLEASE PRINT NAME:

DESIGNATION:

**APPLICATION FOR EXEMPTION FROM METAL AND ENGINEERING INDUSTRIES
BARGAINING COUNCIL**

We:

- 1.

- 2.

Being the duly appointed Employees Representatives, do hereby confirm that the Management of:

.....

Discussed and consulted with all employees of the Company, all aspects and reasons for the Application for Exemption.

The employees unanimously accepted and agreed to Management's reasons for the Application and as a result, requested that we sign all documentation to give affect thereto:

SIGNED:

SIGNED:

DESIGNATION:

DESIGNATION:

DATE:

DATE:

Employee / Trade Union Acknowledgment of this Application

We the undersigned do hereby confirm, as required by Section 38 above, that we have been consulted about the employers need to submit this application. We are aware of the right to submit in writing reasons for objecting to this exemption application (attached as an annexure to this application).

SIGNED ON BEHALF OF THE EMPLOYEES:

PLEASE PRINT NAME/S CLEARLY:

DATE:

SIGNED ON BEHALF OF THE EMPLOYEE REPRESENTATIVE/S:

PLEASE PRINT NAME/S CLEARLY:

DATE:

SIGNED ON BEHALF OF THE TRADE UNION:

PLEASE PRINT NAME CLEARLY:

DATE:

APPLICATION FOR EXEMPTION FROM THE METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL

We, the employees of:

.....

Hereby confirm that the Company's Management called a meeting on:

.....

To discuss and consult with us the company's need to make application for exemption to the Metal and Engineering Industries Bargaining Council.

We fully understand the reasons for and the effect the application will have on us as well as the company.

We unanimously accept the need and terms of the exemption application and agree to the company making such an application.

Signed at: onday of.....2022

SIGNATURES OF EMPLOYEES:

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