

# Section 01

# Wages & the Living Wage

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Collective bargaining plays an important role in regulating industrial relations, and unions play an essential role in this process. The current state of the South African economy, which is strained at best, is affecting trade unions' ability to bargain for better wages and conditions of employment. Despite these difficult conditions, trade unions have managed to negotiate above inflation wage increases and raised the minimum wage floor across industries.

In this section, George Mthethwa explores how viable these increases have been amidst the rising prices of basic commodities. The report describes wage outcomes, but also focuses on a broader range of conditions of employment found in collective agreements collected by the LRS.

Following this, Trenton Elsley writes about the Decent Standard of Living (DSL) measure, concentrating on the ability of people to achieve a 'socially determined acceptable standard of living' to enable them to participate fully in society.

# Wage Bargaining Review 2017-2018

by George Mthethwa

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# 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

<b>AMCU:</b>	Association of Mineworkers and Construction Union	<b>NEHAWU:</b>	National Education, health and Allied Workers Union
<b>AWARD:</b>	Actual Wage Rates Database	<b>NUM:</b>	National Union Mineworkers
<b>BCEA:</b>	Basic Conditions of Employment Act	<b>NUMSA:</b>	National Union of Metal Workers of South Africa
<b>CEPPWAWU:</b>	Chemical, Energy, Paper, Printing and Allied Workers Union	<b>PSCBC:</b>	Public Sector Coordinating Bargaining Council
<b>DOL:</b>	Department of Labour	<b>SACCAWU:</b>	South African Commercial, Catering and Allied Workers Union
<b>FAWU:</b>	Food Allied Workers Union	<b>SALGA:</b>	South African Local Government Association
<b>HOSPERSA:</b>	Health and Other Service Personnel Trade Union of South Africa	<b>SAMWU:</b>	South African Municipal Workers Union
<b>MEIBC:</b>	Metal and Engineering Industry Bargaining Council	<b>SARPPBC:</b>	South African Road Passenger Bargaining Council
<b>MIBCO:</b>	Motor Industry Bargaining Council	<b>SASBO:</b>	South African Society of Bank Officials
<b>NBCCI:</b>	National Bargaining Council for the Chemical Industry	<b>SATAWU:</b>	South African Transport and Allied Workers Union
<b>NBCRFLI:</b>	National Bargaining Council Road Freight Logistical Industry	<b>UASA:</b>	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.<sup>2</sup>

## 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.

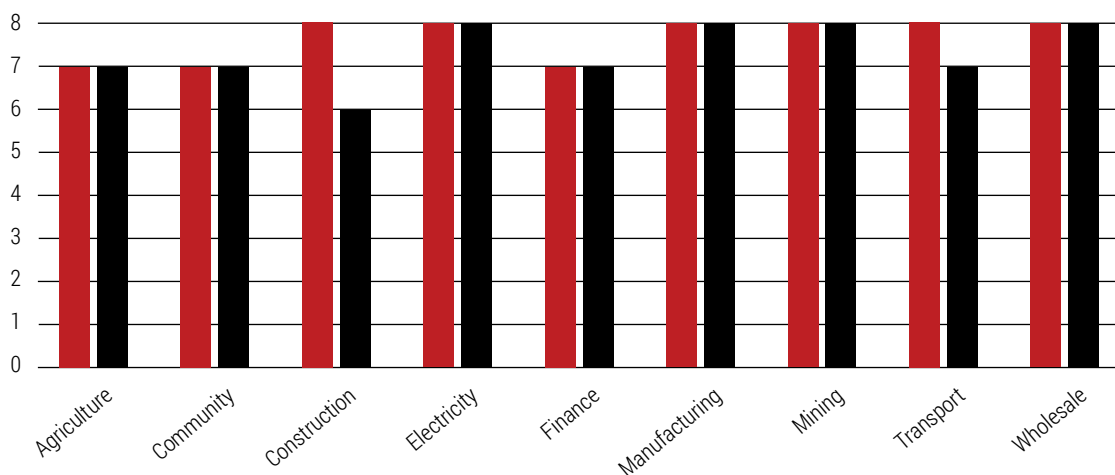
**Table 3: Median Minimum Monthly Wages By Industries 2018**

	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**

■ 2017 ■ 2018

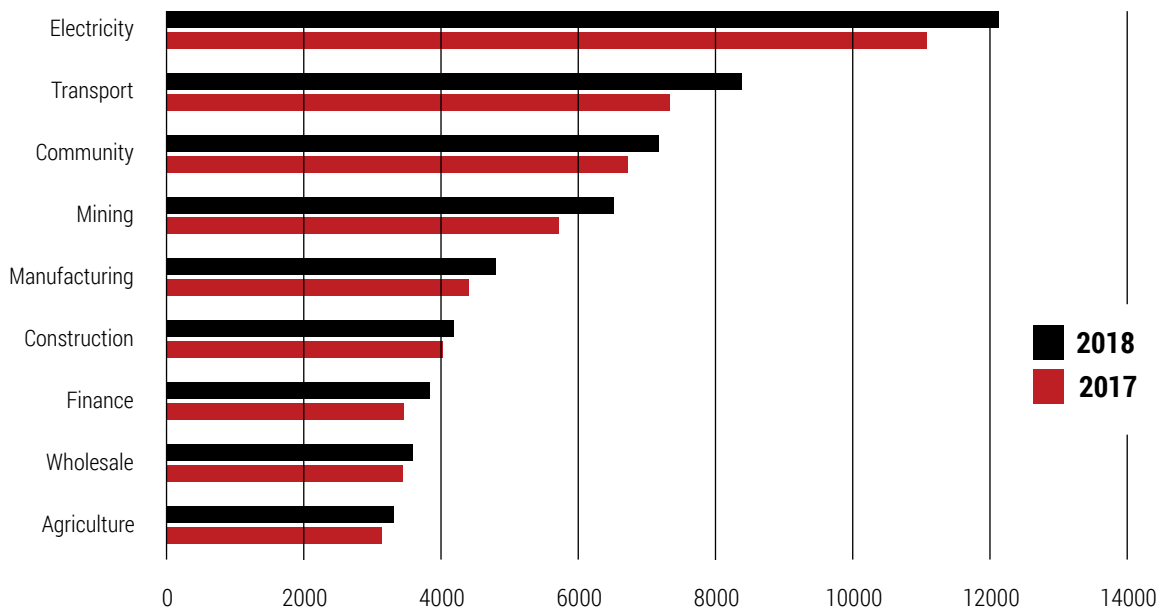
Source: Labour Research Service (Actual Wage Rates Database: 2017)



## Median Minimum Wages by Industries

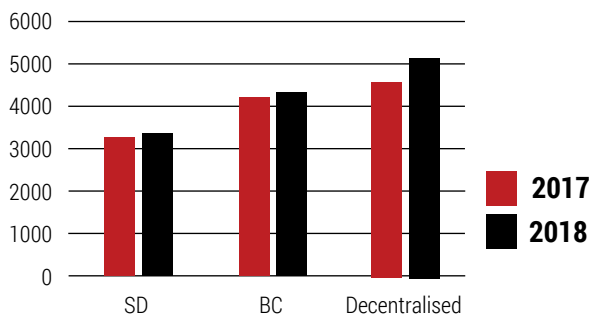
The graph below shows the wage gap between workers employed in different industries in 2017 and 2018. The highest wage floor was found in the electricity, gas and water supply (R12073) per month in 2018 and lowest was in agriculture, hunting, forestry and fishing (R3512) per month in 2018.

**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)

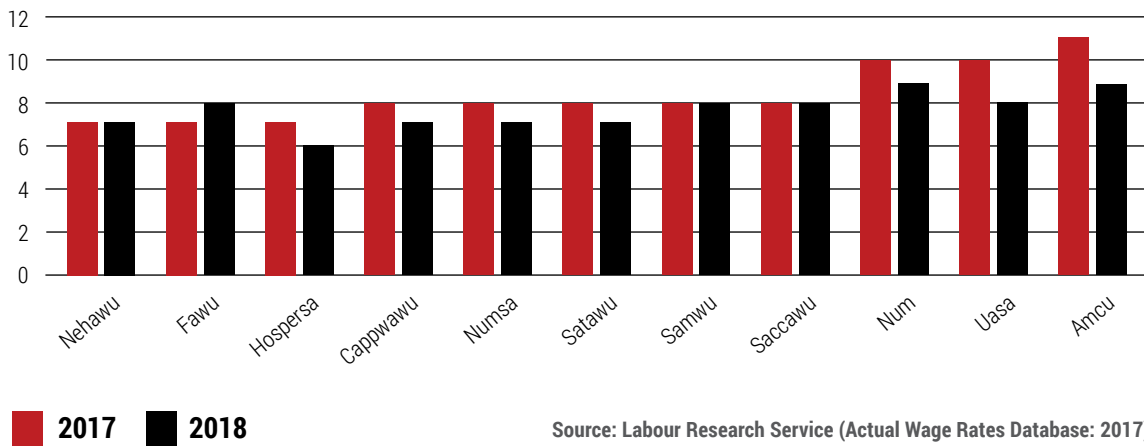
## Bargaining Level Wages

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.

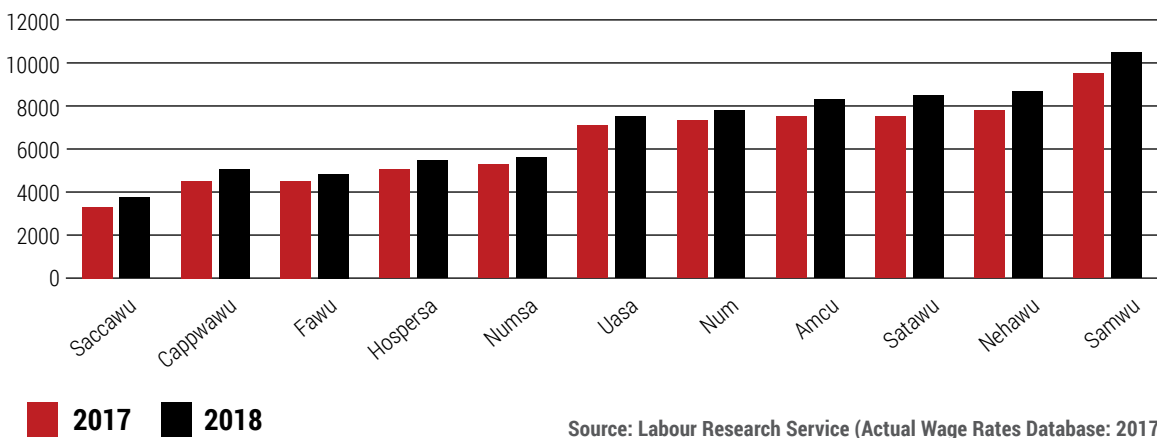
**Figure 4: Wage increase by Trade Unions 2017-2018**



# 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.

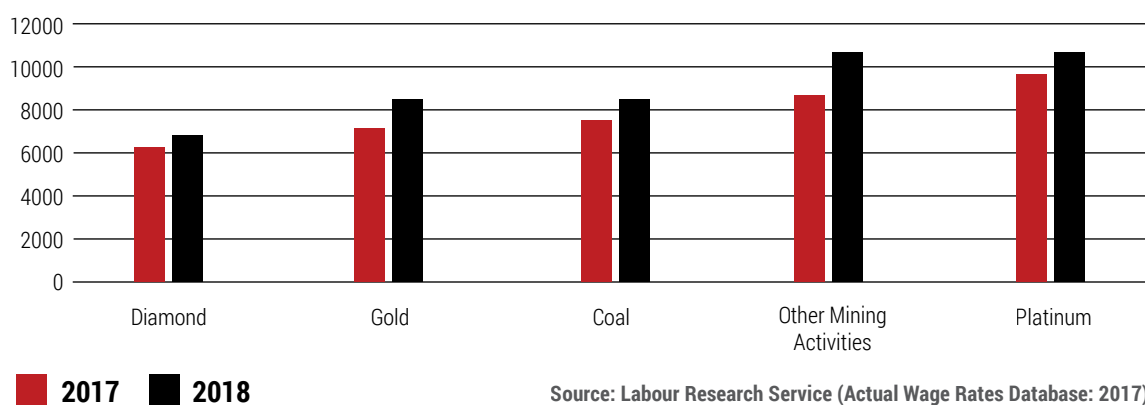
**Figure 5: Median Minimum Monthly Wages by Trade Unions 2017-2018**



## 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.

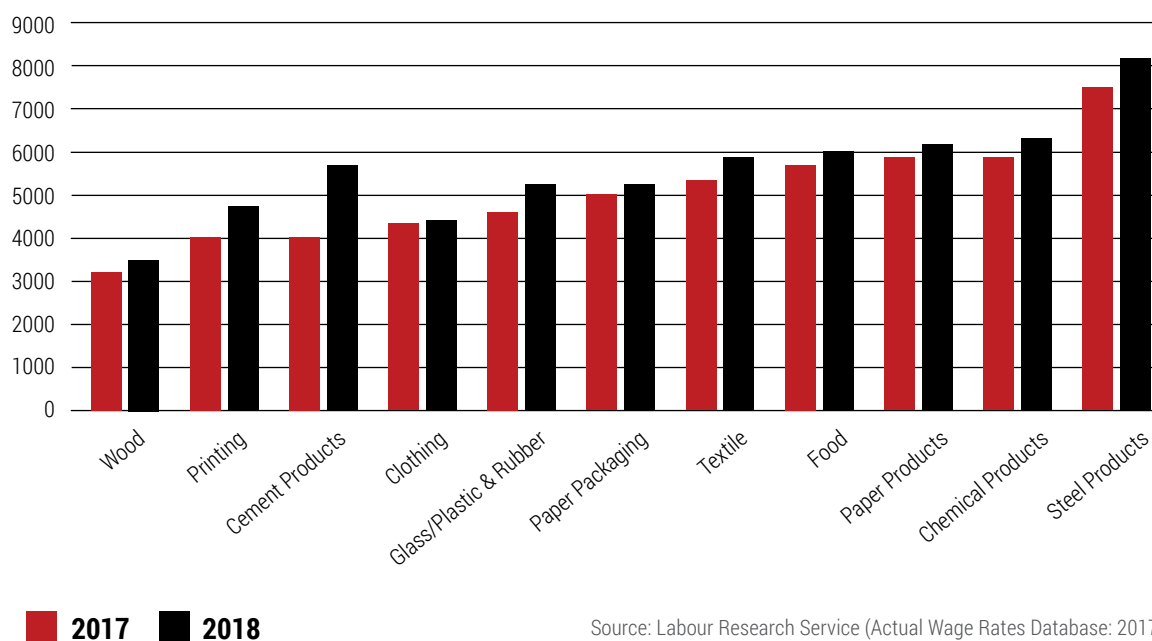
**Figure 6: Mining Subsectors Median Minimum Wages 2017-2018**



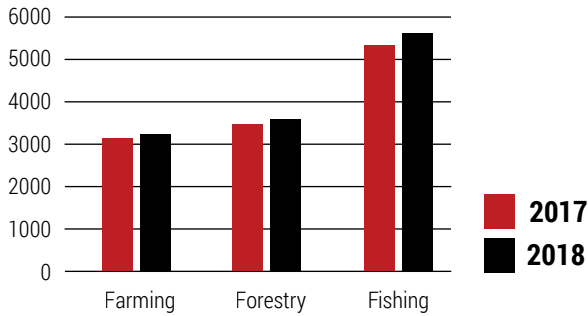
## Manufacturing Subsectors Median Minimum Wages

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**

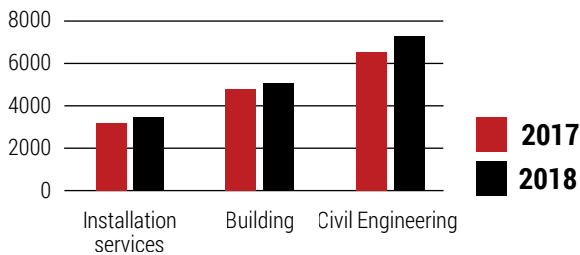


Source: Labour Research Service (Actual Wage Rates Database: 2017)

## 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)

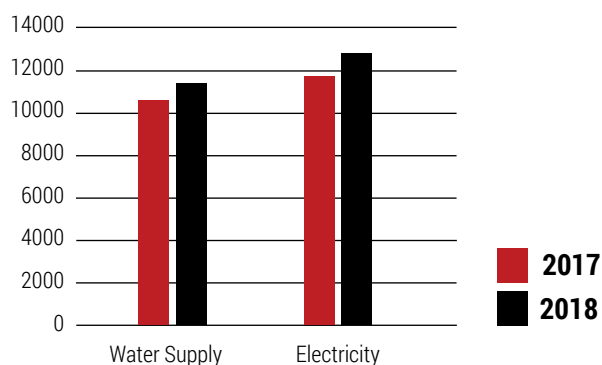
## Construction Subsectors Median Minimum Wages

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**

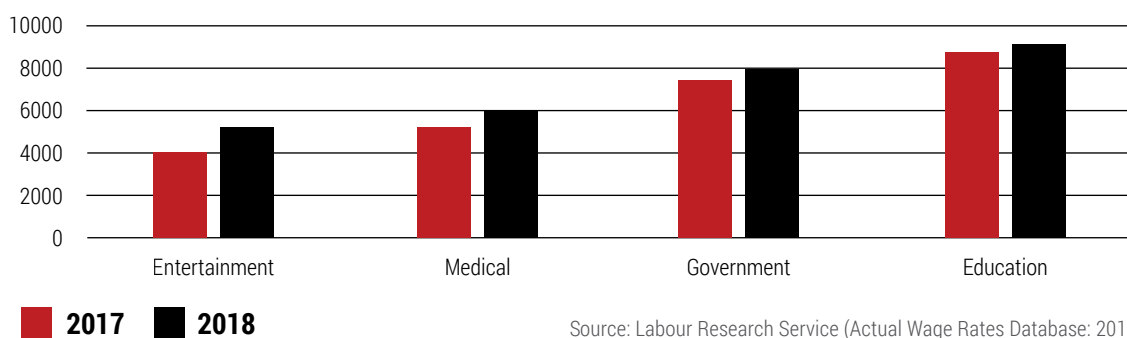


Source: Labour Research Service (Actual Wage Rates Database: 2017)

## 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.

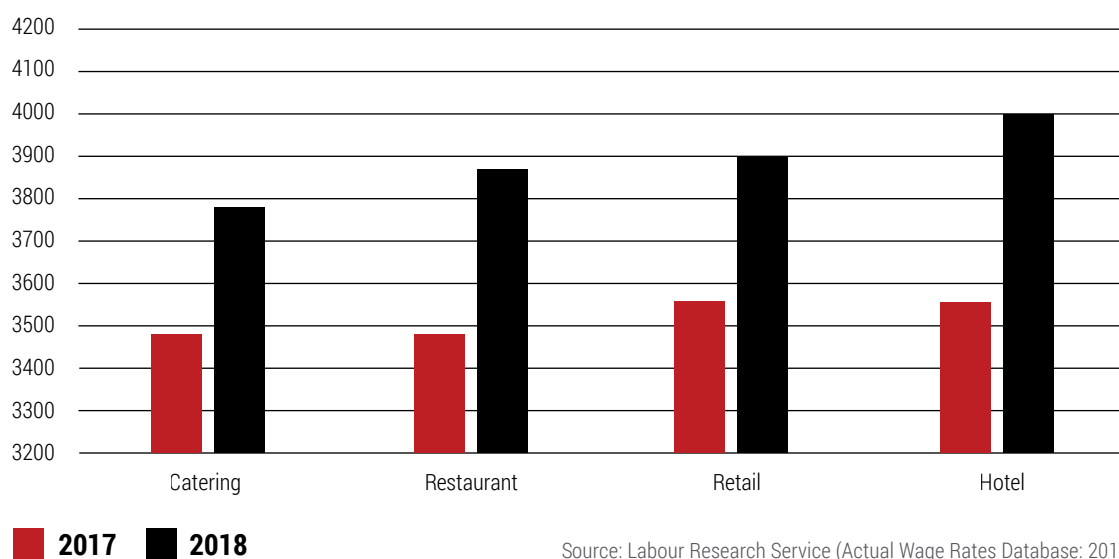
**Figure 11: Community Subsectors Minimum Wages 2017-2018**



## 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
	<b>Median</b>	<b>3097</b>	<b>3194</b>

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
	<b>Median</b>	<b>4638</b>	<b>4994</b>

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 issue 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.**

Company 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 need 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. Learnership provide an opportunity for further learning and obtaining a recognised qualification that can be transfer 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 empower 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 initiative to change or improve their member's earnings and education.

Only 6% of collective agreements showed evidence of implementation of other skill development initiatives while sectoral determination 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.

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# 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
<b>ALLOWANCE</b>	
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
<b>LEAVE</b>	
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
<b>MATERNITY BENEFITS</b>	
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

Evidence of commitment by employer to assist employee in claiming maternity pay from UIF.	14% of agreements
Evidence that maternity leave treated as continuous service	20% of agreements
Evidence of employer maintaining benefit contributions during maternity leave.	7% of agreements
Evidence of leave (other than sick leave) for the purposes of antenatal and post-natal checkups.	19% of agreements
Evidence of time off and/or facilities for nursing mothers.	0% of agreements
Evidence of job security for women wishing to return to work after maternity leave.	6% of agreements
Evidence of provision of childcare facilities.	0% of agreements
Evidence of subsidization of childcare facilities.	1% of agreements
<b>SECURITY</b>	
Evidence of provident fund-employer contribution as % of basic	83%
Severance pay - no. of weeks per year of service	1 week
Evidence of extension of normal benefits to fixed and short term employees	8%
Evidence of policies with regards to labour brokers	28%
<b>HEALTH</b>	
Access to medical cover	64% of agreements
Evidence of practical measures to raise awareness.	9% of agreements
Evidence of practical measures to provide VCT. ( Voluntary Counselling and Testing)	3% of agreements
Evidence of practical measures to promote confidentiality.	3% of agreements
Evidence of practical measures to provide access to treatment.	3% of agreements
<b>EDUCATION</b>	
Evidence of implementation of learnerships.	5% of agreements
Evidence of implementation of other Skills Development initiatives	6% of agreements
<b>FUNERAL BENEFITS</b>	
Evidence of Funeral assistance or benefits (VALUE)	35% of agreements

# Ubomi Obungahlelelekanga: A life without struggle

by Trenton Elsley

## Is this what a decent life looks like?

It's Sunday morning and your family is getting ready to go to church. Mother asks you to switch off all the lights before you leave. Electricity is expensive she says. You hear the toilet flush so you know that your sister is finally finished in the bathroom. Your grandfather is watching television. He is not going with the family. He says he is tired of church. He says he has a better chance of finding God on Kumbul eKhaya.

The church is close by, so you don't have to take father's car. It needed repairs recently, but fortunately the family had some savings to have it fixed. The car helps in a lot of different ways, although father

complains that it is very expensive. He says it is like having another child.

It's a chilly morning and everyone is wearing their coats, although it's warm inside the house. Eventually everyone leaves, except grandfather, and you close the gate behind you. You look at the house before you go. It's a modest house, but it's a nice house. The last one would leak when it rained. It worried you, the sound of water dripping into buckets.

A few street lights are still on. Mother tells everyone that the municipality is wasting money. Although it is cold, the air is crisp and clear. You can see for miles on mornings like this. The road is tarred and the streets are clean, so everyone's shoes are still shiny when they get to the church.

On the way back home you run into the supermarket to buy milk so that you can make tea for everyone.

You might prefer a rural setting, you might imagine a smaller family, and you might not be Christian. Even so, I doubt you would disagree with some of the key themes embedded in this story. You would not say that having electricity in the home is only important to some. You would not argue against the importance of having running water and flush toilets in the home. You would not suggest that a decent home is culturally relative. You would support the ability of people to participate in social and cultural activities near where they live. You would agree that having basic services and amenities close to where you live was important.

Despite a long running debate on poverty and inequality in South Africa, we have not had a robust measure of what it is to live, not merely to survive, but to live decently. Simply put, we do not know what a decent life looks like.

Nor do we have a sense of the income level associated with a decent life. The incomes reflected in social dialogue and policy instruments

are largely arbitrary. Why is the child support grant R400 per month? Why is the national minimum wage R3500 per month? You might say that social grants are shaped by budget constraints. You might say that the economy cannot afford a higher minimum wage. What you are really saying is that these amounts are more than nothing. What you are really saying is that you don't know how much we need for a decent life and you don't know what a decent life looks like.

We disguise our ignorance by talking about jobs. If everyone could just have a job, then we don't have to worry. But we do have to worry. There is no evidence that the South African economy has the ability to meaningfully grow employment, even under conditions of modest and sustained growth, conditions that are an increasingly distant memory.

It is therefore, hardly a surprise that we do not have clear pathways to a decent standard of living. It follows that efforts to move households from poverty towards decency are difficult to conceptualise, implement, coordinate and to measure.



## A new way of looking at a decent life for all

The Decent Standard of Living (DSL) measure focuses on the ability of people to achieve a socially determined acceptable standard of living to enable them to participate fully in society. The starting point for this measure was a set of indicators of a decent standard of living. There was a high level of agreement around these indicators across different sections of society including population group, gender, area type and income status. A set of 'socially perceived necessities' (SPNs) were defined as essential by a two thirds majority of South Africans.

The list is a set of indicators, rather than an exhaustive list of necessities. This approach provides an elegant escape from the

immense difficulty of determining the quantity and quality of a basket of goods that is both representative of the population and also finite.

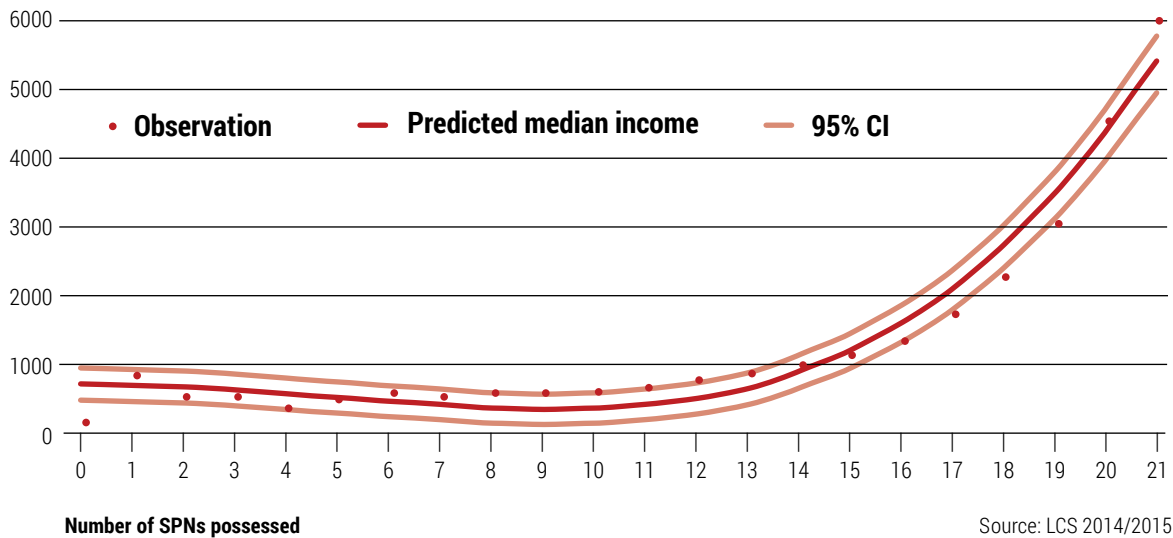
The Living Conditions Survey (2014/15) shows that there is a clear relationship between per capita median income and the number of necessities possessed, although this is not a linear relationship. The number of necessities that are possessed by households increases as median per capita income increases, rather unsurprisingly, although the mix of SPNs at each level might differ.

### Percentage of people defining an item as 'essential' with consensus of two thirds or more

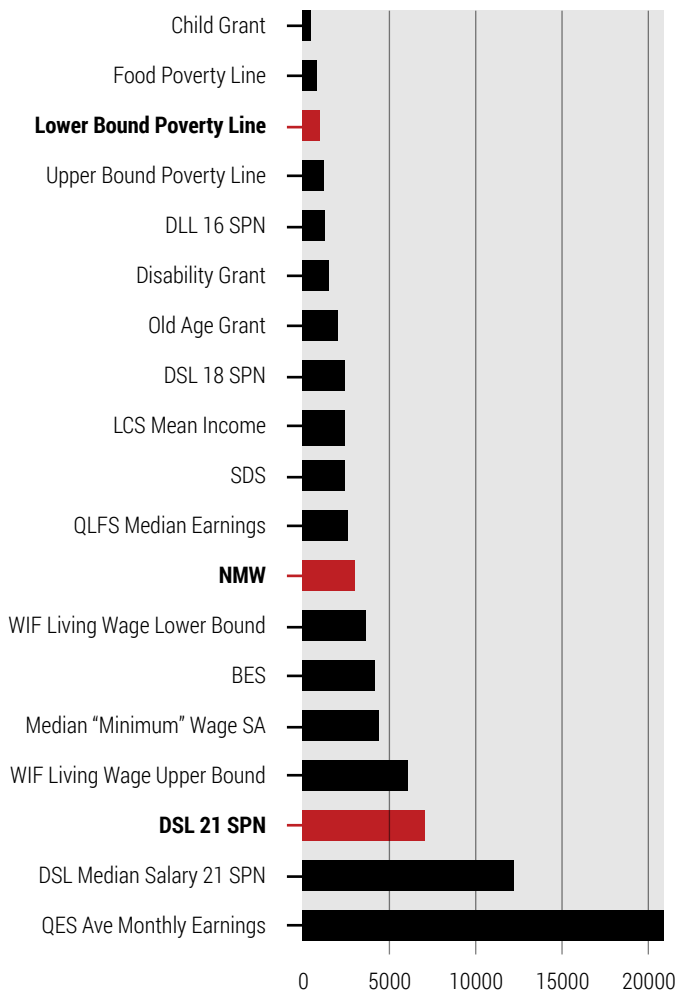
Item	% Defining essential	% Possessing item
Mains electricity in the house	92	89
Someone to look after you if you are very ill	91	83
A house that is strong enough to stand up to the weather e.g. rain, winds etc.	90	70
Clothing sufficient to keep you warm and dry	89	79
A place of worship (church/mosque/synagogue) in the local area	87	93
A fridge	86	74
Street lighting	85	55
Ability to pay or contribute to funerals/funeral insurance/burial society	82	71
Having police on the streets in the local area	80	54
Tarred roads close to the house	80	59
A flush toilet in the house	78	41
Someone to talk to if you are feeling upset or depressed	76	84
A neighbourhood without rubbish/refuse/garbage in the streets	75	57
A large supermarket in the local area	75	53
A radio	74	45
Someone to transport you in a vehicle if you need to travel in an emergency	74	64
A fence or wall around the property	74	71
Being able to visit friends and family in hospital or other institutions	73	88
Regular savings for emergencies	71	32
Television/TV	69	84
A neighbourhood without smoke or smog in the air	69	57

Source: For % defining essential: South African Social Attitudes Survey 2006. For % possessing item: Living Conditions Survey 2014/15.

### Median monthly per capita income by number of SPN possessed



### Income per person



We constructed a Decent Standard of Living Index (DSL) so that the income level associated with a decent standard of living (DSL) can be continually adjusted to keep it up to date in current prices.

The median per capita income associated with a decent standard of living in April 2018 was R7, 043 per month.

The national minimum wage sits at about half (50%) of the per capita income associated with a decent standard of living – a life without struggle. There is a vast distance between social grants and the median per capita income associated with a decent standard of living (DSL). The Child Support Grant is 6% of the decent standard of living amount, while the Old Age Grant is about a quarter (24%) of the decent standard of living.

### Benchmarks of income, earnings and a decent standard of living in South Africa, 2018

We explored the relationship between the possession of necessities and earned income by looking at the median monthly salary of each adult earner within each household containing an adult earner for each number of necessities possessed. In simple language, what is the wage level associated with a decent life?

The median salary associated with households possessing all 21 SPNs was R12, 028 at April 2015 prices. The national minimum wage of R3500 per month is associated with the possession of about 15 out of 21 SPNs.

## What does it all mean?

At risk of disappointing those of you impatient for significant change, we are not saying that a decent life costs this or that amount. What we are saying is that a decent life is associated with certain measures of income. There is an important difference between the two statements.

As much as we would love to see median per capita income of R7000 per month in all South African households, we are not saying that this is what a decent life costs. As much as we would like to see median wages in excess of R14000 per month for all wage earners, we are not saying that this salary level is required for a decent standard life.

The highly unequal distribution of wealth in South Africa is likely to shape the incomes associated with the possession of socially perceived necessities. Put another way, it is perhaps likely that South African households that possess all the socially perceived necessities have higher per capita income than is required to possess all of those necessities. Conversely, household per capita income associated with households possessing relatively few socially perceived necessities might not reflect the strain of acquiring those necessities or the ingenuity and social networking strategies deployed to acquire those necessities.

It is also not our intention to monetise or commodify all aspects of a decent life. The decent standard of living measure offers us an opportunity to examine what the different aspects of a decent life might be. The decent standard of living measure is an opportunity to see new pathways to a decent life and this is perhaps the most important aspect of the approach.

This approach makes it possible to consider how households can acquire each of the socially perceived necessities. We identify three broad categories or modalities of acquisition. Households can acquire social perceived necessities through (1) social networks, (2) the social wage and (3) the purchase of commodities.

The first category is that of social networks. As an example, socially perceived necessities such as 'someone to talk to when you are upset' can be acquired through the household's own social networks rather than bought.

A second category is that of the social wage, understood here as goods and services that are best provisioned by the state. Socially perceived necessities that could be considered as part of a social wage include 'tarred roads close to the house' and 'street lighting'.

A third category is that of commodity, simply put - goods or services that can be bought with money. Examples of socially perceived necessities likely to be acquired in this way include a refrigerator and funeral insurance.

These broad categories of acquisition are not mutually exclusive. For example, a household may commodify the acquisition of tarred roads close to the home and street lighting by moving to an area where this infrastructure is better developed. This is a however, a relatively expensive mode of acquiring a necessity and there will be significant barriers to entry for many households.

It is no coincidence that socially perceived necessities that can be acquired through social networks are likely to be possessed earlier rather than later. If we consider the socially perceived necessities from the point where the curve of associated incomes becomes steeper (the 'late jumpers'), we find that a number of them may be classified as elements of a social wage, including street lighting, police on the streets in the local area and a neighbourhood without rubbish in the streets.

The implication is that the development of quality, targeted community infrastructure is likely to assist households in acquiring many of the 'last mile' necessities.

The DSL offers more than a series of thresholds around which we can measure how many are below and how many are above. The DSL offers us ideas about how to move households towards a socially-derived vision of a decent standard of living.

This decent standard of living measure provides a framework and rich source of data for future analysis and for informing policies regarding both public and private provision and acquisition of necessities in order to guide and facilitate the realisation of a democratically derived decent standard of living for all in South Africa.