



February 2023

Wage Bargaining Review

How have unions fared at the negotiating table in 2021 and 2022?

The Wage Bargaining Review aims to inform strategic collective bargaining in trade unions in 2023 and beyond.

The Wage Bargaining Review looks at collective bargaining outcomes across industries for 2021 and 2022 and compares wage settlements in selected unions.

The report will help negotiators to track and compare unions' performance against set bargaining benchmarks.

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Definitions

CPI (Consumer Price Index)

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

Cash wage or nominal wage

This is the amount of money that the employer pays the workers, for example, if a worker earns R3, 500 per month then that is the worker's cash wage.

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.

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, this 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.

National Minimum wage

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

Methodology

The data and analysis presented in this report come from the Actual Wage Rates Database (AWARD) of the Labour Research Service. AWARD contains nominal and real median minimum wages in all economic sectors.

This report, therefore, focuses on nominal and real median minimum wages for low-level occupations in selected sectors.

Trade unions share the collective agreements on AWARD. But not every existing agreement is submitted.

A

Estimated coverage: An estimated 906,624 workers are covered in our sample of 355 (2021) and 350 (2022) agreements negotiated at bargaining council and company level.

B

Wage category: Lowest wage in bargaining unit or minimum entry wage.

Worker summary

Annual inflation slowed to 6.9% in January 2023 from 7.2% in the previous month but was still above the upper limit of the South African Reserve Bank's target range of 3%-6%. The average inflation rate was 6.9% in 2022, up from 4.5% in 2021.

Wages declined by -0.9% in all agreements analysed in 2022. In 2021, wages fell by 1.5%.

The median minimum wage in our sample of collective agreements increased from R5 612 in 2021 to R7 345 in 2022. The mining sector had the highest nominal median wage increase of 8%. In contrast, the financial sector recorded the lowest nominal median wage increase of 5%.

Decentralised bargaining agreements had the highest median minimum wage of R7 964 in 2022, compared to R6 580 in 2021. This is an increase of R1 384. The median minimum wage in the bargaining councils was R5 650, compared to R5 602 in 2021. The national minimum wage of R4 519 per month (up from R4 226 in 2021) was the lowest.

Real wages fell for the selected unions in 2022.

The National Union of Metal Workers of South Africa (NUMSA) and the National Union of Mineworkers (NUM) recorded a wage increase of 0,1 per cent in 2022. NUMSA recorded the highest minimum wage of R12 902 in 2022 and R10 798 in 2021.

The South African Commercial Catering and Allied Workers Union (SACCAWU) recorded the lowest minimum wage of R4 519 in 2022 and R4 274 in 2021.



The median is 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.



IN NUMBERS: MEDIAN MINIMUM WAGE | 2022

- **R7,964:** the highest median minimum wage was recorded in decentralised agreements.
- **R5,650:** median minimum wage for bargaining councils.
- **R4,519 p/m:** the national minimum wage was the lowest wage.

Price inflation: Cost of living

Wage increases were mainly below inflation, but some sectors experienced an upward trend in wage outcomes. Overall, wage increases will be below the consumer price index in 2023.

Banks increased interest rates after the South African Reserve Bank (SARB) raised repo rates to control inflation. This affected workers with debt such as housing and car loans.

Annual inflation was 7.2% in December 2022, compared with 6.9% in January 2023, above the SARB's target range of 3%-6%.

Rising food and transport prices will weigh on inflation in the coming months.

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, January 2021 to January 2022). Almost always presented as an annualized number covering the previous 12 months.

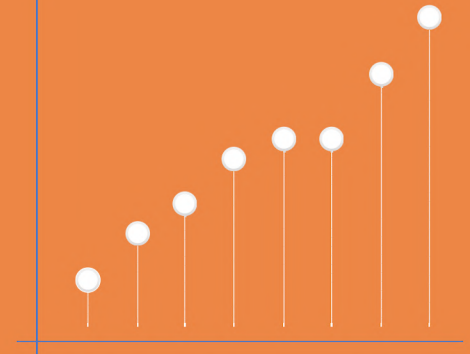
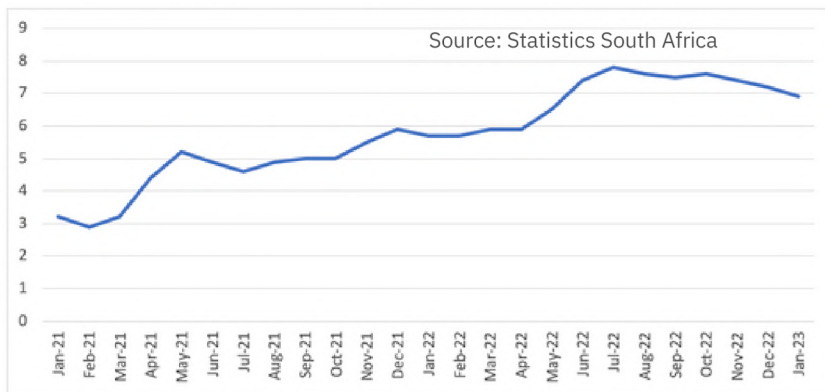
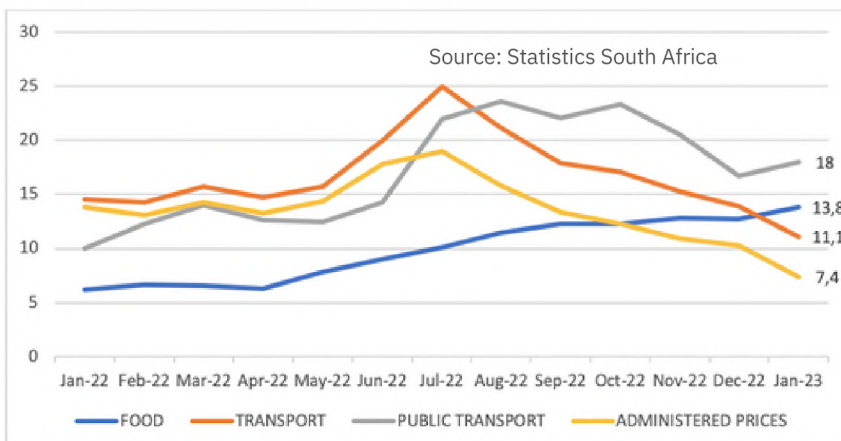


Figure 1: Consumer Price Index | JAN 2021 - JAN 2023



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

Figure 2: Drivers of inflation in Jan 2022 to Jan 2023



January 2023

Wage indicators

The LRS Actual Wage Rates Database (AWARD) samples agreements in any given year to determine the median wage increase across various industries. The information can be used to inform bargaining cases.

Figure 3 shows median settlement levels between 2021 and 2022 in all agreements. The figure also tracks inflation and real wage increases over the period.

Wage increase was 6% in 2021. If we consider the average inflation rate of 4.5%, workers gained a real median wage of 1.5%.

In 2022, the wage increase was 6%. If we consider the average inflation rate of 6.9%, workers gained a median real wage increase of -0.9%.



Real wage refers to the purchasing power of the wage. It is called a real wage because it has taken into account the effects of inflation on the wages of workers.

Figure 3: Wage increase, Average inflation and real wage increase All agreements | 2021-2022

Source: LRS Actual Wage Rates Database

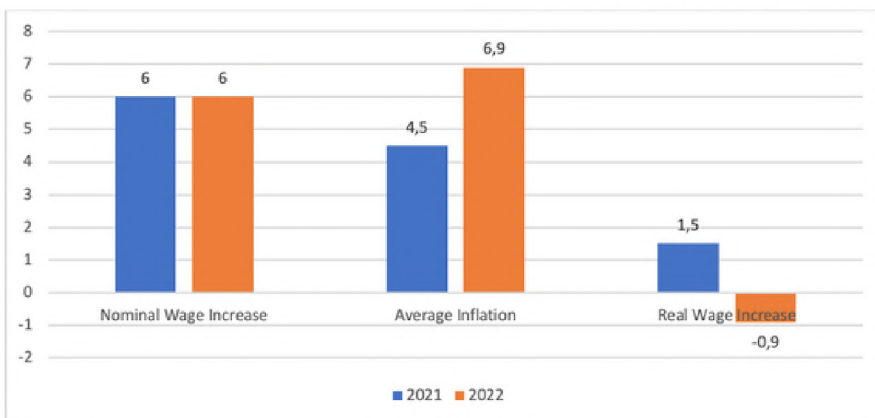
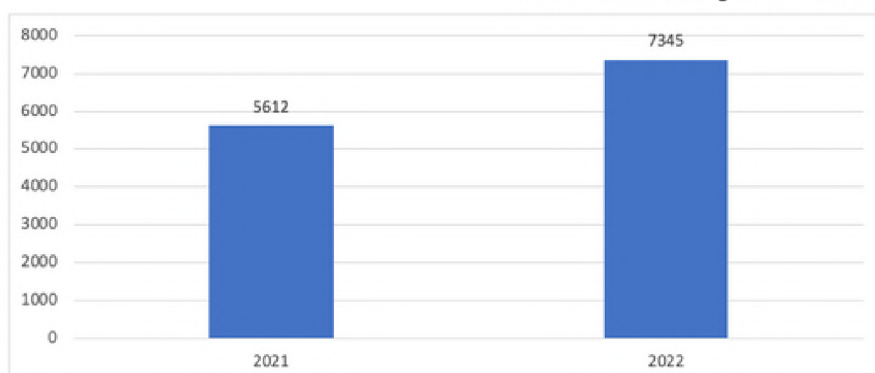


Figure 4 below shows median minimum wages in all industries in 2021 and 2022. Median minimum wages increased from R5 612 in

2021 to R7 345 in 2022. The minimum wage thus increased by R1 733 (30%) or R866 per year over two years.

Figure 4: Median Minimum Wage (Entry Level) All Agreements | 2021-2022

Source: LRS Actual Wage Rates Database



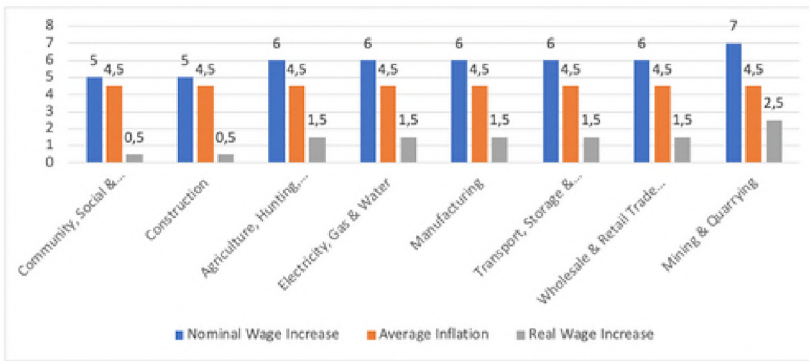
A median wage is the boundary between what the highest 50% of workers are paid and what the lowest 50% of wage earners are paid.

Figure 5 describes median settlement levels in all industries and the real wage increases in 2021.

Community and construction sectors recorded a nominal median wage increase of 5% in 2021.

workers gained a real wage increase of only 0.5%. Agriculture, electricity, manufacturing, transportation, and wholesale sectors recorded a real wage increase of 1.5%, while mining got 2.5%. If you factor in the average inflation rate of 4.5%,

Figure 5: Wage increase, average inflation and real wage Increases all industries | 2021



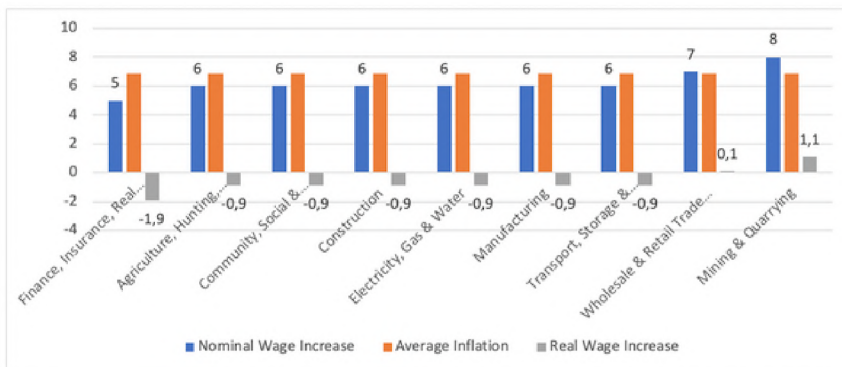
Source: LRS Actual Wage Rates Database

Figure 6 describes median settlement levels in 2022 in all industries. The figure also shows what the real wage increase has been each year. Real wages declined in eight industries in 2022.

The finance sector wage settlement was 5%. If we factor in average

inflation, the wages of workers declined by -1.9%. Wholesale and mining sectors recorded a real wage of 0.1% and 1.1%, respectively. Agriculture, community, construction, electricity, manufacturing and transportation sectors recorded a -0.9% in 2022.

Figure 6: Wage increase, average inflation and real wage Increases all Industries | 2022



Source: LRS Actual Wage Rates Database

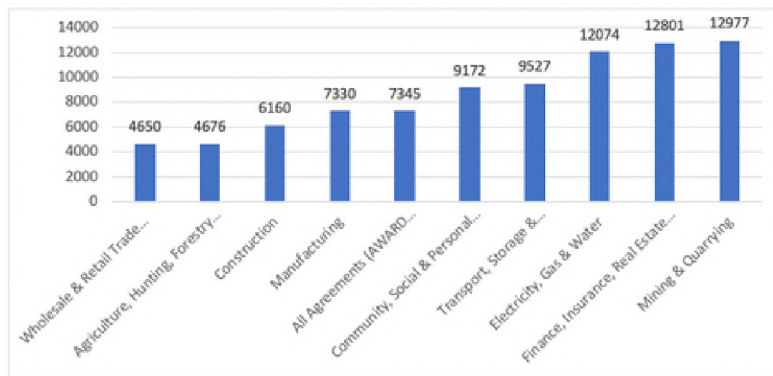


AWARD is a repository of collective agreements. The database tracks minimum wages, providing unions with empirical evidence to inform collective bargaining.



Nominal wage (or cash wage) is the amount of money that the employer pays the workers, for example, if a worker earns R3,500 per month then that is the worker's cash wage.

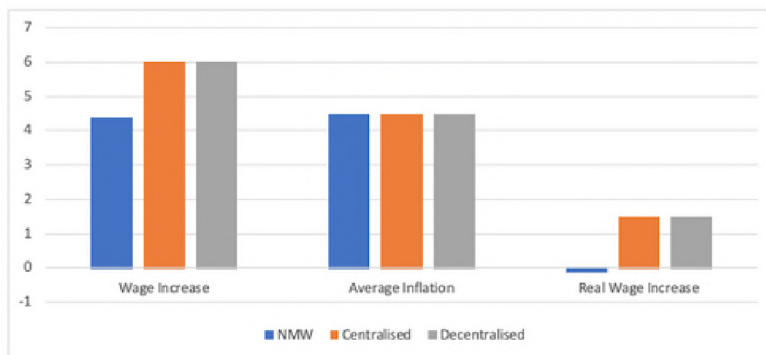
Figure 7: Median minimum wages by industries | 2022



Source: LRS Actual Wage Rates Database

Figure 7: The median minimum monthly wage floor across industries was R7 345 for a median working week of 45 hours. The highest median minimum monthly wage floor of R12 997 was found in mining for a median 45 hours working week. The lowest median minimum monthly wage floor of R4 650 per month was paid to workers in the wholesale and retail for a median of 45 hours working week.

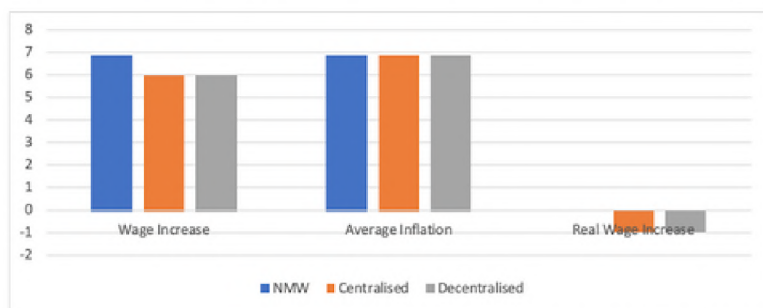
Figure 8: Median wage increases by bargaining level | 2021



Source: LRS Actual Wage Rates Database

Figure 8: The median wage at the centralised and decentralised bargaining levels increased by 6% in 2021. The real wage was 1.5%, taking into account average inflation of 4.5%. Over the same period, the national minimum wage increased by 4.4%. If we take into account the average inflation rate of 4.5%, the real wage increase was -0.1%. In other words, national minimum wage earners were poorer in 2021.

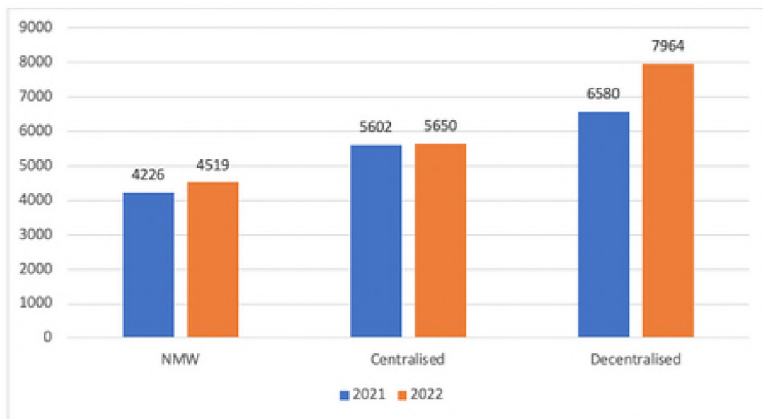
Figure 9: Median wage increases by bargaining level | 2022



Source: LRS Actual Wage Rates Database

Figure 9: Median wages at the centralised and decentralised bargaining levels increased by 6% in 2022. Real wage fell to -0.9%, taking into account the average inflation of 6.9%. In the same period, the national minimum wage increased by 6.9%. The real wage was 0%, taking into account the average inflation rate of 6.9%. Workers that earn the national minimum wage maintained their standard of living.

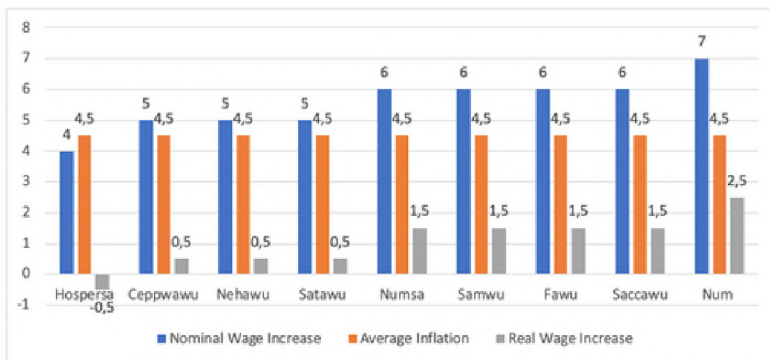
Figure 10: Bargaining level median minimum wages | 2021-2022



Source: LRS Actual Wage Rates Database

Figure 10: Decentralised collective bargaining agreements attained the highest median minimum wage of (R6 580) in 2021 and increased to (R7 964) in 2022. This translated to an increase of R1 384. Bargaining council median minimum wage was R5 602 and increased to R5 650. National Minimum Wage recorded the lowest minimum wage of R4 226 per month in 2021 and R4 519 per month in 2022.

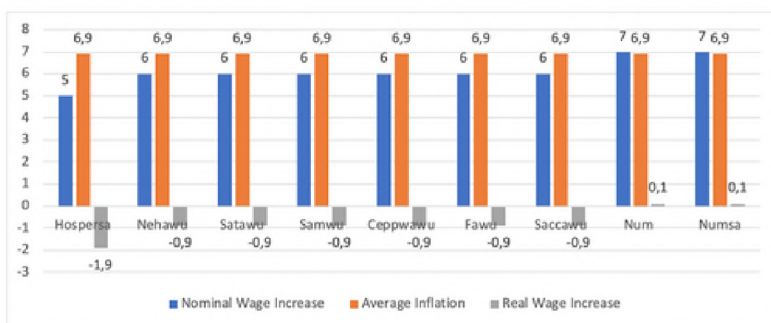
Figure 11: Wage increase, average inflation and real wage increases by selected trade unions | 2021



Source: LRS Actual Wage Rates Database

Figure 11: The lowest median real wage increase was recorded by HOSPERSA at -0.5 per cent, followed by CEPPWAWU, NEHAWU and SATAWU at 0.5 per cent. NUMSA, SAMWU, FAWU and SACCAWU recorded real wage increases of 1.5%. NUM recorded the highest increase at 2.5%.

Figure 12: Wage increase, average inflation and real wage increases by selected trade unions | 2022



Source: LRS Actual Wage Rates Database

Figure 12: Real wages in 2022 declined for the selected unions. Two unions (NUMSA and NUM) recorded a wage increase of 0.1 per cent in 2022.

Figure 13: Median minimum monthly wages by trade unions | 2021-2022

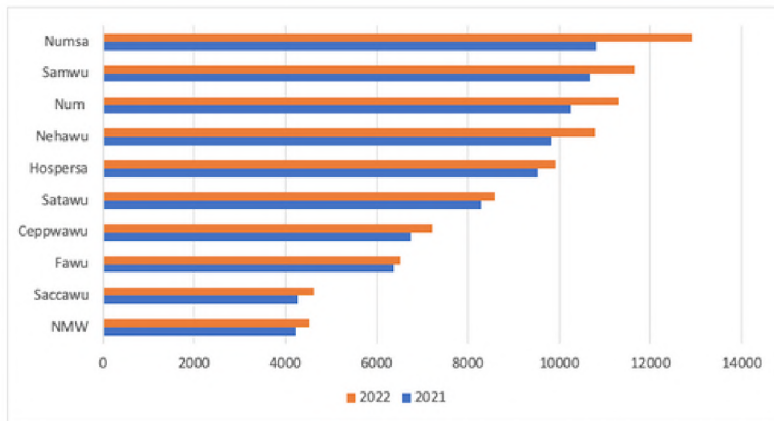


Figure 13: NUMSA recorded the highest minimum wage of R10798 in 2021 and R12902 in 2022, while SACCAWU recorded the lowest minimum wage of R4274 in 2021 and R4519 in 2022. In 2021 and 2022, union minimum wages were higher than the national minimum wage.

Source: LRS Actual Wage Rates Database

Table 1: Minimum Wage Rates Set by Bargaining Councils | 2022

Bargaining council	Industry	Monthly wage 2022
Clothing Group B (Bloemfontein, Kimberly & Kroonstad)	Manufacturing	4111
Laundry, Cleaning & Dyeing Non-Commercial (Natal)	Community, Social & Personal Services	4276
Electrical Area G	Manufacturing	4111
Furniture Manufacturing (KZN) Magisterial District of Lower Tugela	Manufacturing	4418
Furniture Manufacturing (Johannesburg)	Manufacturing	4418
Fast Food, Restaurant, Catering & Allied Trades (10 or less employees)	Wholesale & Retail Trade	4434
Food Retail, Retail, Catering & Allied Trade Area B	Wholesale & Retail Trade	4519
Hairdressing & Cosmetology Trade (Kimberley) Division 103 Kimberley	Community, Social & Personal Services	4522
Textile (Home Textile)	Manufacturing	4676

Sawmilling Sector (NBCWPS)	Manufacturing	4714
Laundry, Cleaning & Dyeing Non-Commercial (Natal)	Community, Social & Personal Services	4276
Recycling & Wash Plant Section (Fibre Sub-sector)	Manufacturing	4770
Furniture Manufacturing (KZN) Magisterial District of Lower Tugela	Manufacturing	4418
MIBCO Sector 4,5 & 7 Only Other Areas	Wholesale & Retail Trade	4796
Fast Food, Restaurant, Catering & Allied Trades (10 or less employees)	Wholesale & Retail Trade	4434
Meat Trade Gauteng	Wholesale & Retail Trade	4782
Restaurant, Catering and Allied Trades Wits	Wholesale & Retail Trade	4820
Laundry, Cleaning & Dyeing D/C (WC)	Manufacturing	4676
Clothing Group B (Bloemfontein, Kimberly & Kroonstad)	Manufacturing	4111
Laundry, Cleaning & Dyeing Non-Commercial (Natal)	Community, Social & Personal Services	4830
Fishing (Inshore)	Agriculture, Hunting, Forestry & Fishing	4845
Textile (Blanket) Urban Areas	Manufacturing	4904
Bargaining Council for Contract Cleaning Durban,Pinetown,Inanda & Chatsowrths	Finance, Insurance, Real Estate & Business Services	4984
National Bargaining Council for the Private Security Sector (Area 3)	Finance, Insurance, Real Estate & Business Services	5025
Textile (Blanket) Isithebe Area	Manufacturing	5027
Hairdressing & Cosmetology Trade (Kimberley) Division 103 Kimberley	Community, Social & Personal Services	4522
Textile (Braiding)	Manufacturing	5190

Clothing Group A (Millinery)	Manufacturing	5247
MEIBC (Construction Site)	Manufacturing	5336
Clothing Group B (Garment Knitting)	Manufacturing	5407
Leather (General Goods & Handbags)	Manufacturing	5435
Fishing Deep sea	Agriculture, Hunting, Forestry & Fishing	5994
BIBC-Cape Peninsula Area A	Construction	6160
Grain Co-Operative GWK	Wholesale & Retail Trade	6400
Textile (Accessories)	Manufacturing	7346
Textile (Woven Crochet)	Manufacturing	7161
Glass (NBCCI)	Manufacturing	4111
Textile (Non-Woven Textile)	Manufacturing	7389
National Bargaining Council Road Freight Logistical Industry	Transport, Storage & Communication	7640
Canvas Goods BC	Manufacturing	7728
Leather (Tanning)	Manufacturing	7780
Textile (Woven Cotton)	Manufacturing	7882
South Africa Road Passenger Bargaining Council (SARPBC)	Transport, Storage & Communication	8351
FMCG (NBCCI)	Manufacturing	8590
Civil Engineering	Construction	8727

Motor Ferry Industry BC	Transport, Storage & Communication	8838
Industrial Chemicals (NBCCI)	Manufacturing	8892
Textile (Carpet)	Manufacturing	8929
South African Local Government Bargaining Council (SALGBC)	Community, Social & Personal Services	9043
PSCBC	Community, Social & Personal Services	9307
MEIBC General Structure	Manufacturing	9642
Pharmaceutical (NBCCI)	Manufacturing	9770
Textile (Wool & Mohair Processing)	Manufacturing	10117
Transnet SOC Limited)	Transport, Storage & Communication	10610
New Tyre Manufactures Bargaining Council	Manufacturing	16065

Conclusion

This wage review shows that the real wages have not improved. Inflation eroded the wage increases won by unions. The median minimum wages negotiated by unions are higher than the national minimum wage (NMW). The NMW is very low. The most vulnerable and unorganised workers earn the minimum wage. Therefore, as shown in the various graphs, we can conclude that there is wage inequality between different sectors. We need to consider that minimum wages often are in line with increases in real wages. However, this is not always true. Minimum wages can sometimes increase by large proportions or remain unchanged for years.

Recommendations

1.

Consider mapping the union's focus sectors. This will ensure that all workers are visible, from the highest paid to the lowest. Inflation has a disproportionate impact on low-income households.

The January 2023 inflation data show that the very low expenditure group (decile 1) experienced an inflation rate of 10.8%, which was higher than the annualised headline inflation rate of 6.9%. The very high expenditure group (decile 10) experienced an inflation rate of 6.3%, which was 0.6% lower than the January 2023 inflation rate of 6.9%.

2.

Refuse proposals or offers that are below the rate of inflation and remember that conditions at work are always based on a principle of welfare, fairness or social value.

Use the principle that is relevant to you to form the basis of your argument in the negotiations. For example, negotiating allowances is not just a matter of pay. It is about recognising that some jobs and some types of work make special demands on workers and that special allowances should be made for these special demands.

3.

Know and keep up to date with the key benchmarks that will help you enter negotiations as an informed role player.

For resources and online tools for union negotiators, visit www.lrs.org.za

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