



December 2023

# Bargaining Benchmarks

A resource for trade union negotiators  
in South Africa

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

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

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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.

## **Economic growth**

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

## **Employment**

The fact of having a paid job.

## **Inflation**

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

## **GDP (Gross Domestic Product)**

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

## **PPI (Producer Price Index)**

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

## **PMBEJD**

Pietermaritzburg Economic Justice and Dignity.

## **The median**

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

# Price inflation: Cost of living

Inflation looks backwards. For example, if the latest inflation figure is for September 2023 and it is 5.4%, this tells us what has happened to prices over the last 12 months (from September 2022 to September 2023).

The simplest way to understand inflation is to think of buying power. If a worker gets a 10 per cent pay rise, but the price of the goods that the worker buys also goes up by 10 per cent, then that worker will not be able to buy anything more than what he bought before, even though he appears to have more money. Despite the 10% increase, the worker has the same purchasing power as before.

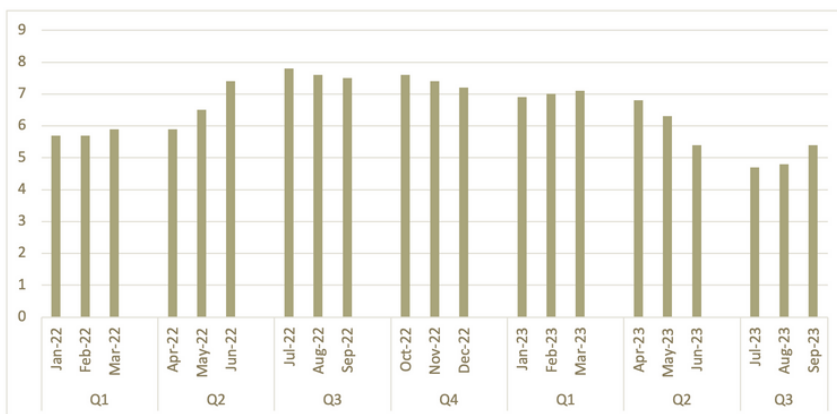
The Consumer Price Index (CPI) represents the overall increase in the prices of all goods. The inflation rate as measured by the CPI was 5.4% in September 2023. This means that from September 2022 to September 2023, the prices of goods and services generally increased by 5.4%.

You can find this monthly release at [www.statssa.gov.za](http://www.statssa.gov.za)

## Inflation

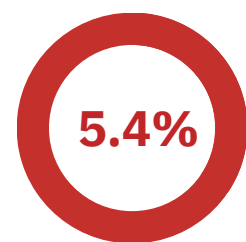
The **increase in prices** over a certain time period. Measured as an annual percentage increase (for example, September 2022 to September 2023). Almost always presented as an annualized number covering the previous 12 months.

Figure 1: Consumer Price Index (CPI) Q3 2023



Source: Statistics South Africa

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



September 2023

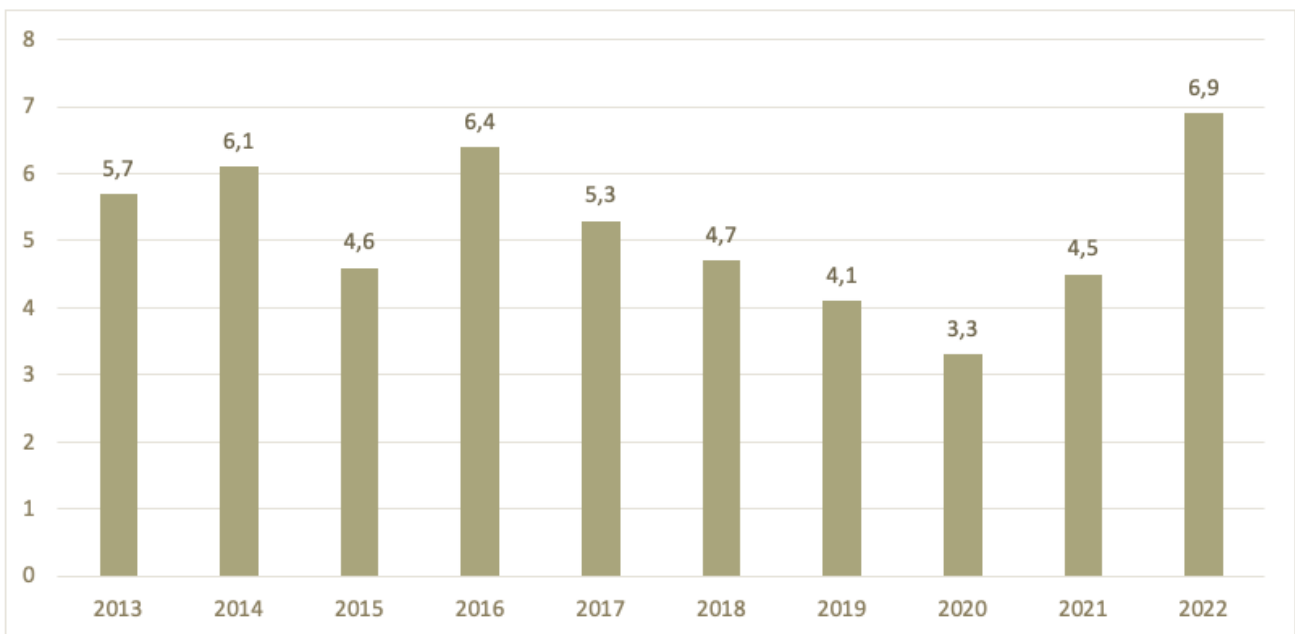
Remember that the inflation rate is a rate of increase. So if annualised inflation is lower this month than last, it does not mean that things are cheaper. It just means that prices have risen more slowly than before.

If we have a closer look, we can also see which sub-categories are currently the drivers of inflation.



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

Figure 2: Average Consumer Price Index (CPI) | 2013 -2022



Source: Statistics South Africa

The food price index shows the monthly increase in the price level of food only. This rate is included in the overall CPI inflation rate.

Figure 3 shows food inflation remains stubbornly high. Between August 2022 and September 2023, it almost doubles the overall inflation rate.

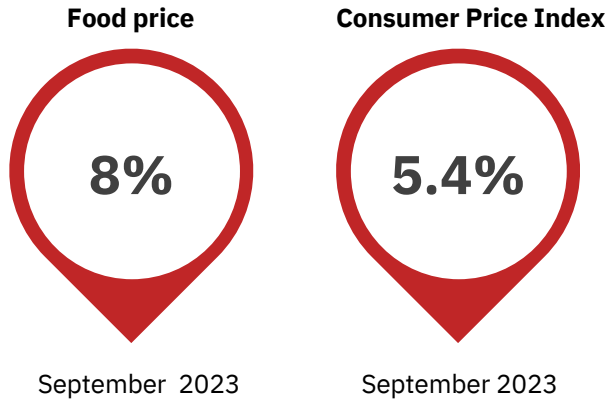
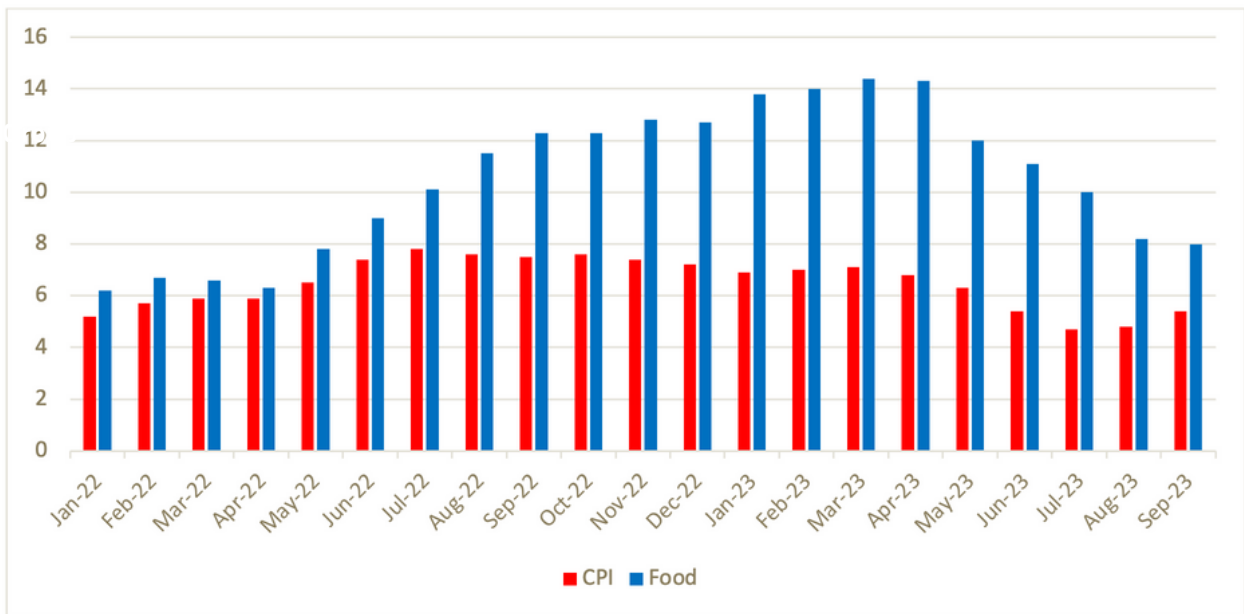


Figure 3: The Food Price | January 2022 - September 2023



Source: Statistics South Africa

The transport price index shows the increase in the price level of the transport items in the basket of goods and services that make up the inflation index. This rate is included in the overall CPI inflation rate.

**Transport price**



September 2023

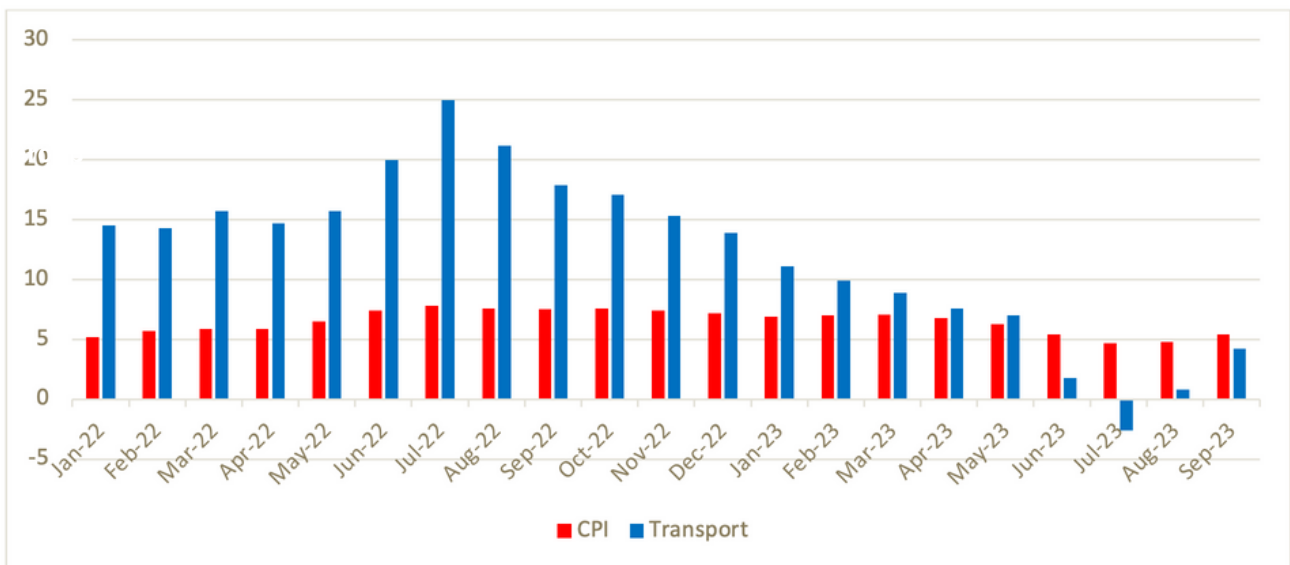
**Consumer Price Index**



September 2023

Figure 4 shows that the transport price increased from 14.5% in January 2022 to 25% in July 2022. From August 2022 to May 2023, the transport price decreases, but is still higher than the CPI. In July 2023, the transport price was -2.6% and in June, August and September it was below the CPI.

Figure 4: Transport price | January 2022 - September 2023



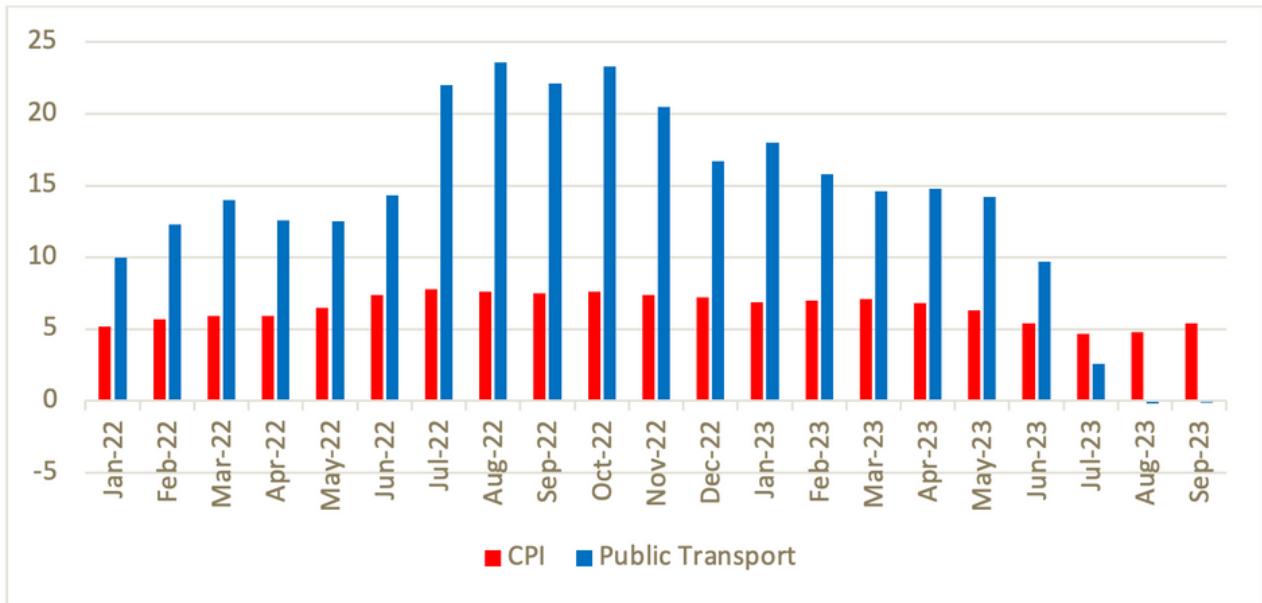
Source: Statistics South Africa

Figure 5 shows public transport prices between January 2022 and September 2023.

Public transport prices were above the CPI between January 2022 and June 2023. Public transport prices fell below the CPI in July 2023, dropping sharply to -0.2% in August and -0.1% in September.

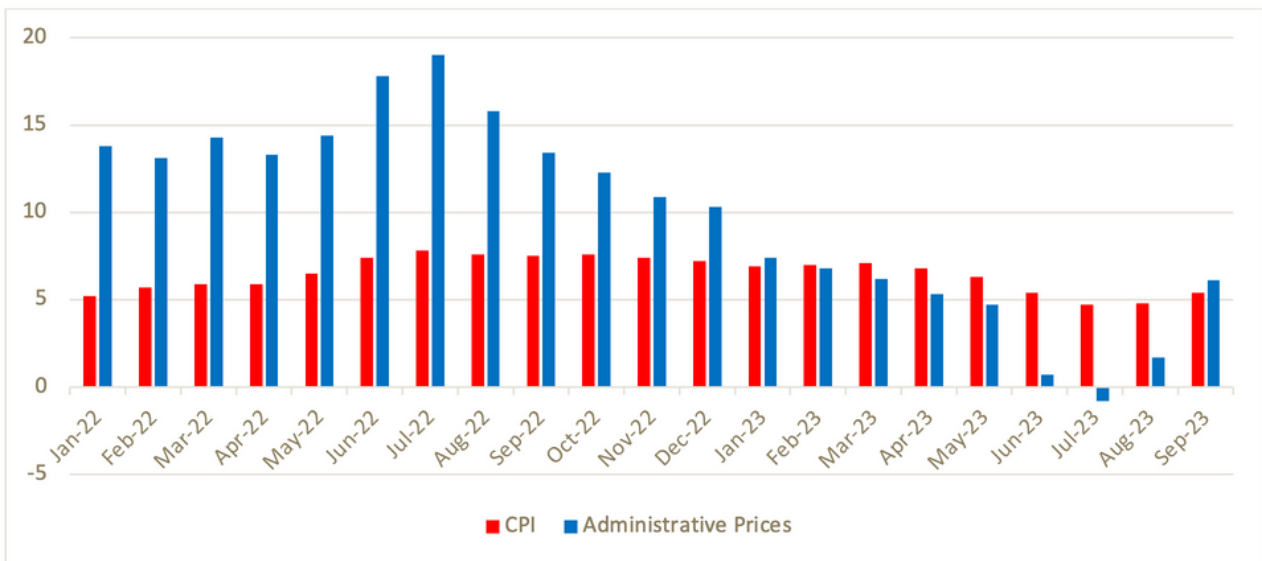


Figure 5: Public Transport price | January 2022 - September 2023




Source: Statistics South Africa

Figure 6: Administered price | January 2022 - September 2023



Source: Statistics South Africa

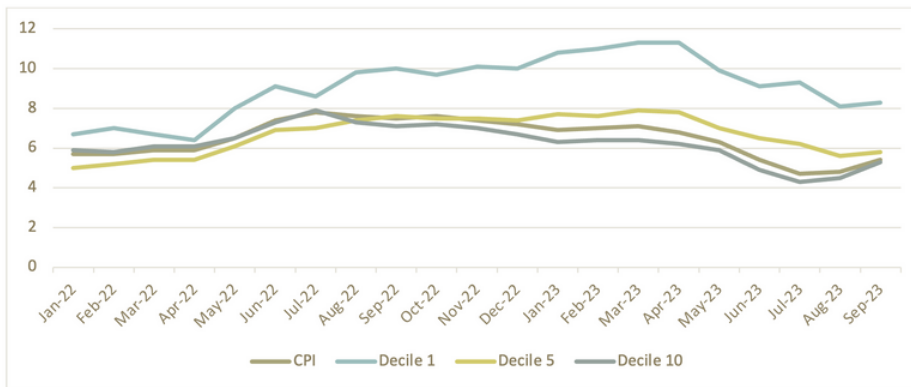

 An administered price is defined as the price of a product that is consciously set by an individual producer or group of producers and/or any price that can be set or influenced by government, either directly or through one or more government agencies/institutions, without reference to market forces. Examples include school fees, telephone charges, electricity and public transport.

The administered price was higher than CPI between January 2022 and January 2023. In July, the administered price fell sharply to -0.8%, but rose in August and peaked above CPI in September 2023.

# Inflation by expenditure group

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

Figure 7: Annualised inflation by expenditure group | JAN 2022 - SEP 2023

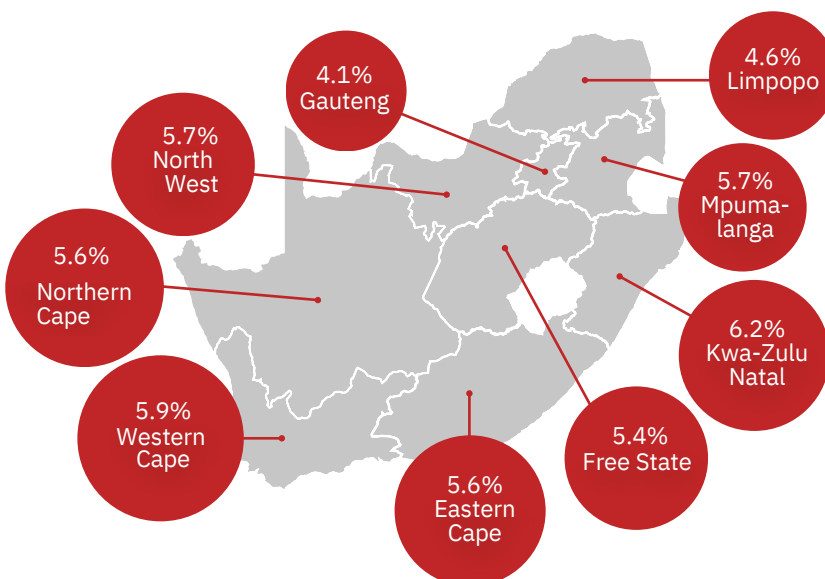


Source: Statistics South Africa

◀ The very low expenditure group (decile 1) had an inflation rate of 8.4%, which is higher than the annualised headline inflation rate of 5.4% in September 2023. The very high expenditure group (decile 10) had an inflation rate of 5.3% in September 2023. Workers on lower incomes have been hit the hardest by price rises.

# Inflation by province

Figure 8: Annualised Rates by Province | September 2023



◀ G Limpopo (4.6%), Gauteng (5.1%) and Free State (5.4%) had annual inflation rates below or equal to the headline rate.

The Eastern Cape (5.6%), Northern Cape (5.6%), North West (5.7%), Mpumalanga (5.7%), Western Cape (5.9%) and KwaZulu-Natal (6.2%) had annual inflation rates higher than the headline rate.

Source: Statistics South Africa

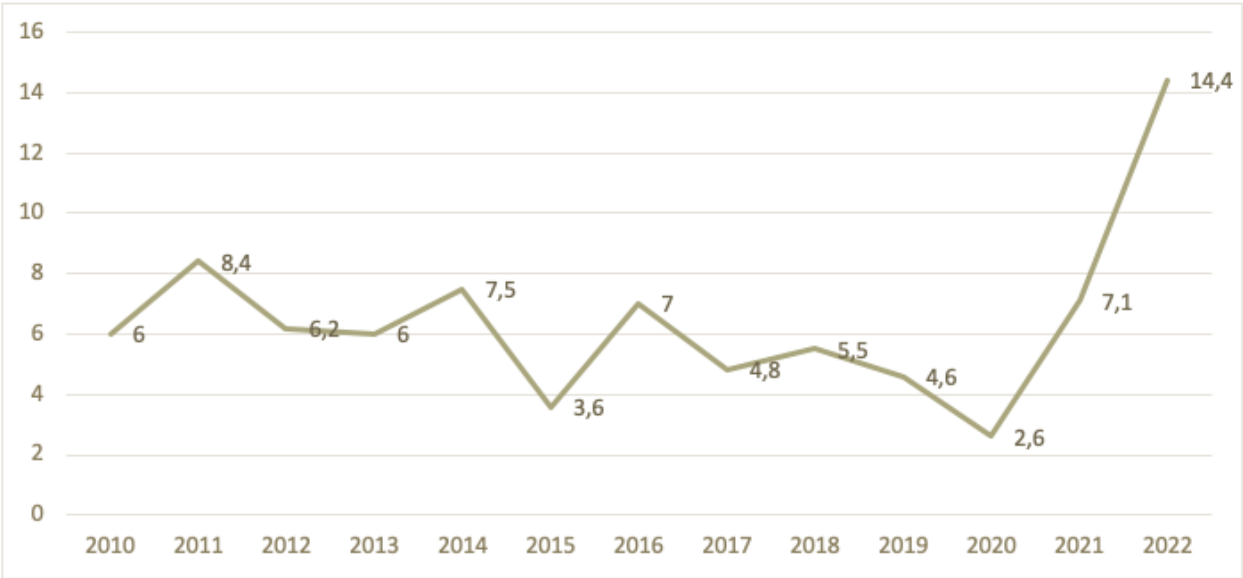
# Producer Price Index

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

The PPI can help us understand what inflation might do in the future. Many factors can influence the rate of inflation, and the trend in the PPI is one way to predict what prices will do in the short term.

▼ The average Producer Price Index (PPI) increased from 6% in 2010 to 14.4% in 2022

Figure 9: Average Producer Price Index (PPI) | 2010 - 2022



Source: Statistics South Africa

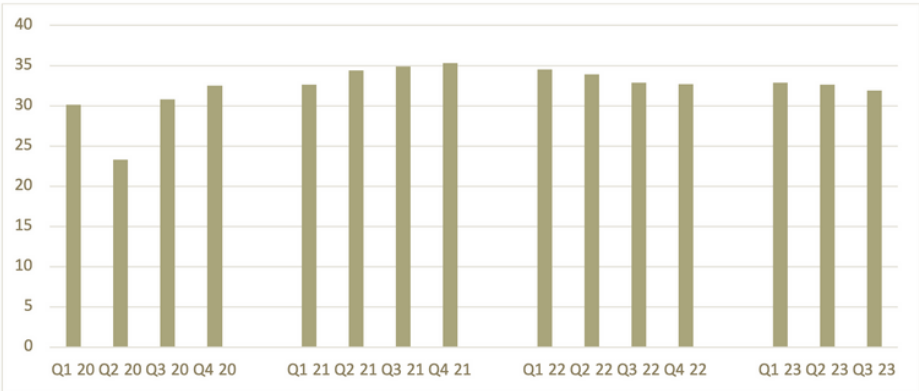
# Unemployment rate

## Q1 2020 - Q3 2023

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

The unemployment rate was 31.9% in the third quarter of 2023, compared to 32.6% in the second quarter of 2023 and 32.9% in the first quarter of 2023.

Figure 10 : Unemployment rate (%) Q1 2022 - Q3 2023



Source: Quarterly Labour Force Survey

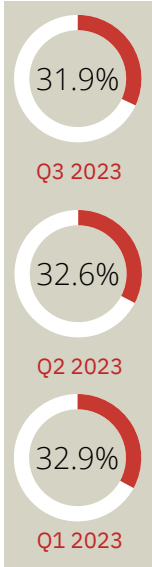
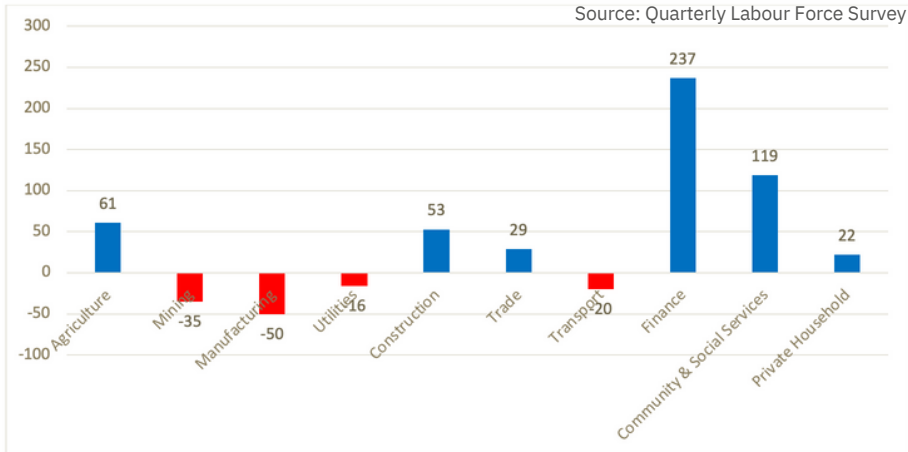


Figure 11: Employment rate by industries Q3 2023

The number of persons employed increased in six out of ten economic activities between Q2 2023 and Q3 2023. The largest employment gains were recorded in financial services (237 000), followed by community and social services (119 000), agriculture (61 000) and construction (53 000). Employment fell in manufacturing (50 000), mining (35 000), transport (20 000) and utilities (16 000).

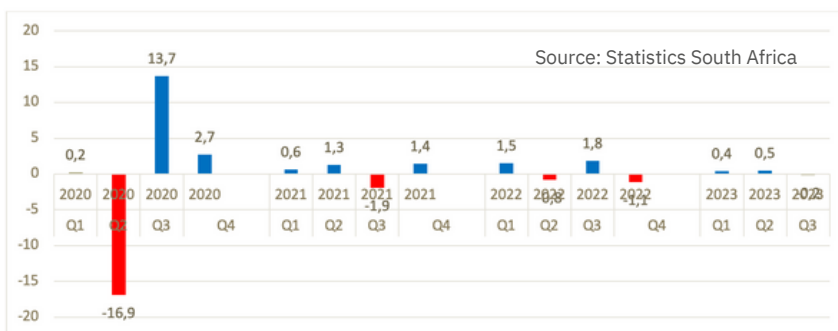


Source: Quarterly Labour Force Survey

# Economic growth & GDP (Q1 2020-Q3 2023)

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

Figure 12: Growth in GDP % Q1 2020 - Q3 2023

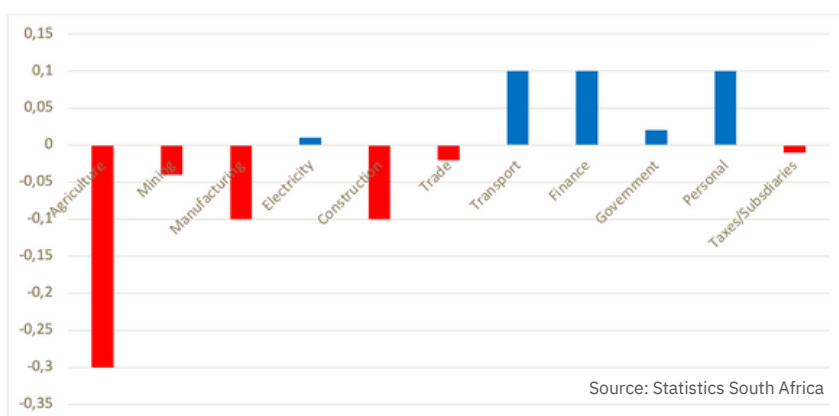


Real Gross Domestic Product (GDP) measured by production fell by -0.2% in the third quarter of 2023, after rising by 0.5% in the second quarter of 2023.

Transport (0.1%), financial services (0.1%), personal services (0.1%), electricity (0.0%) and government (0.0%) contributed positively to GDP growth in the third quarter of 2023..

Contributions to GDP growth were reduced by agriculture (- 0.3 %), mining (- 0.0 %), manufacturing (- 0.1 %), construction (- 0.1 %), trade (- 0.0 %) and taxes and subsidies (- 0.0 %)

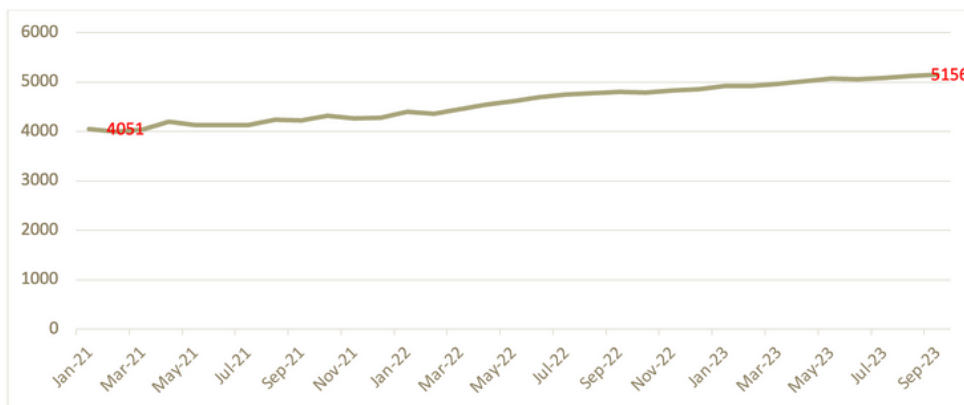
Figure 13: Contributions to growth (%) in GDP by Industries in Q3 2023



# Month-on-month household food basket index | Jan 2021 - Sep 2023

The household food index is specifically designed to measure food price inflation as experienced by households living on low incomes in Pietermaritzburg, but may be used to give insight on food price inflation as experienced by households living on low incomes in South Africa.

Figure 14: The cost of the household food basket | JAN 2021 to SEP 2023



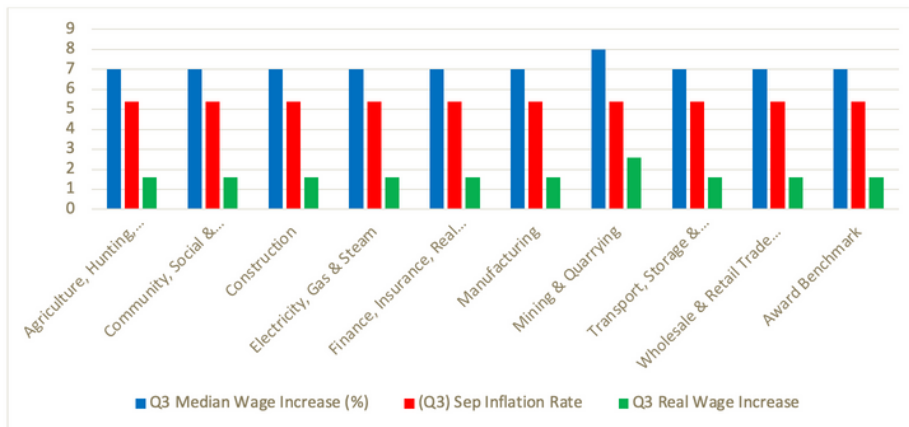
◀ The cost of the household food basket increased from R4 051/month in January 2021 to R5 156/month in September 2023. This represents an increase of R1 105 or (27.2%) between January 2021 and September 2023.

Source: Pietermaritzburg Economic Justice and Dignity

# 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.

Table 1: Median increases by industry (%) | Q3 2023



Source: LRS Actual Wage Rates Database (AWARD)



## The median

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

# References

LRS Actual Wage Rates Database (AWARD).

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

Consumer Price Index, Gross Domestic Product (GDP), Quarterly Labour Force Survey publications.

Available at <http://www.statssa.gov.za>

Pietermaritzburg Economic Justice and Dignity, Household Affordability Index.

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





**KNOWLEDGE**  
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LEAVE IN THE  
HANDS OF THE  
**BOSSES**