

2023

# Wage Bargaining Review

February 2024



The LRS Wage Bargaining Review provides wage trends across industries and unions to aid negotiators in preparing for bargaining.

Our data includes 576 collective agreements from bargaining councils, plant-level and the national minimum wage, covering 2,407,835 workers earning the minimum entry-level wage or the lowest wage in the bargaining unit.

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**Knowledge is too  
important to leave in  
the hands of the bosses.**

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# List of Abbreviations

AWARD: Actual Wage Rates Database

CEPPWAWU: Chemical, Energy, Paper, Printing and Allied Workers Union

DENOSA: Democratic Nursing Organisation of South Africa

FAWU: Food Allied Workers Union

HOSPERSA: Health and Other Service Personnel Trade Union of South Africa

NEHAWU: National Education, health, and Allied Workers Union

NUMSA: National Union of Metal Workers of South Africa

NUM: National Union of Mineworkers

PMBEJD: Pietermaritzburg Economic Justice & Dignity Group

SACCAWU: South African Commercial, Catering and Allied Workers Union

SACTWU: South Africa Clothing Textile Workers Union

SAMWU: South Africa Municipality Worker Union

SASBO: South African Society of Bank Officials

SATAWU: South African Transport Allied Workers Unions

# 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.

# Inflation trends summary

In 2023, the overall inflation rate averaged 6%, a slight decline from 6.9% in 2022. The average inflation rate aligned with the midpoint of the bank's targeted range, falling between 3% and 6%.

**Table 1:** Average Consumer Price Index (CPI) and Selected Price Categories 2023

|                            | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov | Dec | Aver       |
|----------------------------|------|------|------|------|------|------|------|------|------|------|-----|-----|------------|
| <b>CPI</b>                 | 6.9  | 7    | 7.1  | 6.8  | 6.3  | 5.4  | 4.7  | 4.8  | 5.4  | 5.9  | 5.5 | 5.1 | <b>6</b>   |
| <b>Food</b>                | 13.8 | 14   | 14.4 | 14.3 | 12   | 11.1 | 10   | 8.2  | 8    | 8.8  | 9   | 8.4 | <b>11</b>  |
| <b>Transport</b>           | 11.1 | 9.9  | 8.9  | 7.6  | 7    | 1.8  | -2.6 | 0.8  | 4.2  | 7.4  | 4.3 | 2.6 | <b>5.2</b> |
| <b>Public Transport</b>    | 18   | 15.8 | 14.6 | 14.2 | 14.2 | 9.7  | 2.6  | -0.2 | -0.1 | -0.3 | 0.8 | 0.4 | <b>7.5</b> |
| <b>Administered Prices</b> | 7.4  | 6.8  | 6.2  | 5.3  | 4.7  | 0.7  | -0.8 | 1.7  | 6.1  | 9.3  | 6.4 | 4.9 | <b>4.9</b> |

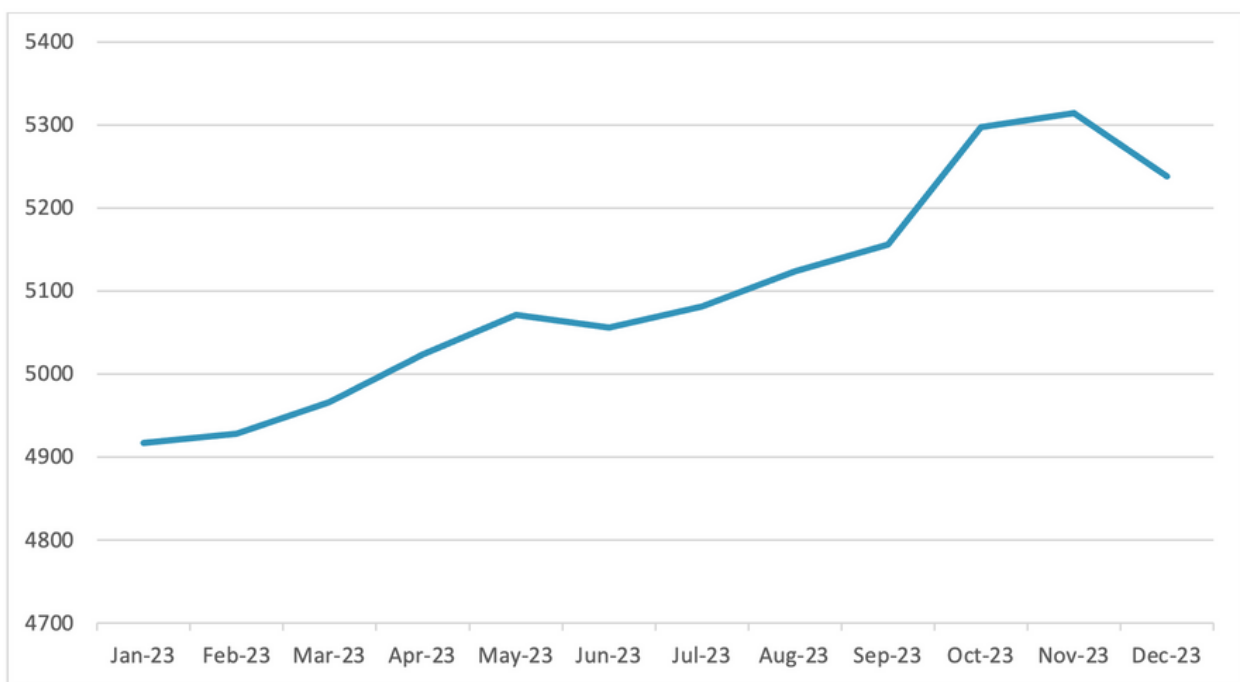
## Selected price categories

- 1- Food inflation experienced an upward trajectory, rising to 11% in 2023 compared to 9.5% in 2022.
- 2- The inflation rate for transportation witnessed a notable shift, decreasing to 5.2% in 2023 from a higher rate of 17.1% in 2022.
- 3- Public transportation costs saw a modest increase in the average inflation rate, reaching 7.5% in 2023 compared to 17% in 2022.
- 4- The inflation rate for the administrator's price decreased from 14% in the previous year to 4.9% in 2023.

# Month-on-month household food basket index

The household food index tracks the composition of a food basket in low-income households in Pietermaritzburg but can apply across South Africa. The index answers the question of what a decent food basket looks like.

Figure 1: The cost of the household food basket | Jan – Dec 2023



Source: Pietermaritzburg Economic Justice and Dignity

▲ The cost of the household food basket rose from R4,917 per month in January to R5,238 in December 2023, reflecting a gain of R329 or a 6.5% increase for the year.

# National Poverty Lines

The national poverty lines are determined using the cost-of-basic-needs approach, which considers household expenditure on food and non-food items to measure welfare.

The food poverty line per person per month increased from R663 in March 2022 to R760 in May 2023, an increase of 14.6%.

The upper bound poverty line per person per month was R1 417 in March 2022 and increased to R1 558 in May 2023, an increase of 9.9%.

The lower-bound poverty line per person per month was R945 in March 2022 and increased to R1,058 in May 2023, an increase of 11.9%.

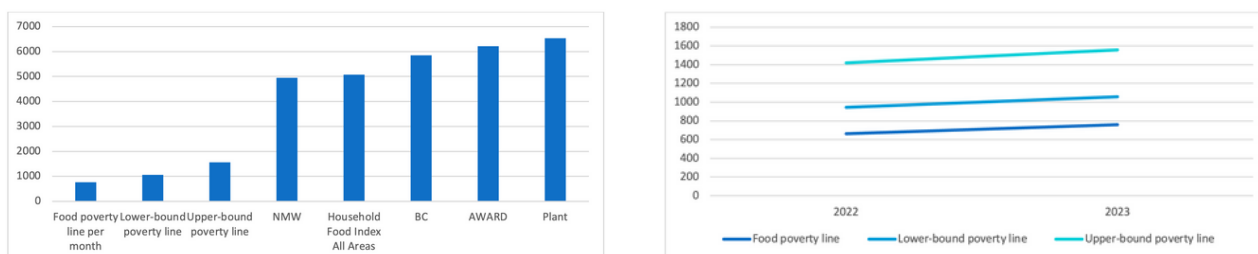
The average monthly minimum wage negotiated by unions was above the food poverty threshold.

|                             | April 2022 | May 2023 | % increase |
|-----------------------------|------------|----------|------------|
| Food poverty line per month | R663       | R760     | 14.6%      |
| Lower-bound poverty line    | R945       | R1 058   | 11.9%      |
| Upper-bound poverty line    | R1 417     | R1 558   | 9.9%       |

**Food poverty line:** the amount of money a person needs to afford the minimum required daily energy intake.

**Lower-bound/upper-bound poverty lines:** the average amount spent on non-food items plus the food poverty line of households whose total expenditure equals the food poverty line.

Figure 2: Minimum Monthly Wage Compared to Poverty Datum Lines



Source: Statistics South Africa



# Wage indicators

This data is from the LRS Actual Wage Rates Database (AWARD), which captures both nominal and real median minimum wages in sectors of the economy. We focus exclusively on wages for low occupations in the sectors sampled.

**Table 2:** The Sample

| Industry                      | Wage agreements in 2023 | Estimates covered workers |
|-------------------------------|-------------------------|---------------------------|
| Agriculture                   | 45                      | 6 248                     |
| Community                     | 58                      | 1 478 971                 |
| Construction                  | 33                      | 33 113                    |
| Electricity                   | 12                      | 45 160                    |
| Finance                       | 47                      | 84 878                    |
| Manufacturing                 | 183                     | 286 745                   |
| Mining                        | 46                      | 128 076                   |
| Transport                     | 19                      | 115 517                   |
| Wholesale                     | 133                     | 229 127                   |
| <b>AWARD (all agreements)</b> | <b>576</b>              | <b>2 407 835</b>          |

Source: LRS Actual Wage Rates Database

## Median and Average Minimum Wages

**The average minimum wage slightly surpassed the median minimum in 2023.**

The median minimum wage across all sectors was R6,209, with a 7% settlement. After accounting for a 6% inflation rate, the actual wage increase was only 1%. The average minimum wage stood at R7,774, with a similar 7% settlement, resulting in a 1% real wage increase when factoring in the 6% average inflation rate.

**Table 3:** Minimum monthly wages all industries | 2023

|         | Hours of work (weekly) | 2023 Wage (Rands) | Wage Increase (%) | Inflation (%) | Real Wage Increase (%) |
|---------|------------------------|-------------------|-------------------|---------------|------------------------|
| Median  | 45                     | 6209              | 7                 | 6             | 1                      |
| Average | 44                     | 7774              | 7                 | 6             | 1                      |

Source: LRS Actual Wage Rates Database

## Median Minimum Monthly Wages by Industries

Median minimum wages vary across sectors. The electricity, gas, and water industries lead with R12,919 per month, followed by mining and quarrying at R12,797 and transport, storage, and communication at R9,277.

Agriculture records the lowest median minimum wage at R4,953 per month. Eight sectors saw real wage increases of 1%, while mining stands out with 2%.

**Table 4:** Median Minimum Monthly Wages by Industries | 2023

| Industry      | Median hours of work (weekly) | 2023 Median Monthly Wage (ZAR) | 2023 Medina Wage Increase (%) | Inflation Rate (%) | Medina Real Wage Increase (%) |
|---------------|-------------------------------|--------------------------------|-------------------------------|--------------------|-------------------------------|
| Agriculture   | 45                            | 4953                           | 7                             | 6                  | 1                             |
| Community     | 45                            | 5505                           | 7                             | 6                  | 1                             |
| Construction  | 45                            | 5855                           | 7                             | 6                  | 1                             |
| Electricity   | 45                            | 12919                          | 7                             | 6                  | 1                             |
| Finance       | 45                            | 5726                           | 7                             | 6                  | 1                             |
| Manufacturing | 45                            | 6604                           | 7                             | 6                  | 1                             |
| Mining        | 45                            | 12797                          | 8                             | 6                  | 2                             |
| Transport     | 45                            | 9277                           | 7                             | 6                  | 1                             |
| Wholesale     | 45                            | 5102                           | 7                             | 6                  | 1                             |

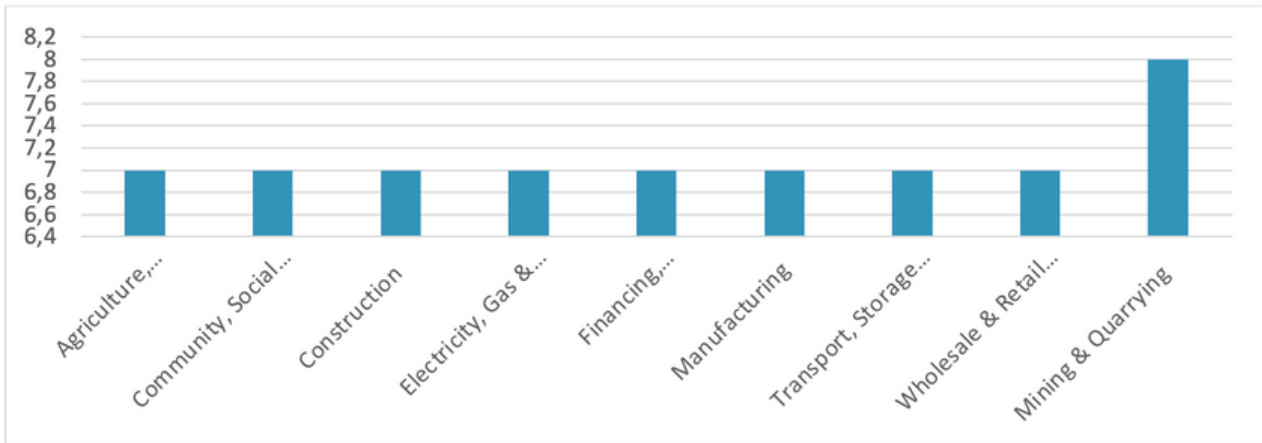
Source: LRS Actual Wage Rates Database

# Median Minimum Wages Increase by Industries

Eight sectors - agriculture, community, construction, electricity, finance, manufacturing, transport, and wholesale - recorded a nominal wage settlement of 7%, resulting in real median wage increases of 1% when factoring in the average inflation rate of 6%.

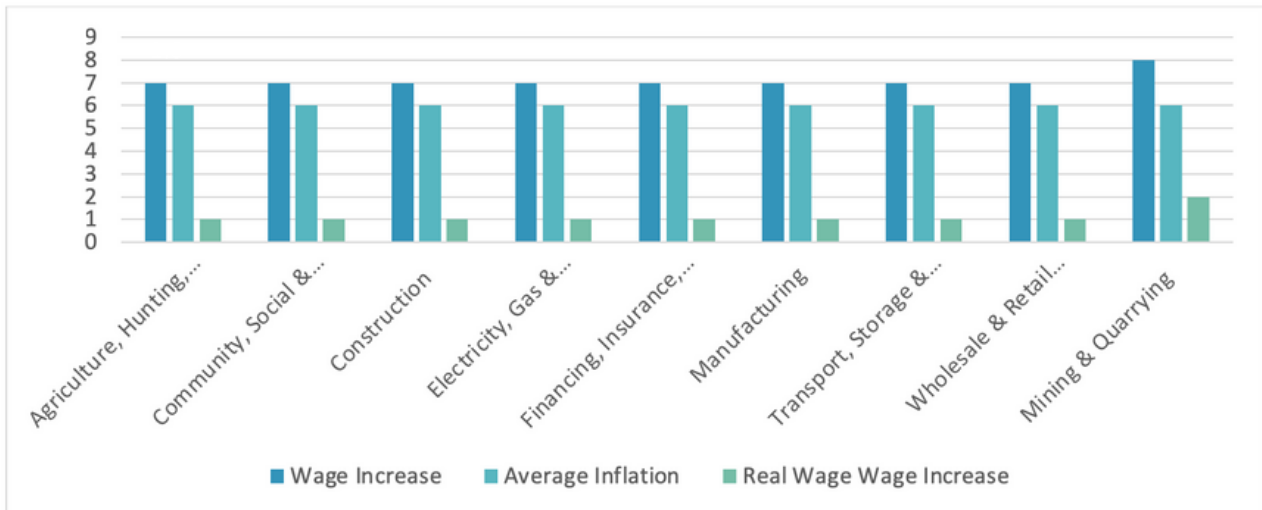
The mining sector had the highest nominal wage increase, at 8%, resulting in a 2% real wage increase. Consistent real wage growth has been observed across the sectors in 2023, with median wage settlements exceeding inflation.

**Figure 3:** Median (%) Wage Increase by all Industries | 2023



Source: LRS Actual Wage Rates Database

**Figure 4:** Wage Increases %, Average Inflation, and Real Wage Increase by all Industries | 2023

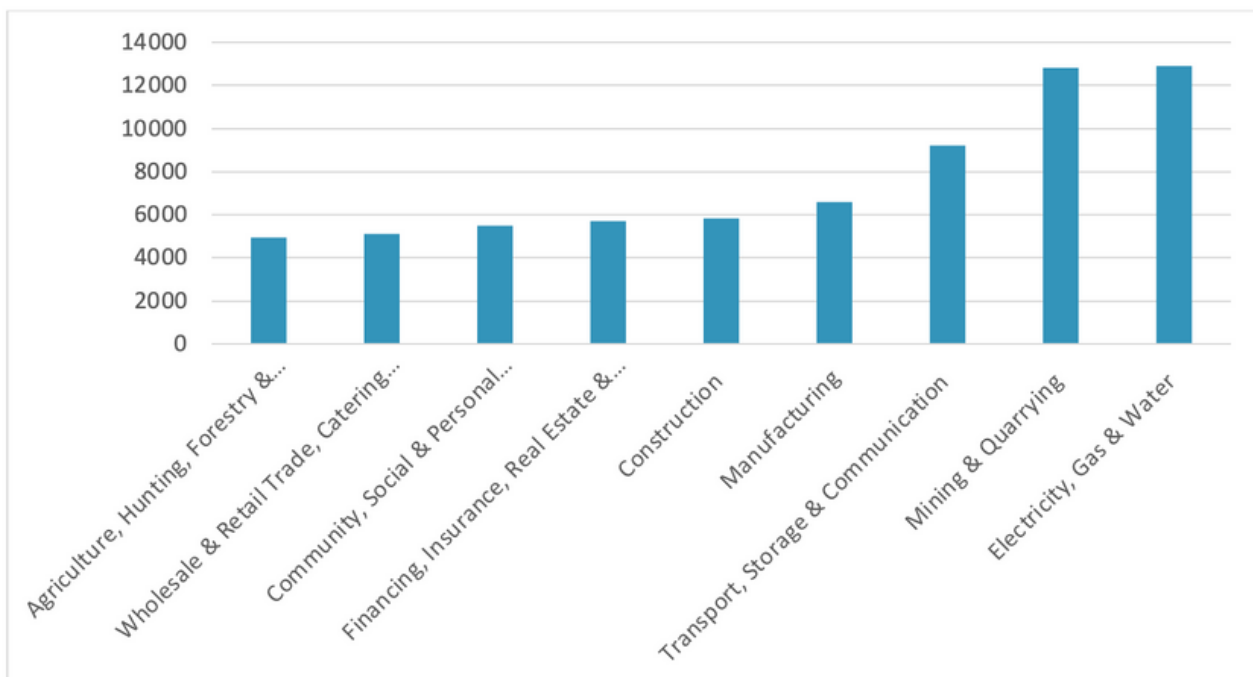


Source: LRS Actual Wage Rates Database

# Median Minimum Wages by Industries

The electricity, gas, and water industries led with the highest median minimum monthly wage of R12,919 for a median 45-hour working week. In contrast, the agriculture sector paid the lowest at R4,953 monthly for a median 45-hour working week.

**Figure 5:** Minimum Monthly Wages by Industries | 2023



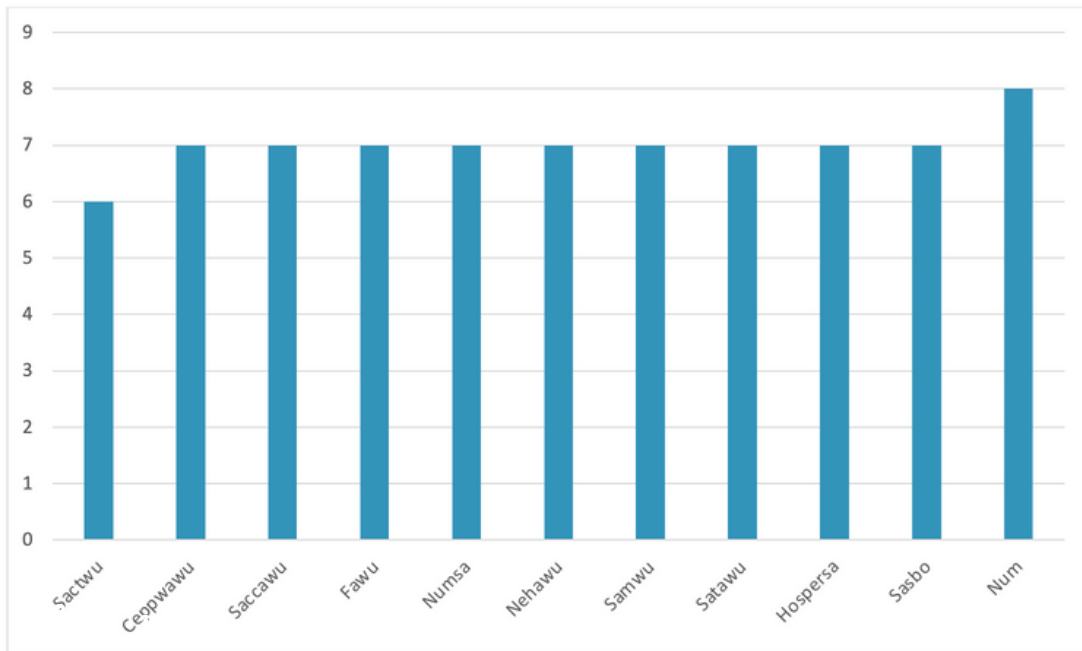
Source: LRS Actual Wage Rates Database

# Trade Union Wage Settlements

**NUM had the highest median wage settlement at 8%, while SACTWU had the lowest at 6%.**

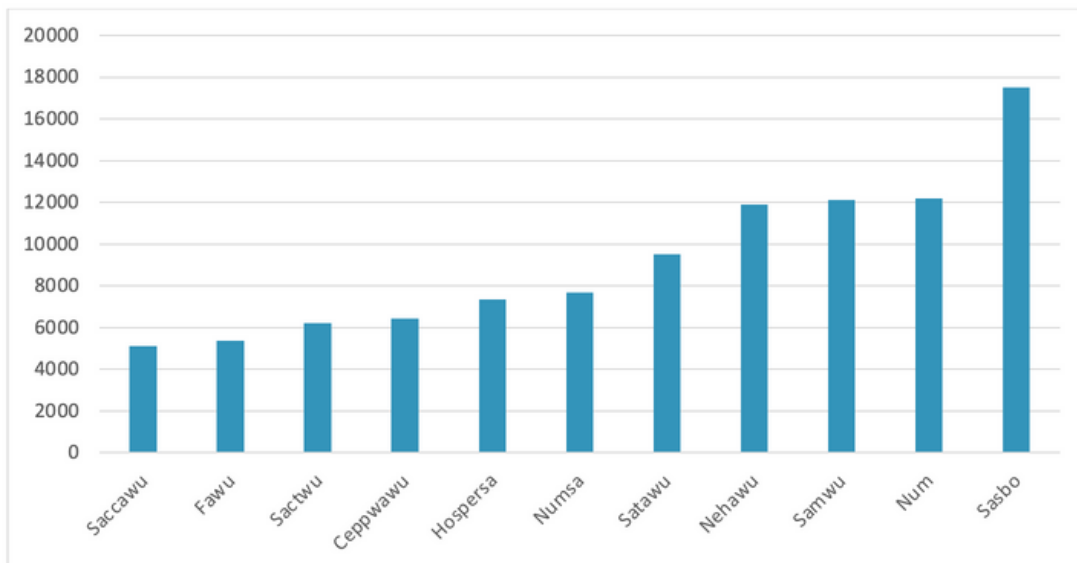
Wage gap among unionised workers. SASBO secured the highest median wage floor at R17,500, while SACCAWU recorded the lowest at R5,118 per month in 2023. **[Figure 6]**

**Figure 6:** Medium Wage Increase Wages by Selected Trade Unions | 2023



Source: LRS Actual Wage Rates Database

**Figure 7:** Minimum Monthly Wages by Selected Trade Unions | 2023



Source: LRS Actual Wage Rates Database

**Table 3:** Other Unions Wage Settlements in 2023

| <b>Union</b> | <b>Bargaining Unit</b>                  | <b>2023 % Inc.<br/>On Actual<br/>wages</b> |
|--------------|---|--|
| PSA          | LGSETA                                  | 5,5  |
| PSA          | CIPC                                    | 6  |
| MDAWUSA      | Meat Trade Gauteng                      | 6  |
| SATU         | No Limit Screen Spectrum                | 6,5  |
| UASA         | Ekapa Mines Pty Ltd                     | 6,5  |
| DENOSA       | Louis Pasteur Hospital Holdings Pty Ltd | 7  |
| DENOSA       | Emalahleni Private Hospital             | 7  |
| UASA         | Hillermann Brothers                     | 7  |
| SATU         | Paarl Coldset Pty Ltd Port Elizabeth    | 7  |
| TOWU         | Bidair Services Pty Ltd                 | 7  |
| NULAW        | Leather (General Goods & Handbags)      | 7  |
| NULAW        | Leather industry National BC (Footwear) | 7  |
| NUPSAW       | Sanparks                                | 7.18                                       |
| AFADWU       | RFG Food Manufacturing Pty Ltd          | 7.2  |
| AMCU         | Bushveld Minerals                       | 7.5  |

|         |  |          |
|---------|--|----------|
| DETAUWU | South African National Road Agency                                     | 7.5      |
| NTEU    | Rhodes University  | 8        |
| UASA    | Wildfire Chaircoal   | 8        |
| SAEWA   | Electrical Area A  | 8.8      |
| UASA    | Hairdressing & Cosmetology Trade<br>(Pretoria) Division 112 Wonderboom | 9.6      |
| NUFAW   | Furniture Manufacturing (Western Cape)                                 | 9.6      |
|         | <b>Median</b>  | <b>7</b> |
|         | <b>Average</b>   | <b>7</b> |

Source: LRS Actual Wage Rates Database

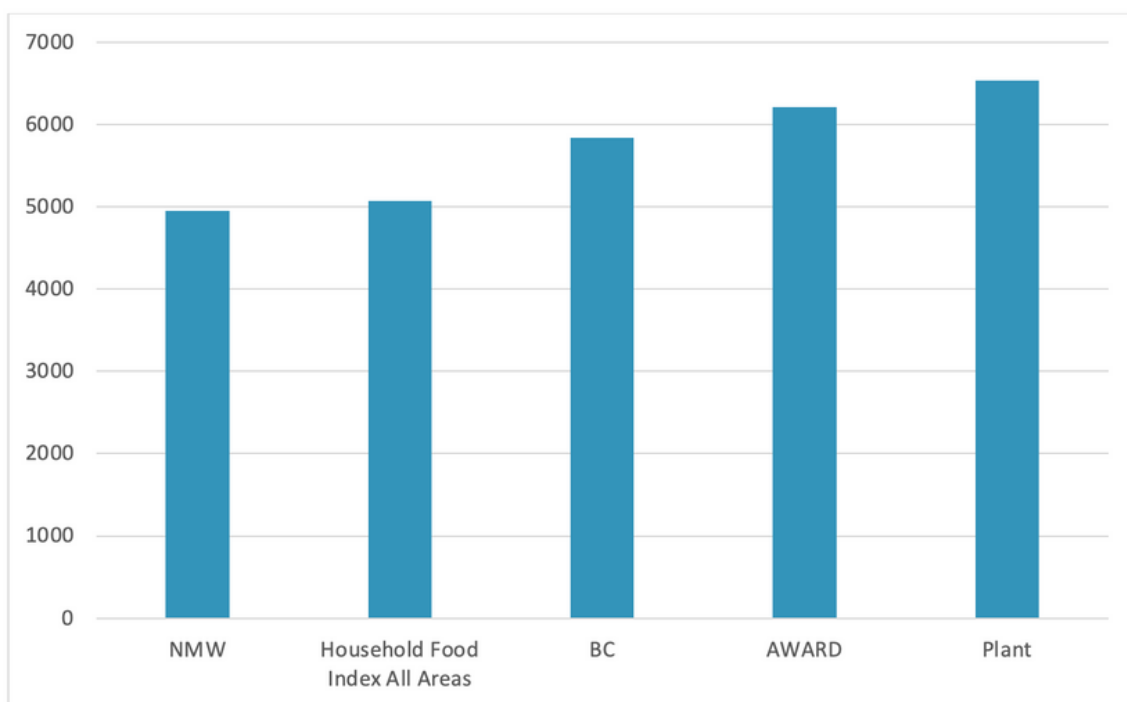
# Bargaining Level Wages

Here we compare the median minimum wage for the national minimum wage (NMW), bargaining council (BC), and plant level bargaining. The NMW had the lowest among the three. Decentralised emerged with the highest median minimum wage, reaching R6,538 per month, closely followed by bargaining council at R5,844 per month.

The NMW was R4,953 per month for a standard 45-hour workweek.

All wage agreements on the LRS AWARD database attained a median monthly minimum wage of R6,209. wage settlements exceeding inflation.

**Figure 8:** Minimum Monthly Wages by Bargaining Level | 2023



Source: LRS Actual Wage Rates Database

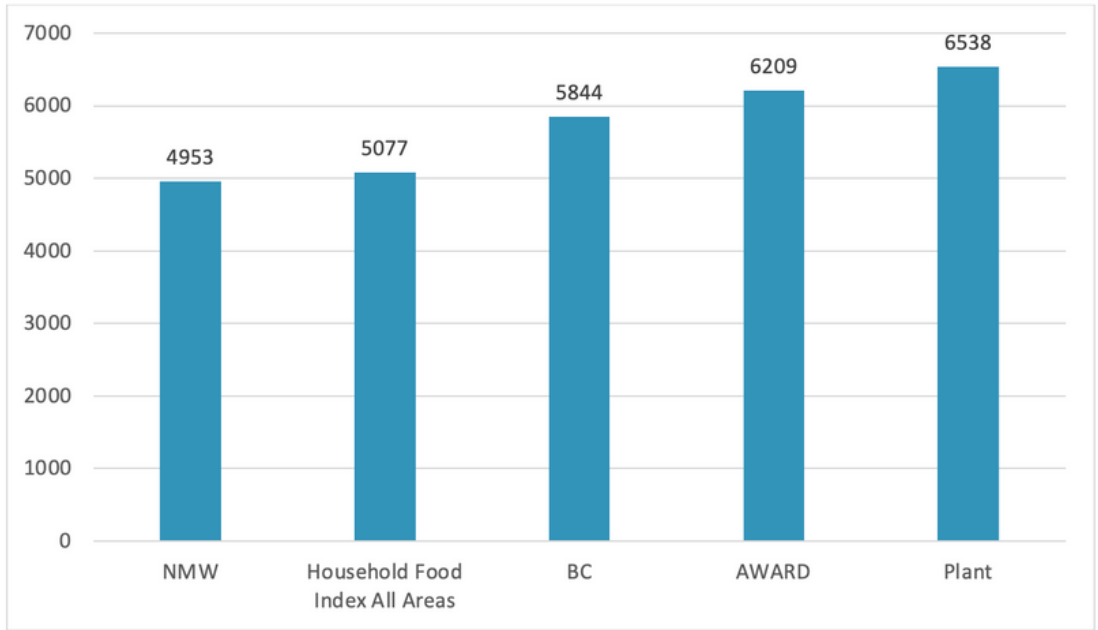
Despite the decline in inflation rates, the persistently high cost of food remains a significant challenge for low-paid workers in South Africa. The household food basket increased, surpassing the national minimum wage by R124. Comparatively, the Bargaining Council's minimum wage exceeded the household food basket by R767, while the median minimum wage in plant-level agreements outpaced it by R1,461.

**[Figure 8]**

Negotiators should not limit their attention to the consumer price index. Instead, they must monitor all relevant indices and analyse the tangible effects on the workforce. There should be a compelling union case or argument on the actual burden of food expenses, particularly for low-paid workers.



**Figure 9:** Median minimum wages compared to household food basket index 2023



Source: LRS Actual Wage Rates Database

## Conclusion

In summary, the wage review report highlights median wage settlements and the median minimum wage floor resulting from the collective bargaining conducted by trade unions in 2023. Despite economic challenges, wage settlements surpassed the inflation rate for the year. There was a consistent upward trend in median minimum wages, indicating a positive trend in overall wages.

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