



March 2024

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.

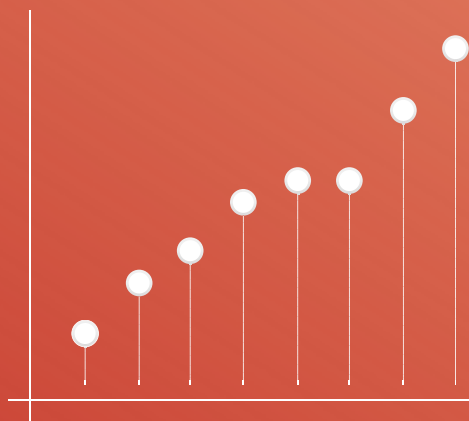
Price inflation: Cost of living

Inflation is backwards looking. If the latest inflation number is for December 2023 and it was reported to be 5.1%, then this tells us what happened to prices over the last 12 months (from December 2022 to December 2023).

The easiest way to understand inflation is to think of buying power. If a worker receives a 10% increase but the price of the goods that the worker buys also increase by 10%, then that worker will not be able to buy anything beyond what they bought previously even though they appear to have more money. The wage earner, therefore, has the same buying power they had before, despite the 10% increase.

The Consumer Price Index (CPI) represents the overall increase in prices of all goods. The inflation rate as measured by the CPI was 5.1% in December 2023. This means that the price of goods and services generally increased by 5.1% from December 2022 to December 2023.

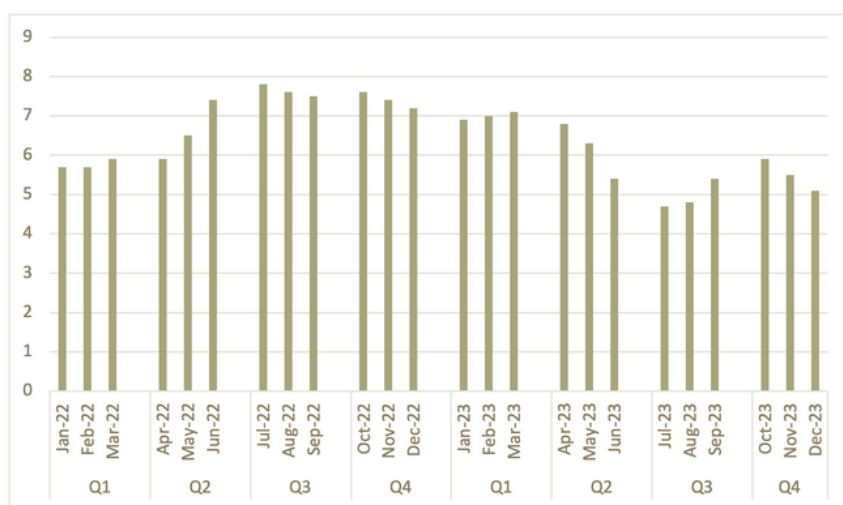
You can find this monthly release at www.statssa.gov.za



Inflation

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

Figure 1: Consumer Price Index (CPI) Q4 2023



Source: Statistics South Africa

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



December 2023

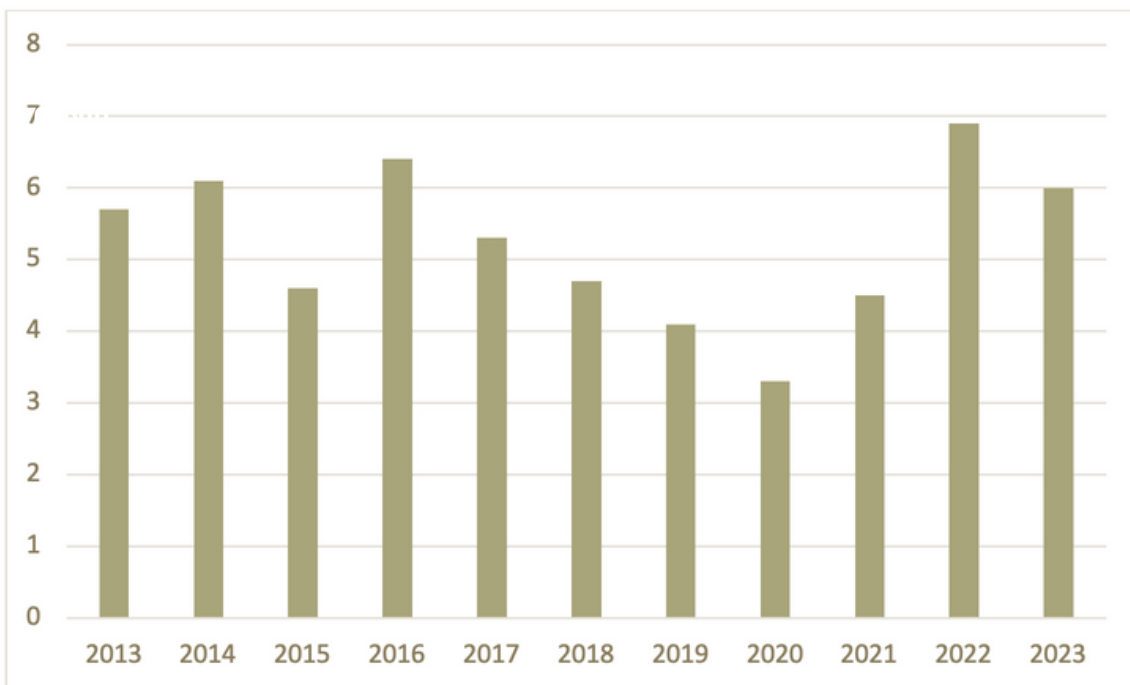
The inflation rate describes a rate of increase. So, if annualised inflation is lower this month than it was last month, it does not mean that things are cheaper. It just means that the prices increased more slowly than they did before.

If we look even closer, we can see which sub-categories are currently driving 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 -2023



Source: Statistics South Africa

The food price index shows the increase in the price level of food products only, every month. This rate is incorporated in the overall CPI inflation rate.



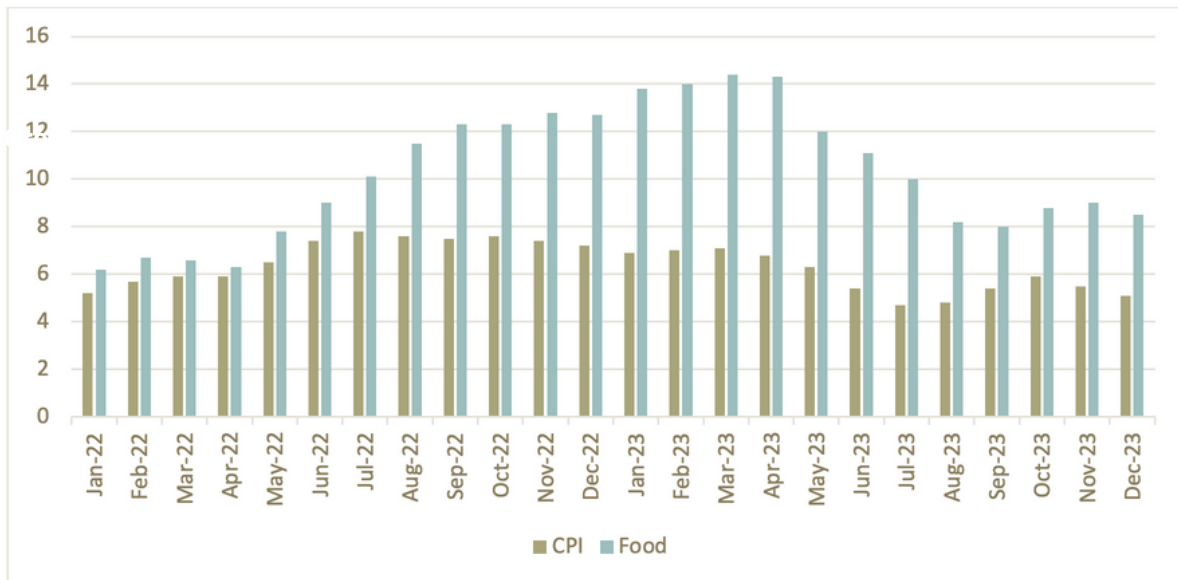
December 2023



December 2023

Food price outpaced inflation from January 2022 to December 2023.

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



Source: Statistics South Africa

The transport price index reflects the rise in the cost of transportation items within the basket of goods and services used to calculate the inflation index. This rate is factored into the overall CPI inflation rate.



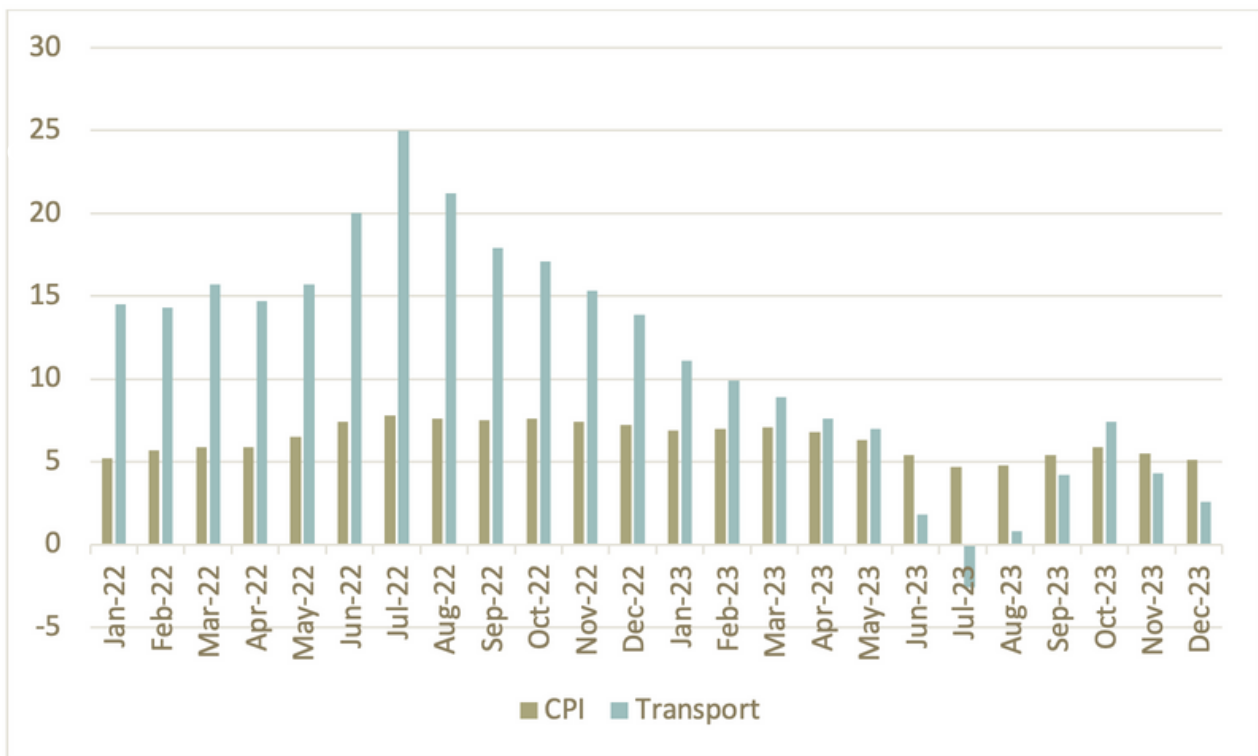
January 2022



December 2023

Transport prices exceeded inflation from January 2022 to May 2023 but fell below inflation from July 2023 to September 2023. In October 2023, transport prices rose above inflation, only to fall below inflation in the last two months of 2023.

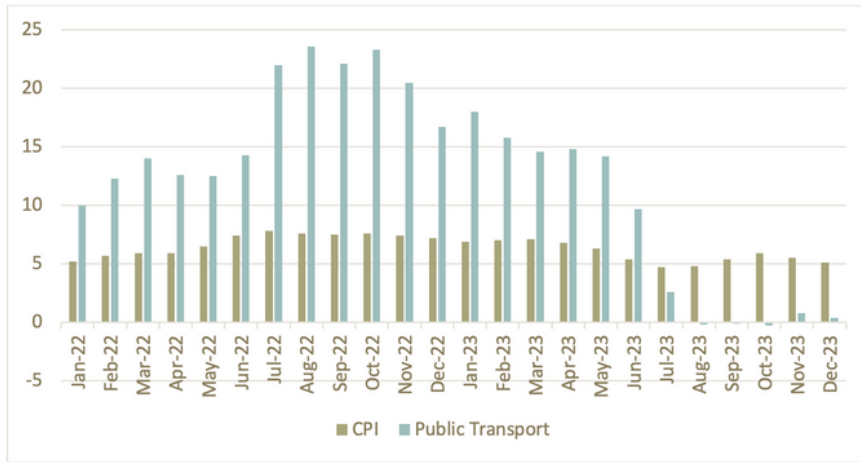
Figure 4: Transport price | January 2022 - December 2023



Source: Statistics South Africa

The public transport price index reflects price changes for taxis, trains, buses and other public transport for passengers or goods. This index is part of the overall CPI inflation rate.

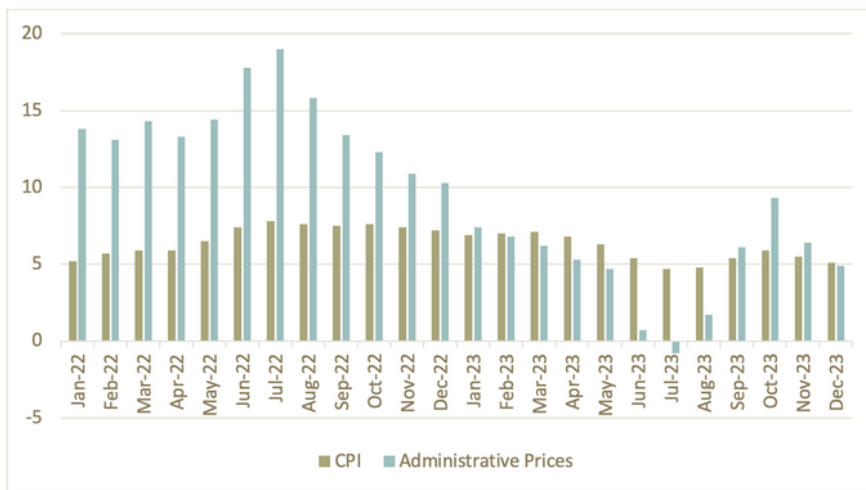
Figure 5: Public Transport price | January 2022 - December 2023



Source: Statistics South Africa

Public transport prices exceeded inflation from January 2022 to June 2023 but fell below inflation in the latter half of the year.

Figure 6: Administered price | January 2022 - December 2023



Source: Statistics South Africa

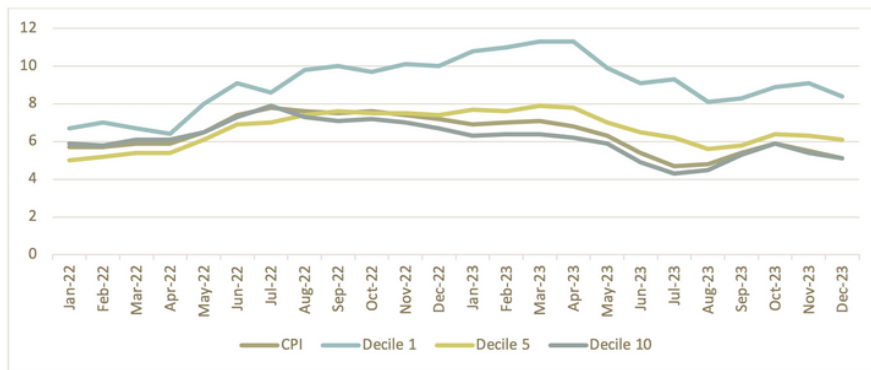
Administered prices exceeded inflation from January 2022 to January 2023 and fell below inflation from February to August 2023.

The prices exceeded inflation from September to November 2023 and fall below inflation in December 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 - DEC 2023

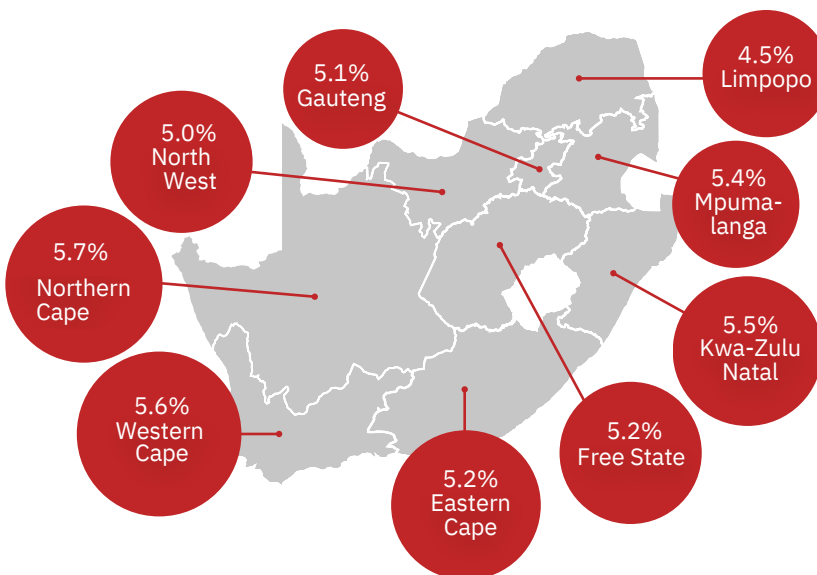


Source: Statistics South Africa

◀ The very low expenditure group (decile 1) experienced an inflation rate of 8.4%, higher than the headline annualised inflation rate of 5.1% in December 2023, while the very high expenditure group (decile 10) had an inflation rate of 5.1% in December 2023 - equal to the inflation rate.

Inflation by province

Figure 8: Annualised Rates by Province | December 2023



◀ The provinces with annual inflation rates lower than or equal to the headline rate were Limpopo (4.5%), North West (5%) and Gauteng (5.1%).

Free State (5.2%), Eastern Cape (5.2%), Mpumalanga (5.4%), KwaZulu-Natal (5.5%), Western Cape (5.6%) and Northern Cape (5.7%) had annual inflation rates above the headline rate

Source: Statistics South Africa

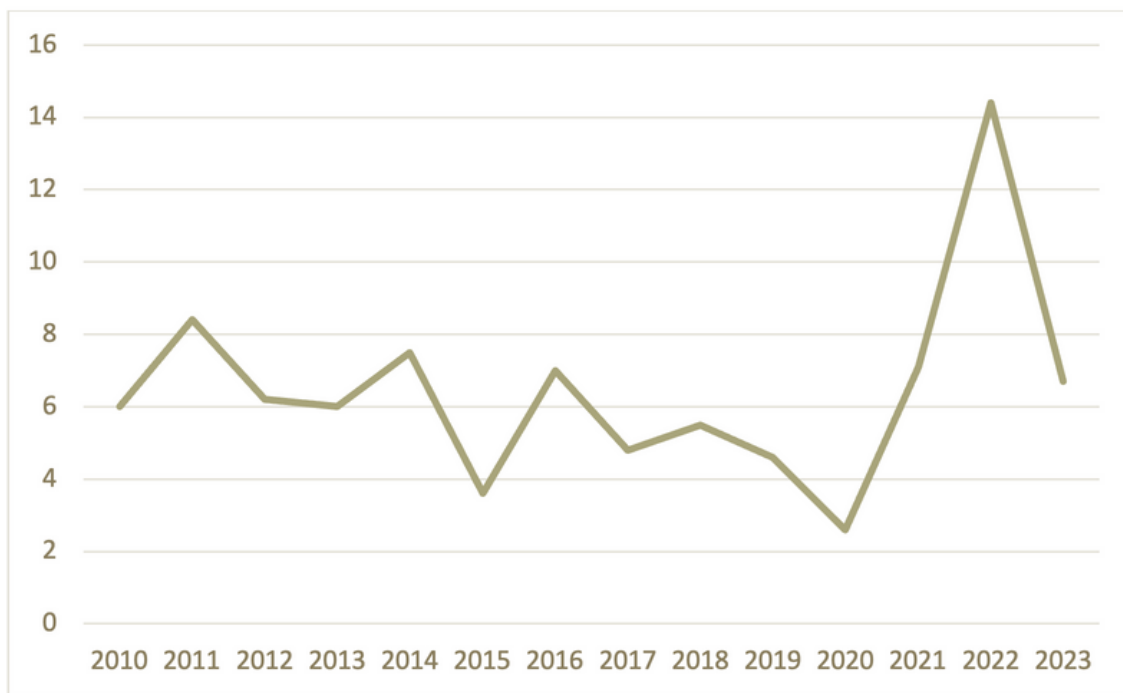
Producer Price Index

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 assist us in understanding what inflation might do in future. Many factors can influence the inflation rate, but the trend in PPI is one way of predicting what prices will do in the short term.

The producer price index rose from 6% in 2010 to 14.4% in 2022, falling to 6.7% in 2023

Figure 9: Average Producer Price Index (PPI) | 2010 - 2023



Source: Statistics South Africa

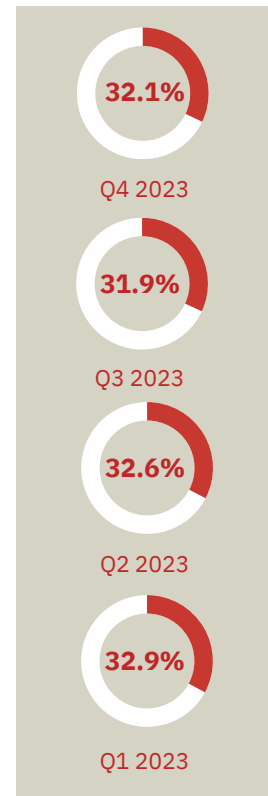
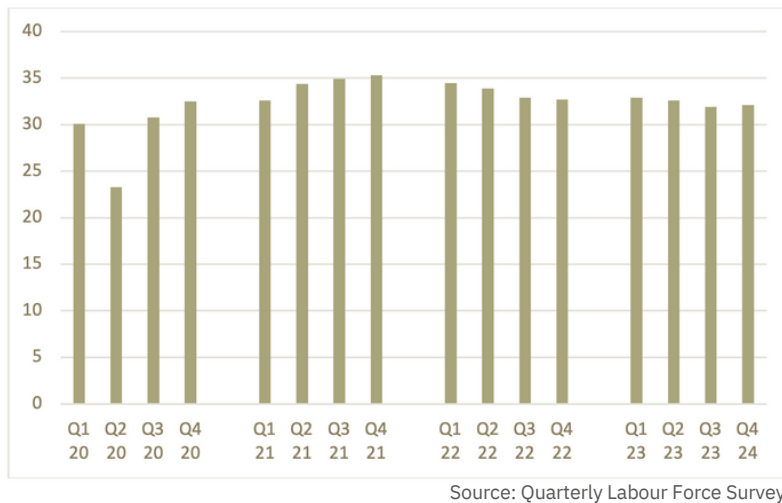
Unemployment rate

Q1 2020 - Q4 2023

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

The unemployment rate saw a 0.2 percentage point uptick, reaching 32.1% in the fourth quarter, up from 31.9% in the third quarter of 2023.

Figure 10 : Unemployment rate (%) | Q1 2022 - Q4 2023

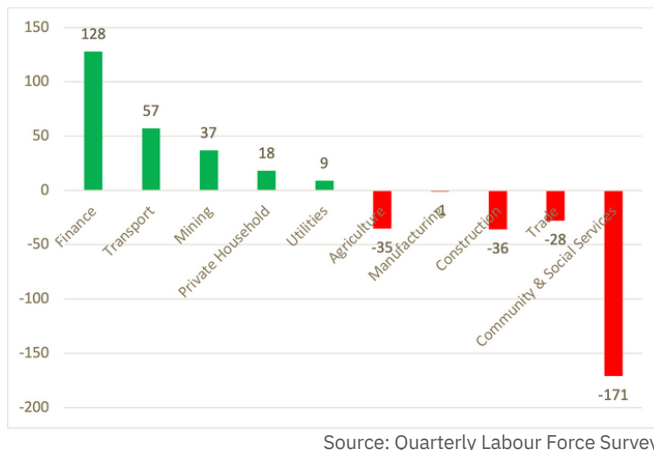


Unemployment rate Q1 -Q4 2023

Employment figures rose in five out of the ten industries, with the most significant increases observed in Finance (128,000), transport (57,000), mining (37,000), private household (18,000), and utilities (9,000).

Employment declined in agriculture (-35,000), Manufacturing (-1,000), construction (-36,000), trade (-28,000), and community and social services (-171,000).

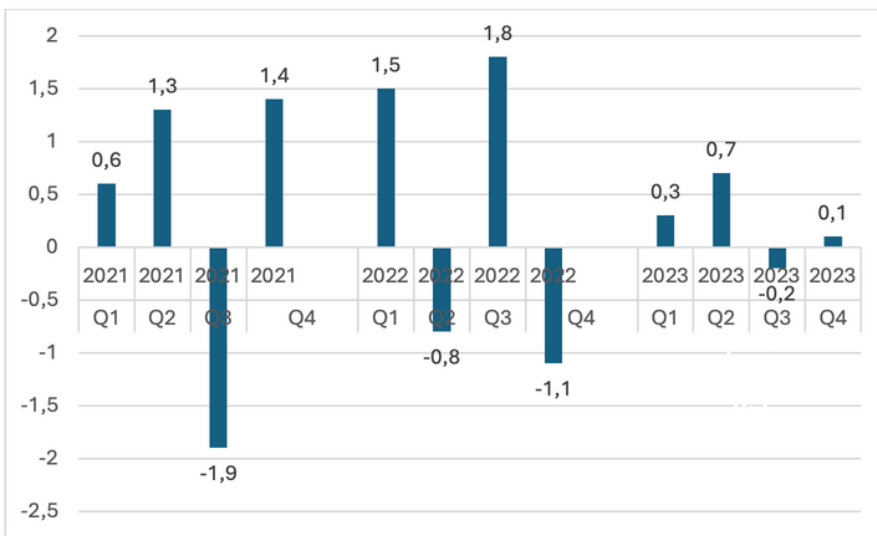
Figure 11: Employment rate by industries | Q4 2023



Economic growth & GDP (Q1 2020-Q4 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 - Q1 2023



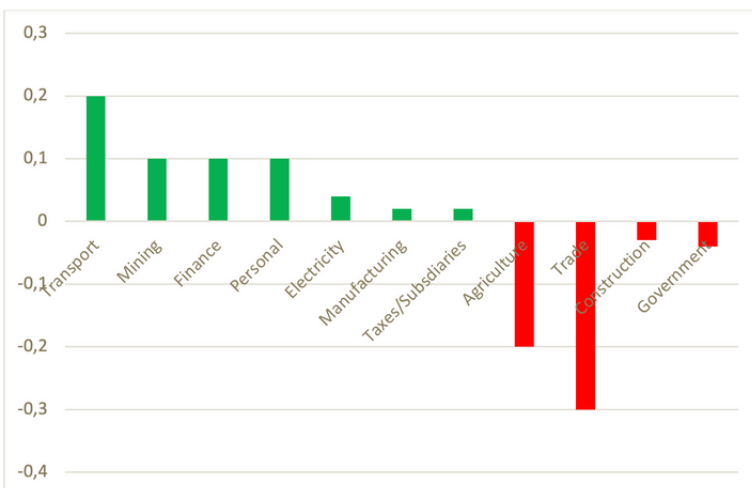
◀ The real gross domestic product, measured by production, saw a 0.1% increase in the fourth quarter of 2023, rebounding from a 0.2% decline in the third quarter of the same year.

Source: Statistics South Africa

In Q4 2023, six industries grew, with the transport, storage, and communication industry contributing 0.2% to GDP growth, mining adding 0.1%, finance and personal services each contributing 0.1%, and electricity, manufacturing, and taxes/subsidies each adding 0.0%.

Trade (-0.3%), agriculture (-0.2%), construction (-0.0%), and government (-0.0%) were the main negative contributors to GDP growth.

Figure 13: Contributions to growth (%) in GDP by Industries in Q4 2023

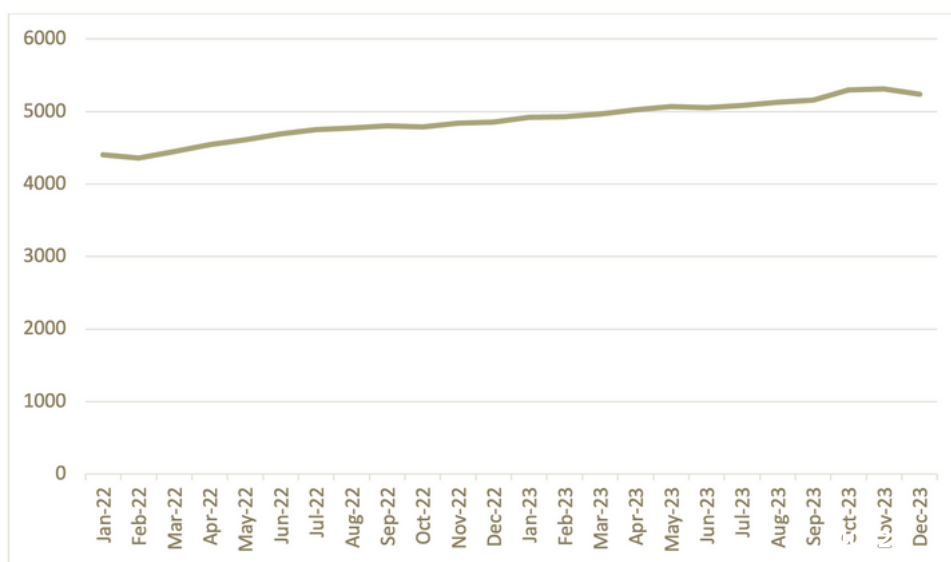


Source: Statistics South Africa

Month-on-month household food basket index | Jan 2022 - Dec 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 2022 to Dec 2023



◀ The household food basket cost rose from R4,401 per month in January 2022 to R5,238 per month in December 2023, an increase of R837 or 19%.

Source: Pietermaritzburg Economic Justice and Dignity

Wage indicators

You can find the median pay increase in different industries using the LRS Actual Wage Rates Database (AWARD). This information provides insight into negotiating trends, helping you to build a strong case when negotiating.

Table 1: Median increases by industry (%) | Q4 2023

Industry	Median (%) Increase
Manufacturing	6
Mining & Quarrying	6
Construction	6.6
Agriculture, Hunting, Forestry & Fishing	7
Community, Social & Personal Services	7
Financing, Insurance, Real Estate & Business Services	7
Transport, Storage & Communication	7
Wholesale & Retail Trade, Catering & Accommodation	7
Electricity, Gas & Water	7
AWARD Benchmark (all Collective Agreements)	7

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

Labour Research Service, 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>



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HANDS OF THE
BOSSES