SAEFA

SA ENGINEERS AND FOUNDERS ASSOCIATION

22 June 2021

Dear Members,

SAEFA COMMENT ON SEIFSA'S PROPOSED "SPECIAL PHASE-IN DISPENSATION" IN WAGE NEGOTIATIONS

Many of you will have seen the email sent out by SEIFSA yesterday headed "*SEIFSA tables three year wage offer, on minimums linked to a special phase-in dispensation for industry*". This circular reflects the SAEFA Executive Committee's view on the proposal.

Please note that the proposal has not yet been accepted by the trade unions.

SAEFA met with SEIFSA on Friday, 18 June 2021 to discuss the proposal. Unfortunately, SEIFSA gave a verbal explanation only of the proposal at that stage, explaining that they would not share the documented proposal with us before they had presented it to the trade unions on Monday, 21 June. Be that as it may, the proposal as attached to this email was explained to the employer parties in attendance, namely SAEFA and NEASA.

The proposal effectively envisages a "phase-in" period for all employers not bound by the Main Agreement, in the following way, using Rate H employees as an example:

- All employees currently being paid *less* than 60% of the current minimum rates being paid by SEIFSA members must be increased to 60% of the SEIFSA rate within 5 years. This 60% benchmark has been proposed as it represents the SAEFA New Entrant Wage Structure proposal at Rate H of R30. This increase must be to the SEIFSA rate as it will exist 5 years from now, and not the current level of R49.55 per hour.

- All employees earning 60% or more of the SEIFSA rate must be increased to SEIFSA rates within 10 years.

The above phase-in arrangement will not be automatic, but will be permissible only if the following process is followed:

- Within 60 days of the signing of this proposal by all parties, management must prepare, finalise and submit their "phase-in" programme with the MEIBC.

- The MEIBC will then monitor and enforce compliance, in order to make sure that the employees' wages are increased in accordance with the plan as submitted.

Having considered the proposal, the SAEFA Executive Committee is of the view that the proposal only serves to address the situation brought about by SEIFSA's decision to compromise the joint-employer caucus in 2017 and enter into bilateral negotiations with the unions to the exclusion of SAEFA and others in 2017. Furthermore, the proposal simply addresses ***SEIFSA's*** problem that they have allowed other associations to pursue a more sustainable path, whilst they themselves are bound by unsustainable minimum wage rates.

For practical purposes, consider the following illustrative scenario:

A SAEFA member, no longer bound by the prohibitive minimum wages since 2017, is able to employ fifteen employees at 60% of the SEIFSA rates. These employees are given gainful employment. They add value in excess of their remuneration to their employer and they are exposed to a manufacturing environment where they can gain experience and, in time, acquire skills that they can offer in the marketplace. If SAEFA accepts the SEIFSA proposal, the member company will have to pay these employees AN ADDITIONAL 4% on their wage increases, every year, *for the next 10 years*.

We cannot see any reason that our members would agree to return the situation that they have been fighting against since 2014.

We invite comment on the proposal and the view expressed above. Please send all comments to gordon@saefa.co.za.

Yours sincerely,

Gordon Angus
SAEFA Executive Director