

# the wage settlements survey

QUARTERLY REPORT

December 2021

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## QUARTERLY REPORT

December 2021

### Summary of Findings: 1 January to 31 December 2021

Average  
Level of  
Settlement  
4.4%

Working  
days lost  
1.5 million

- The average level of settlement in 2021 was 4.4% compared with an average of 6.3% in 2020.
- The CPI averaged 4.5% in 2021 compared with an average of 3.3% in 2020.
- The average minimum wage across all sectors was R8 000 compared with R7 975 in 2020.
- The minimum monthly wage ranged from R3 770 in the Retail / Catering sector to R13 190 in the Mining sector.
- Settlements ranged from 0% in the Retail/Catering sector to 6.4% in the Mining sector.
- Initial management offers ranged from 1.6% to 6% and averaged 3.7%.
- Initial union demands ranged from 4.4% to 18% and averaged 10.7%.
- The time taken to settle from the date the demands were first tabled ranged from 2 to 180 days and averaged 58 days.
- 54% of companies reported that wage negotiations had taken place in positive bargaining environment compared with 57% in 2020.
- Disputes were declared in 27% of wage negotiations, compared with 33% in 2020.
- Industrial action was reported in 18% of wage negotiations compared with no reports of action in 2020.
- The number of working days lost as a result of strike action increased to 1.5 million compared with 55 000 in 2020.
- The major strike trigger was Wages, accounting for 99% of working days lost and 75% of the number of strikes.

## Labour Market Review: World of Work Post-Covid

The last 20 months have been particularly difficult for everyone, from a personal as well as an employment point of view. Whilst there is a general feeling that things might be returning to normal, or at least that the worst ravages of Covid and the associated lockdown is behind us, do we have cause to be optimistic for the future – particularly from an employment point of view?

The key findings from our report for the year ending December 2021 are remarkable for no other reason than the markers that we track have changed in amounts or levels that have rarely been seen before. Labour market-related statistics normally move slowly, an order of magnitude of less than one whole percent, but this has not been the case with some of the figures.

So for example the headline figure of wage settlements fell by 1.9%, from 6.3% in 2020 to 4.4% in 2021. In nearly 50 years of active involvement in labour market issues, I have never seen a fall of this magnitude. To some extent it may have been predictable, but I would doubt this, since firstly, all the conventional wisdom was against it, and secondly the whole Covid related pandemic was a completely new experience to analysts and onlookers. Few of us would have been around for the 1919 Spanish Flu epidemic, and even fewer for the plagues of the 13<sup>th</sup> and 16<sup>th</sup> century, and so we tend to forget just what the economic impact of such events might be.

So, having seen a fall of such a nature, can we expect settlement levels to rebound to their more “normal” level in the next round of bargaining?

In my view this is unlikely. Firstly having seen levels fall to orders of magnitude more or less in line with inflation, employers will be unwilling to revert to the higher levels of pre-Covid. Secondly, our economy already weak,

and virtually on its knees has been severely impacted by Covid, and although there has been a rapid recovery, particularly since work resumed after shutdown, productive output has not yet reached its previous level.

Of course, the union movement, whose members have genuinely faced hardship, and those who find themselves at the lower end of the wage distribution will be pushing as hard as they can to obtain meaningful wage increases.

This became apparent towards the end of 2021, a year which saw nearly 1¼ million-more work days lost than in 2020 which of course was subject to the complete shutdown of many industries and associated and continued short time working. Workers who aren't at work don't go on strike. Additionally, a number of centralised bargains, such as that in Steel and Engineering sector were postponed in the year of the Covid shutdowns. It was clear by the end of 2021, that collective bargaining was strongly influenced by a willingness of unions to call strikes in support of wage claims. What was also interesting was that the employers were equally willing to resist – based on the argument that the economy was in distress, and demand was down. Given this attitude on both sides, we predict that 2022 will see more and longer strikes.

Interestingly, union power and membership continue to diminish, and in a number of cases unions and their members have bitten off more than they could chew, and strikes have not delivered. Nevertheless at this point this is unlikely to translate into an overall unwillingness to undertake strike action.

Whilst large numbers of those in employment are by no means poorly paid (accepting the fact that everyone wants to earn more and this is legitimate), those at the bottom end of the wage distribution in the lesser paying industries face a hugely disproportionate impact of inflation in basics such as food, transport, rent

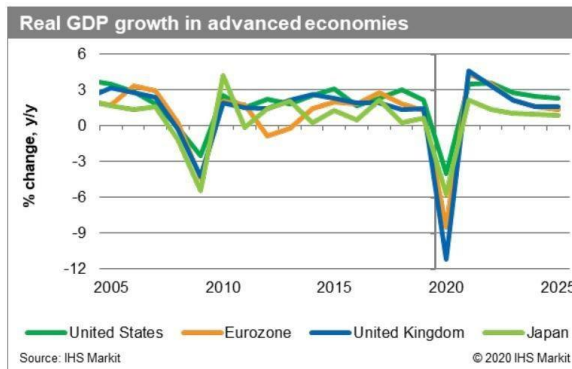
*Employers  
reluctant to  
revert to  
higher  
wage levels  
of pre-  
Covid*

*Extreme openings unlikely to lead to smooth and liveable outcomes*

and electricity than those who have the insulation of slightly higher earnings. Nevertheless, until such time that we as a nation are able to grasp the notion that the more productive we become the more we can afford to pay the wages, this is unlikely to change. The tired old rhetoric of the grasping capitalist and the exploited worker will never bring about the sorts of change to earnings and employment that we as desperately need, and all would like to see.

Of equal interest, is the fact that management opening offers averaged 3.7%, which is marginally below the level of inflation. The danger of the lower opening is that the other party will reject it out of hand and simply demand their own figure, not taking the number on offer seriously. However, it is more than likely that this offer genuinely reflected the employers' outlook and economic position. Unions, for the most part still began with the fiction of the double-digit increase, a figure that all employers recognise immediately as being a mere puff. But nevertheless, the distance between both opening offers is more likely to end in some kind of dispute, unless either one, or indeed both parties are willing to make significant moves early in the negotiation, which seems unlikely if the normal run of play in South African labour negotiations is taken into account. Sadly, this too is the dated approach long past its sell by date, and we can only hope that the parties will understand that extreme openings by either or both parties is unlikely to lead to reasonably smooth and liveable outcomes.

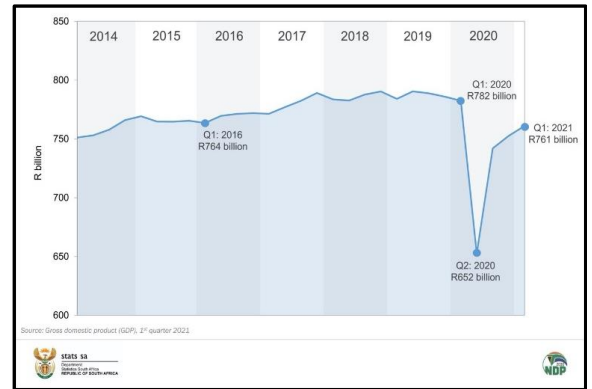
So, what happens to the world of work post-Covid?



**Diagram 1: Impact of Covid on developed economies**

©Andrew Levy Employment Publications December 2021

Diagram one shows the impact of Covid, and the recovery for the world's leading economies. It shows the typical "V" shaped diagram that we can associate with an external economic shock. Namely a steep and immediate fall, followed by a steep and strong recovery, which in this case is not sustained in any of the economies. This again is indicative of the argument that the Covid curse fell on a world economy that was already fragile.



**Diagram 2: GDP fall and recovery in relation to Covid**

Diagram 2 shows similar data for South Africa, and once again, the typical V pattern can be seen. However, most importantly you will see the diagram shows that the recovery is far below the pre-Covid level, which underlines the fragile nature of economic growth in South Africa.

Of course, none of the above comments directly impact on the overarching and dominant problem which now appears to be entrenched in the South African economy – namely unemployment.

It is hard to see how government (in)activity has yet to give any real prospect of job growth, let alone the sort of stellar and continued trajectory which will have the possibility of impacting on unemployment. Even if this were to be so, it would require at least a decade and a half to soak up excess labour and would take a bold soul to venture a prediction over such a time horizon with an inherently fragmented ruling party. In any event, the extent of the



labour market reforms which are necessary as a pre-requisite for growth would probably be ideologically unpalatable, and practically unachievable without major confrontation with the trade union movement, who would no doubt mobilise around any attempts, for example, to limit access to the CCMA.

It therefore seems at best that 2022 will see opposing thoughts and approaches to the world of work with wages still contesting the

territory between them, with little prospect of finding common ground, but with increased zeal and vigour from both sides. None of this augurs well for a year of rationality, peace and prosperity and so, not to mix one's metaphors, it would seem that it is very unlikely that in the short to medium term that we will reach the sunny uplands of labour peace and rising employment.

Andrew Levy

## Economic Indicators 2021

### Consumer Price Index (CPI) Production Price Index (PPI) and Food Inflation Rates

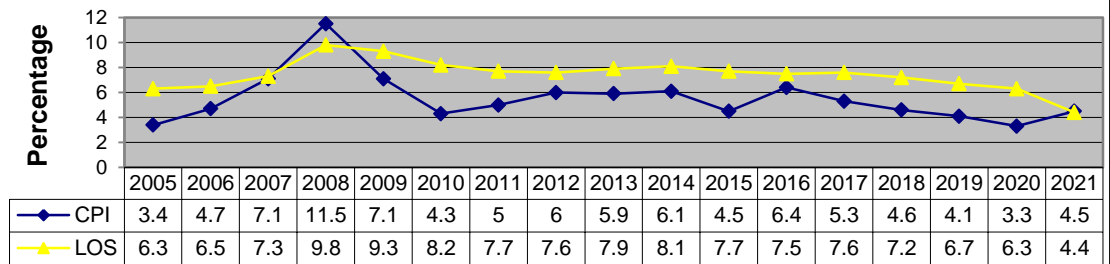
2021	CPI	PPI	Food
January	3.2%	3.5%	5.4%
February	2.9%	4.0%	5.2%
March	3.2%	5.2%	5.7%
April	4.4%	6.7%	6.3%
May	5.2%	7.4%	6.7%
June	4.9%	7.7%	6.7%
July	4.6%	7.1%	6.7%
August	4.9%	7.2%	6.9%
September	5.0%	7.8%	6.6%
October	5.0%	8.1%	6.1%
November	5.5%	9.6%	5.5%
December	5.9%	10.8%	5.5%
<b>Average</b>	<b>4.5%</b>	<b>7.1%</b>	<b>6.1%</b>

Source: Statistics South Africa (SSA)

Stats SA reports that the weights of the CPI will be updated with effect from January 2022. International standards require that these weights which reflect proportions of consumer expenditure be updated at least every five years. A new collection method is expected to improve the quality and speed of data collection and processing. All indices will be rebased to December 2021 = 100.

## Surveyed Wage Settlements 1 January to 31 December 2021

**Average Level of Settlement (LOS) against CPI 2005 - 2021**



Source: Statistics South Africa (SSA) / Andrew Levy Employment Publications

**Average level of settlement 2021** The average level of settlement in 2021 was 4.4% compared with an average of 6.3% in 2020. This is in line with the continuing downward trend in wages which has accelerated as the effects of the pandemic play out in the workplace. The CPI moved from 3.2% in January to 5.9% in December 2021 and averaged 4.5% for the year.

In its November 2021 Statement of the Monetary Policy Committee, the SA Reserve Bank forecasts that inflation will average 4.3% in 2022, 4.6% in 2023 and 4.5% in 2024. GDP is expected to grow by 1.7% in 2022, 1.8% in 2023 and 2.0% in 2024.

Added to the difficulties and costs that employers have faced in accommodating the restrictions surrounding the Pandemic, SARB warns that the July unrest and ongoing power supply constraints will have lasting effects on investor confidence and job creation thus impeding any recovery in labour intensive sectors. Currently unemployment stands at a record high and shows no signs of improvement in the short to medium term.

The ongoing uncertainty surrounding Covid and its progression, as well the overall economic outlook, has put employers squarely in a corner and we are now seeing a significant narrowing of the gap between wages and inflation.

Whereas previously employees could expect to receive a real increase in their take home pay, over and above the prevailing level of inflation, this is now not the case. It is expected that this levelling out will continue in the coming months as employers brace for the next round of wage negotiations. Compromise and accommodation will be the key ingredients necessary to keep businesses afloat and employment levels steady in the coming months.

**The average minimum wage** across all sectors was R8 000 compared with R7 975 in 2020.

**The minimum monthly wage** This ranged from R3 770 in the Retail / Catering sector to R13 190 in the Mining sector.

**Settlement range** This ranged from 0% in the Retail / Catering sector to 6.4% in the Mining sector.

**Initial management offers** ranged from 1.6% to 6% and averaged 3.7%.

**Initial union demands** ranged from 4.4% to 18% and averaged 10.7%.

**The time taken to settle** from the date the demands were first tabled ranged from 2 to 180 days and averaged 58 days.

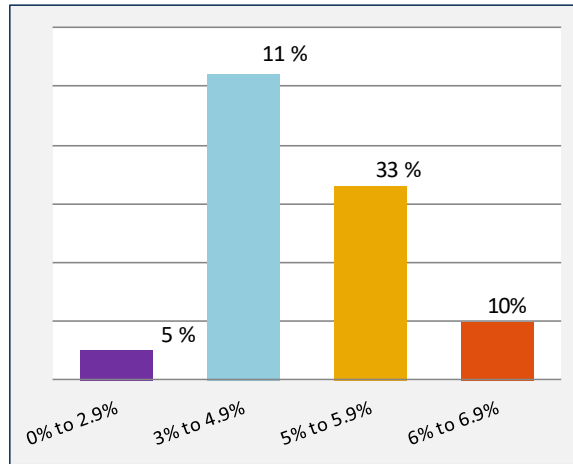
**Disputes** were declared in 27% of wage negotiations, compared with 33% in 2020.

**Industrial action** was reported in 18% of wage negotiations compared with no reports in 2020.

**Duration of settlements 2021** These ranged from 12 months to 5 years. The majority of settlements, 62% were for one year, 15% for 2 years and 23% for 3-5 years.

**Working hours** These averaged 43 hours per week and ranged from 37.5 in the Finance sector to 48 in the Retail/Catering sector.

**Distribution of Settlements 2021**



Source: Andrew Levy Employment Publications

**View of the Negotiation Climate December 2021**

The number of companies reporting that negotiations had taken place in a positive and enabling environment, fell from 57% in 2020 to 54% in 2021. The remainder stated that negotiations were tough and tense.

**Positive comments**

- Calm but assertive
- Parties went in with the aim of negotiating in good faith
- An appreciation of the difficult circumstances in which the negotiations took place
- Took place virtually and went well
- Included an agreement to reduce salaries to ensure the company could continue

**Negative comments**

- Really difficult because the union did not want to accept shift proposal – no back pay
- Difficult on the back of no increases and the financial impact on the company in 2020
- Tough negotiation climate due to the Pandemic. One of the unions was determined to continue with the dispute despite prejudice to the employees

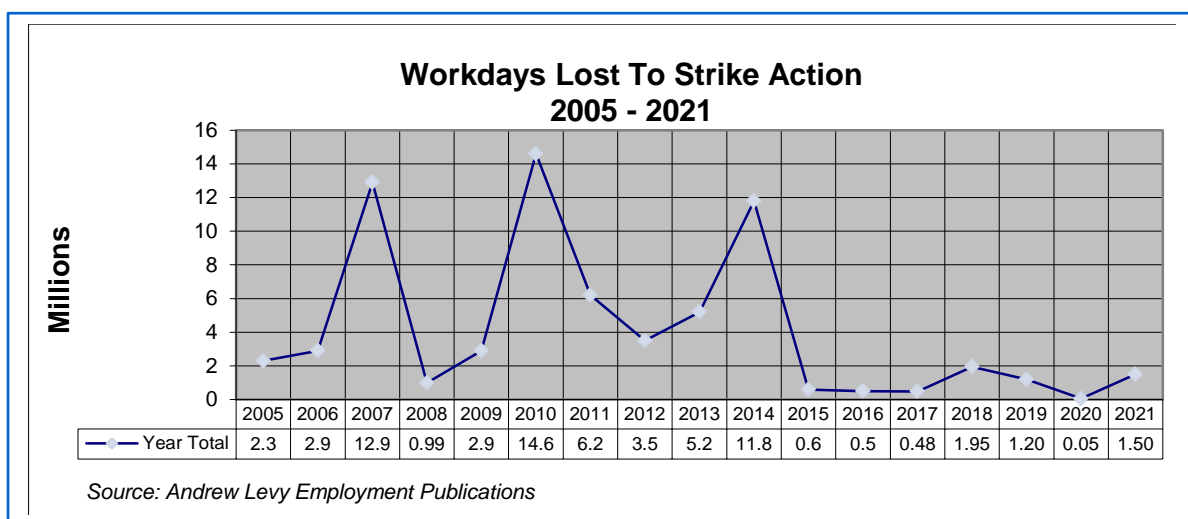
## Strike Report : 1 January to 31 December 2021

The number of working days lost to strike action rose to 1.5 million in 2021, compared with 55 000 for the same period in 2020. Due to the national lockdown and resultant workplace restrictions in 2020, strike action was severely limited. As these restrictions eased off in 2021, a number of high profile wage strikes took place in the final quarter of the year. Notably those involving SEIFSA & NUMSA as the parties ironed out the terms of a new 3-year agreement; Massmart & SACCAWU and Clover SA and SACCAWU, as detailed below.

The likelihood of large scale strike action increases when industry wide agreements come up for renewal. This will often take place in the final stages of the negotiation as a power play comes into force and the parties look to reach an optimal settlement for its duration.

Agreements in both the Automobile Manufacturing and Retail Motor Industry come up for renewal in 2022. Whilst there has been a history of strike action during the finalisation of these agreements in the past, it is hoped that these wage deals will be concluded without resort to the strike weapon. The overriding factors being the viability of the organisation set against the fragile trading environment and high levels of unemployment.

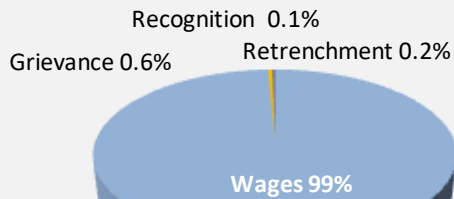
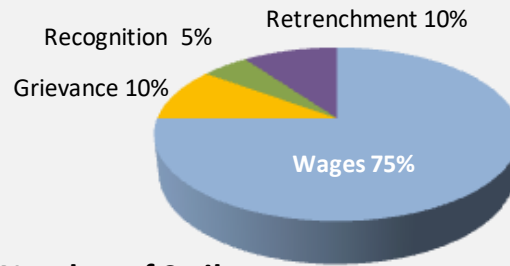
In the midst of the lockdown and the grip that it exerted in the workplace, the ability to strike was limited. We may, in a post pandemic economy, see some heightened activity as a result of the loosening up of these restrictions and an effort by unions to make up for any perceived lost headway.



### SOCIO-ECONOMIC PROTEST ACTION

As part of the Global Day for Decent Work, COSATU staged a protected national strike on 7 October against corruption, job losses and retrenchments. It delivered its list of demands which also included gender-based violence and ‘attacks’ on collective bargaining to the offices of the Gauteng Premier, David Makhura and the Minerals Council South Africa. It accused mining

bosses of ‘dismantling’ collective bargaining in the sector and called on them to respond positively to its demands. Wage negotiations in the Gold Mining sector took place at plant level this year, primarily because of the impact that the Covid Pandemic had on the individual mining houses. The Coal Mining sector moved to company level bargaining in 2020 when the number of employers increased from six in the 1980s to around 20 currently.

**Strike Triggers 2021****Working Days Lost****Number of Strikes**

Source: Andrew Levy Employment Publications

**Top Ten Strikes 2021****Top 10 Strikes by Working Days Lost 2021**

Date	Union	Company	Workers	Duration	Mandays	Trigger
October	NUMSA	SEIFSA - MEIBC	100 000	12	1 200 000	Wages
November	SACCAWU	Massmart	15 000	10	150 000	Wages
November	GIWUSA, FAWU	Clover SA	5 000	10	50 000	Wages
October	SAMWU	Tshwane City Council	1 000	30	30 000	Wages
February	FAWU	Tiger Brands (Davita)	500	32	16 000	Wages
February	FAWU	Ingrain	450	25	11 250	Wages
November	AMITU	Tiger Brands Snacks & Treats	1 200	5	6 000	Wages
October	Worker Led	Albany Bakery - Tiger Brands	1 000	5	5 000	Grievance
May	THORN	Spar Distribution Centre	130	35	4 550	Wages
May	DEMAWUSA	Metrobus	100	44	4 400	Wages

**Top 10 Strikes by Duration 2021**

Date	Union	Company	Workers	Duration	Mandays	Trigger
May	DEMAWUSA	Metrobus	100	44	4 400	Wages
May	THORN	Spar Distribution Centre	130	35	4 550	Wages
February	FAWU	Tiger Brands (Davita)	500	32	16 000	Wages
October	SAMWU	Tshwane City Council	1 000	30	30 000	Wages
February	FAWU	Ingrain	450	25	11 250	Wages
October	NUMSA	SEIFSA - MEIBC	100 000	12	1 200 000	Wages
May	NEHAWU	Sefako Makgatho Health Science	300	10	3 000	Wages
October	NUMSA	FAW Coega Assembly Plant	150	10	1 500	Wages
November	SACCAWU	Massmart	15 000	10	150 000	Wages
November	GIWUSA, FAWU	Clover SA	5 000	10	50 000	Wages

Source: Andrew Levy Employment Publications

## Sector Industrial Action 2021

### FOOD / MANUFACTURING

**TIGER BRANDS (ALBANY BAKERY)** An unprotected strike, allegedly initiated by the EFF, took place at the company's Germiston operation in October, marred by incidents of violence and intimidation. A FAWU spokesperson said that it tried to engage with the workers but its own members had been forced to join the strike. The labour court declared the week-long strike unlawful and the company stated that it was committed to engaging with its employees and their representative unions.

**TIGER BRANDS & AMITU** Following a deadlock in wage negotiations, some 1 000 workers at two of its operations in KZN downed tools in November, calling for a 7% increase against a management offer of 3%. High levels of intimidation and violence prevented management from making contingency plans, and the company applied for an interdict against the striking workers.

**CLOVER SA, GIWUSA & FAWU** A nationwide strike took place in November as workers called for increased wages and protested against planned restructuring and retrenchment which the unions claimed could see up to 2 000 job losses and a number of inland branches closed. The company, SA's largest employer in the dairy industry, was taken over by the MILCO consortium led by the Israeli Central Bottling Company in 2019. An estimated 5 000 workers called for a 10% increase against the company's offer of 4.5% and also protested against the plan to change from a five to six day working week. There were also calls on the government to take over the company and allow it to be run with the 'democratic participation' of workers.

### METAL/MANUFACTURING

**MEIBC & NUMSA** Following the national lockdown in 2020, the 3-year wage agreement between SEIFSA and the various unions party to the MEIBC main agreement, was extended to June 2021. As such, a wage freeze – the first in the history of the industry – was agreed to by the parties concerned.

Following a deadlock in negotiations, NUMSA stage an 11-day nationwide strike in October as the terms of a new agreement were being ironed out. NUMSA called for an 8% increase against the employer's initial offer of 4.4%. A sticking point during the negotiations was NUMSA's demand that increases be based on actual wages and not the minimum rates set out in the Bargaining Council agreement. SEIFSA argued that increases based on actuals would make it difficult to extend the agreement to non-parties and those employers who paid above the industry minimum. In the event, agreement was reached on a 6% increase on scheduled rates for each year of the new 3 year agreement backdated to 1 July 2021.

**FIRST AUTOMOBILE WORKS & NUMSA** Workers at the company's Coega assembly plant in the Eastern Cape downed tools in October calling for increased wages in line with AMEO rates. It was reported that the company previously fell under the umbrella of the MIBCO until 2020 when the union successfully applied to the CCMA to have it demarcated. The reason, according to NUMSA was that the operation did not belong to the motor component manufacturing sector. It now wanted the company to become part of the auto assembly industry and join its National Bargaining Forum where the rates were higher than MIBCO's.

## MUNICIPAL/UTILITY

**TSWANE CITY COUNCIL & SAMWU** Workers staged an unprotected strike in October, demanding clarity as to when the 3.5% increase agreed to in terms of a new 3-year wage deal negotiated in September 2021 between SALGA, SAMWU and IMATU and backdated to 1 July would be paid. It also raised the question of a once off benchmarking payment agreed to between the parties to adjust salaries in line with a category 10 status acquired by the municipality in 2017 .

Despite obtaining an interdict from the Labour Court declaring the strike unprotected, and prohibiting members from performing acts of destruction of public or private property, workers took to the streets, negatively affecting service delivery, including local bus services. The prolonged strike was marred by incidents of violence and intimidation of non-striking workers. Reacting to accusations by the Mayor

that the strike was a political battle, SAMWU stated that it was purely a battle for the implementation of salary and wage increases agreed to at the bargaining council. It was reported that the union ended the strike prior to the outcome of the local government elections which took place on 1 November 2021.

## RETAIL/CATERING

**MASSMART & SACCAWU** Following a deadlock in wage negotiations, workers at a number of the group's operations downed tools in November calling for a 10% increase against the employer's offer of 4%. It was reported that support for the strike that commenced on 19 November, had waned and agreement was reached the union on a R400 or 4.5% increase, whichever was the greater, at Builders Warehouse, Game and Masscash effective from 1 July 2021. There was also a call for from the union for the reinstatement of workers retrenched from Game.

### ABBREVIATIONS

AMEO	Automobile Manufacturers Employers' Organisation
AMITU	African Meat Industry & Allied Trade Union
CCMA	The Commission for Conciliation, Mediation and Arbitration
COSATU	The Congress of South African Trade Unions
CPI	Consumer Price Index
EFF	Economic Freedom Fighters
DEMAWUSA	Democratic Municipal & Allied Workers' Union of SA
DOEL	Department of Employment and Labour
FAWU	Food and Allied Workers' Union
GIWUSA	General Industries Workers' Union of SA
IMATU	Independent Municipal & Allied Trade Union
LRA	Labour Relations Act
MEIBC	Metal and Engineering Industries Bargaining Council
MIBCO	Motor Industry Bargaining Council
NEHAWU	National Education, Health and Allied Workers' Union
NUM	The National Union of Mineworkers
NUMSA	National Union of Metalworkers of SA
SACCAWU	SA Commercial Catering and Allied Workers' Union
SALGBC	South African Local Government Bargaining Council
SALGA	South African Local Government Association
SAMWU	The South African Municipal Workers' Union
SARB	The SA Reserve Bank
SEIFSA	Steel & Engineering Industries Federation of SA
THORN	Transport Retail & General Workers' Union