



FURNITURE BARGAINING COUNCIL

Suite 13 ♦ Reitz Park ♦ 80 President Reitz Avenue ♦ Westdene ♦ Bloemfontein ♦ 9301
Correspondence to be addressed to: THE PROVINCIAL MANAGER ♦ Post Office Box 3914 ♦ Bloemfontein ♦ 9300
Telephone (051) 447-1807 ♦ Facsimile (051) 447-2554 ♦ e-mail freestate@furnbed.co.za ♦ Website www.furnbed.co.za

CIRCULAR 04/23

TO ALL EMPLOYERS AND EMPLOYEES ***(Employers and Employees in the Free State Province only)***

Please be advised that at the Industry's Wage Negotiations in 2023, it was unanimously agreed by all the Parties to the Council that the Industry's **Main Collective Agreement** be amended, with due consideration given to the proposed implementation of the **National Minimum Wage Rate**. The amendments to the Industry's Main Collective Agreement have been published in Notice No. 1727 of Government Gazette No. 48356 of 31 March 2023, which becomes effective for all establishments/employers from the **first full pay week in May 2023**.

Key Amendments

- Prescribed across-the-board increases of actual hourly rates of pay
- Prescribed minimum hourly rates of pay
- Increase Threshold
- Provident Fund contributions
- Council levies
- Dispute Resolution levies
- Exemption fees
- Short time
- Subsistence allowance
- Forklift driver re-certification
- Period of operation of the agreement

1. PRESCRIBED ACROSS-THE-BOARD INCREASES OF ACTUAL HOURLY RATES OF PAY EFFECTIVE FROM THE FIRST FULL PAY WEEK IN MAY 2023

Employees working in the Industry may already be receiving weekly wages which are above the prescribed minimum weekly wage rates for the particular work performed by them. Such employees nevertheless also qualify for the prescribed across-the-board weekly wage increases, effective from the first full pay week in May 2023, subject thereto that NO employee may be remunerated below the prescribed National Minimum Wage Rate OR the prescribed minimum hourly rates of pay.

Occupation Skills Level	Occupation Skills Level Code	Prescribed Across-the-board Increases of Actual Hourly Rates of Pay effective from the first full pay week in May 2023
General Worker	05	7% Increase of actual hourly rate of pay, subject to the offset in item 1.2 below.
Semi-skilled Employee	04	7% increase of actual hourly rate of pay
Skilled Employee	03	7% increase of actual hourly rate of pay
Chargehand	02	7% increase of actual hourly rate of pay
Foreman/Supervisor	01	7% increase of actual hourly rate of pay

- 1.1 Prescribed across-the-board increases of actual hourly rates of pay must be calculated by adding the applicable percentage increase as indicated above to employees' current hourly rates of pay for all employees.
- 1.2 **General Workers:** The prescribed across-the-board increase to be offset against the National Minimum Wage Rate increase, already implemented on 1 March 2023, for such general workers.

2. PRESCRIBED MINIMUM HOURLY RATES OF PAY (FREE STATE PROVINCE ONLY)

NB: All employees working in the Industry and who are appointed on or after the first full pay week in May 2023, shall qualify for **at least** the prescribed minimum hourly rate of pay, as listed hereunder:

2.1 General Worker

Occupation skills level	Occupation Skills Level Code	Prescribed Minimum Hourly Rate of Pay effective from 1 March 2023
General Worker	05	R25-42 per hour As per National Minimum Wage Rate effective from 1 March 2023

2.2 Other Occupation Skills Levels

Occupation skills level	Occupation Skills Level Code	Prescribed Minimum Hourly Rate of Pay effective from the first full pay week in May 2023
Semi-skilled employee	04	R25-77 per hour
Skilled employee	03	R27-60 per hour
Chargehand	02	R29-60 per hour
Foreman & Supervisor	01	R29-60 per hour

3. INCREASE THRESHOLD – APPLICABLE TO ALL OCCUPATION SKILLS LEVELS

The increase thresholds of 40% above all prescribed minimum hourly rates of pay per occupation skills levels are as follows:

Occupation Skills Level	Occupation Skills Level Code	Prescribed Minimum Hourly Rate of Pay	Applicable Threshold of 40% above the rate
General Worker	05	R25-42	R35-59
Semi-skilled Employee	04	R25-77	R36-08
Skilled Employee	03	R27-60	R38-64
Chargehand	02	R29-60	R41-44
Foreman/Supervisor	01	R29-60	R41-44

- 3.1 The increase thresholds of 40% above all prescribed minimum hourly rates of pay should be applied as **from the first full pay week in May 2023**, provided that the employee who is already earning a wage **above** the threshold, will only receive the prescribed across-the-board increase **minus 1.5%**. (7% - 1.5% = 5.5%).

Example: A **General Worker** earning R37-00 per hour, which is **above** the threshold.

General Worker Prescribed Minimum Hourly Rate of Pay	40% Threshold	Example of employee's Current Hourly Rate of Pay Above Threshold Amount	To only receive the prescribed Across-the-board increase of 7% minus 1.5% = 5.5% of Current Hourly Rate of Pay
R25-42	R35-59	R37-00	R39-04

- 3.2** In the event that an employee earns above the threshold, only when the full prescribed across-the-board increase is awarded, such employee may not be awarded the full prescribed across-the-board increase. The employee shall receive **the greater of** an increase up to the threshold, **OR** the prescribed across-the-board increase minus 1.5%. (7% - 1.5% = 5.5%).

Example: A **General Worker** earning R34-00 per hour, which is below the threshold.

Increase up to the Threshold	Prescribed Across-the-board increase minus 1.5%
R34-00 to R35-59 = R1-59 increase	R34-00 x 5.5% (7% minus 1.5%) = R35-87 = a R1-87 increase

Pay the greater increase of the two, which is **R1-87** added to the employee's current rate of pay.

4. PROVIDENT FUND CONTRIBUTIONS

4.1 Provident Fund Contributions – All Occupation Skills Levels

Provident Fund contributions payable to the Council from the first full pay week in May 2023, shall be calculated on the following new sliding scale per wage band for all Occupation Skills Levels:

4.1.1 Wages from R0 to R1 284-00 per week

5% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount from the employer.

4.1.2 Wages from above R1 284-00 to R1 605-00 per week

5.2% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount from the employer.

4.1.3 Wages from above R1 605-00 to R2 140-00 per week

5.35% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount from the employer.

4.1.4 Wages from above R2 140-00 per week

5.5% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount from the employer.

The Rand amounts contained in the above sliding scales applicable to the Provident Fund contributions, will be adjusted in accordance with the applicable year's across-the-board increases.

4.2 Provident Fund contributions – Newly Employed Employee Concession (NEEC)

Provident Fund contributions for employees employed under the NEEC payable to the Council from the first full pay week in May 2023, shall amount to the following:

4.2.1 Year One of employment

4% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount per week from the employer.

4.2.2 Year Two of employment

4% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount per week from the employer.

4.2.3 Year Three of employment

4% of normal weekly wages from the employee per week, calculated on the establishment's normal ordinary hours of work per week, plus an equal amount per week from the employer.

4.2.4 Year Four of employment

Provident Fund contributions shall be calculated on the sliding scale per wage band for all Occupation Skills Levels as in item 4.1 above.

5. COUNCIL LEVIES

To be increased to R14-95 per week per employee payable by the employer and R14-95 per week payable by the employee effective as from the **first full pay week in May 2023**.

6. DISPUTE RESOLUTION LEVIES

The Dispute Resolution levies payable to the Council have been decreased to R1-75 per employee per week, payable by the employer and R1-75 per week, payable by the employee, effective from the **first full pay week in May 2023**.

7. EXEMPTION FEE

An exemption fee shall be charged to an establishment who successfully applied for an exemption in respect of Leave Pay Fund and Holiday Bonus Fund contributions payable to the Council.

The Exemption Fee payable to the Council, has been increased to R4-50 per week per employee, payable by the employer only.

8. SHORT TIME

8.1 Short Time Conditions

The current short time conditions as per the Main Collective Agreement, remains with the following additional criteria to be implemented effective from the **first full pay week in May 2023**:

8.1.1 In the event that an employer works short time for a continuous period if 9 months for reasons excluding electricity outages and water outages, the following will apply:

8.1.1.1 In the event that the employer's employees do not agree to the employer continue working short time, the employer have to apply for exemption in order to continue working short time for an uninterrupted period. Council's exemption procedure will apply. If the exemption is not granted, the employer may not continue to work short time for 4 consecutive weeks; and

8.1.1.2 The employer may schedule lunch breaks to coincide with any short time periods on a day.

8.1.1.3 Leave Pay Fund contributions for employees on short time will be calculated as 1 hour leave for every 17 hours worked, provided that no employee will receive less than 14 days paid leave per leave cycle.

9. SUBSISTENCE ALLOWANCE

The following subsistence allowances will apply to all areas, excluding the Free State, effective from the **first full pay week in May 2023**..:

Year 1	-	R120-00
Year 2	-	R140-00
Year 3	-	R160-00
Year 4	-	R180-00
Year 5	-	R180-00

10. FORKLIFT DRIVER RE-CERTIFICATION

The employer will pay for the required re-certification of forklift drivers, provided that the employee attends the required processes/activities, effective from the **first full pay week in May 2023**.

11. PERIOD OF OPERATION OF THE AGREEMENT

This Agreement shall be binding on parties and non-parties for five years, effective from the **first full pay week in May 2023 until 30 April 2028**. However, the across-the-board wage increases for years four and five will be negotiated timeously before the commencement of year four.

NB: The remaining provisions of the Industry's Main Collective Agreement remain applicable.

Kindly ensure that all provisions of this Circular are complied with. Please contact the Council's Inspectorate Department should you require any additional information or clarity regarding this Circular.

Please do not contact any junior staff members of the Council for any additional information or clarity regarding this Circular.

A COPY OF THIS CIRCULAR MUST BE DISPLAYED ON YOUR ESTABLISHMENT'S NOTICE BOARD