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To: Mr S Nduna  
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MEIBC

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And other Negotiation Delegates

**RE: INITIATION OF NEGOTIATIONS IN TERMS OF CLAUSE 10 OF ANNEXURE E OF THE MEIBC CONSTITUTION**

We refer here to the above-mentioned matter.

Kindly note that pursuant to our mandating process with our members falling within the scope of the MEIBC, the following demands have emerged:

**1. Automatic Exemption of SMME's**

CEO is of the view that SMME's cannot be treated in the same manner as large organisations when it comes to rates of pay within the Metals and Engineering Sector. SMME's are much more vulnerable and susceptible to poor economic conditions. In this regard, CEO members have mandated that SMME's have an automatic exemption of sorts in relation to rates payable to employees. This exemption, if realised, would particularly be similar to a Phase-In exemption, as explained in point 2 below; the main difference, however, would be that SMME's are automatically given the exemption without needing to go through the formal exemption application process as required by the current Phase-In dispensation. In addition, CEO is of the view that a proper and clear definition of SMME's needs to be accounted for within the MCA.

**2. Phase 2 of Special Phase-In Dispensation**

As a consequence of Phase 1 coming to an end in June 2024, CEO has been mandated that Phase 2, if an agreement can be reached, must form part of the new agreement so as to provide SMME's, as well as struggling businesses, to be able to remain competitive and in business.

We propose that Phase 2 has employers paying at least 60% of the 2023/2024 rates by the end of June 2027.

This proposal is based on an estimated National Minimum Wage for 2027. In so doing, this wage should align the Grade H rate with the National Minimum Wage in 2027.

CEO strongly believes that the only way a new MCA can be agreed upon by all parties is through, at a minimum, the introduction of Phase 2 of the Special Phase-In Dispensation. The second phase would also need to be drafted in a clearer, more easily applicable manner as well.

### **3. Phase-In Exemption Policy**

CEO has been mandated to propose a clearer and more applicable Phase-In Exemption policy, clearly setting out the requested “automatic exemption for SMMEs”, a clear definition of an SMME and a clearer policy on how the Phase-In Exemption is to be applied and administered.

### **4. Length of Agreement**

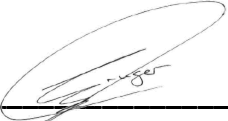
CEO has been mandated to propose a three (3) year agreement if an agreement can be reached.

### **5. Wages**

CEO has been mandated to propose that increases in wages, if any, and depending on whether the agreement is reached on percentages, should only be affected on minimums and not actuals. This means that rands/cents increases if agreed upon, will be affected in the minimum hourly wages as per the wage table on page 81 of the current MCA and not actuals of what the employees are currently earning.

We would request that the above be brought to the attention of the other negotiating parties.

Regards,



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**Jaundré Kruger**  
**National Manager**