25 March 2024

2024 MEIBC MAIN AGREEMENT NEGOTIATIONS
NEASA's DEMANDS

NEASA requires a written agreement, concluded under the auspices of the MEIBC, on the issues listed below, to reach a settlement with the trade union parties. Such settlement agreement is to be incorporated into the current extended MEIBC Main Agreement.

1. Exemptions

1.1 Exemption policy to allow for three types of exemptions:

1.1.1 Financial: based on motivation and report from any suitable qualified independent person or an employer that is deemed to be in distress.

1.1.2 General exemptions to allow for all other types of exemptions.

1.1.3 All employers employing less than 20 employees are to be automatically exempted from the provisions of the Main Agreement.

1.2 An employer will be deemed to be in financial distress based on the criterion below and must qualify for an exemption:

1.2.1 A reduction in turnover of 10% or more, between the last two trading periods, will be accepted as being material and indicating distress. This reduction may be both in terms of the rand value and in terms of the volume of production, compensated for by inflationary price adjustments. Where a business has been trading for a shorter period, a reduction of 10% or more in turnover over the period of trading will be accepted as indicating financial distress.

1.2.2 In the event that a business is not in financial distress but is facing the prospect of financial distress due to any circumstance (e.g. cancellation of orders, shortage of raw materials, etc.), a reduction in the total orders/production output of 10% or more will be accepted as being sufficiently material to cause financial distress in the business.

1.2.3 Where a company is able to show that, although not trading in a loss situation, the margin of return on investment is less than the prime interest rate, that company must qualify for an exemption.

1.2.4 A company must be granted a financially based exemption should it achieve a return on turnover of less than 8.5% after adding back all director and shareholder emoluments. A financial professional must verify that this is the case.

1.2.5 An independent auditor's (registered professional) report, submitted by the employer, will be accepted as a factor to be considered by the Committee.

1.2.6 Notwithstanding the above, the Committee must take all other factors into account when considering applications for exemption, which may include, but are not limited to:

1.2.6.1 increased competitive threats;

1.2.6.2 inability of employer to pass on cost increases to final customers;

1.2.6.3 technological changes threatening business survival;

1.2.6.4 inherently high difference between wage rates actually paid, and current affordability of market competitive considerations facing an employer;

1.2.6.5 market decline and projections;

1.2.6.6 loss or potential loss of business;

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1.2.6.7 existing/current unprofitable contracts, the consequences of which are only likely to manifest themselves in future/current (unreported) accounting periods;

1.2.6.8 expansion opportunities (including capital investments) where cheaper labour costs could influence investment decisions; and

1.2.6.9 new ventures/operations that justify retention or creation of job opportunities at reduced wage costs.

2. New general minimum wage rates for new entrants to be set at the rates below:

	Minimum hourly wage rates new entrants
Class of work	**R**
Rate A & A1	45.85
Rate AA	43.73
Rate AA(start)	41.76
Rate AB	39.90
Rate B	38.71
Rate C	37.30
Rate D	36.54
Rate DD	33.89
Rate DDD	32.48
Rate E	31.23
Rate F	30.11
Rate G	28.53
Rate H	27.58

Note: the above rates are calculated as 46.74% of the current MEIBC general wage rates. The same principle is to apply to all wage tables contained in the current main agreement, providing that no minimum wage will be below the current national minimum wage.

3. All future increases are to be based on the new minimums and not on actuals.

4. Leave enhancement pay clause to allow for alternative, production-based, bonus system which an employer may implement at plant level.

5. Probation employees and fixed-term employees should not be entitled to benefits for the first three months.

6. 4th week leave for new entrants to be scrapped.

7. The BCEA threshold for scheduled employees to be implemented whereafter the Main Agreement will not apply.

8. First 45 working hours per week to be paid at normal time, if agreed to at plant level by the majority of the affected employees.

9. Period of agreement: 3 years.