

2016 NBF NEGOTIATIONS: CONSOLIDATED HEADS OF AGREEMENT

between

AUTOMOBILE MANUFACTURERS EMPLOYERS ORGANISATION (AMEO)

and

NATIONAL UNION OF METALWORKERS OF SOUTH AFRICA (NUMSA)

1. 2016 NBF NEGOTIATIONS

1.1 The Parties agree that the current agreement signed on the 12<sup>th</sup> June 2014 for the period 1 July 2013 to 30 June 2016, will continue to prevail in respect of the period 1 July 2016 to 30 June 2019, subject to amendments as set out below.

1.2 The Parties further confirm that a Composite NBF Agreement on Wages and Conditions of Employment applicable to hourly paid employees in the Automobile Manufacturing Industry for the period 1 July 2016 to 30 June 2019, including the amendments as documented in the Heads of Agreement, will be finalised for the signature of the Parties.

2. WAGE INCREASES

The Parties agree to the following across the board Increases (ATB):

- |     |             |                                  |
|-----|-------------|----------------------------------|
| 2.1 | 1 July 2016 | 10%                              |
| 2.2 | 1 July 2017 | the greater of CPI + 1.5%, or 8% |
| 2.3 | 1 July 2018 | the greater of CPI +1.5%, or 8%  |

3. INDUSTRY HOUSING POLICY FRAMEWORK

The Parties agree to implement an affordable and sustainable housing solution at plant level in terms of the NBF Housing Policy Framework. The NBF Housing Policy Framework (Annexure 1, read together with Annexure 2) covers the following: Principles, Criteria for Qualifying Employees, Financial Support, On-site Housing Office, Governance and Coordination, Facilitation, Arbitration and Review of Housing Policy Framework.

4. SHIFT PREMIUMS/ALLOWANCES

4.1 Existing shift premiums/allowances less than 20% paid in respect of Night Shift work which commences before and ends after midnight, shall be increased to 23% at the end of the agreement as follows:

- 4.1.1 20% upon the date of signature of the Heads of Agreement
- 4.1.2 1 July 2017: 21%
- 4.1.3 1 July 2018: 22%
- 4.1.4 30 June 2019: 23%

4.2 These shift premiums/allowances will not be applicable to employers whose shift premiums/allowances are in excess of 4.1.

5. TRANSPORT BENEFIT

5.1 All hourly paid employees shall be paid a once-off annual cash transport allowance as follows:

- 5.1.1 Upon signing of the Heads of Agreement the current R1 200 (One Thousand Two Hundred Rand) will be adjusted by 1 July 2016 ATB Wage Increase.
- 5.1.2 1 July 2017: Adjusted by 1 July 2017 ATB Wage Increase.
- 5.1.3 1 July 2018: Adjusted by 1 July 2018 ATB Wage Increase.

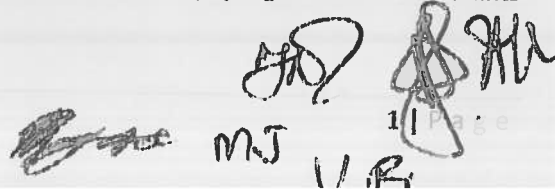
5.2 These payments will not be applicable to employers whose transportation allowance/motor vehicle benefit is in excess of the respective transport allowance/benefit.

6. SHORT TIME

6.1 The current ten cents contribution by employers will continue.

6.2 Upon the date of signature of this agreement, on any normal working day when, as a consequence of short-time, an employee would not be entitled to any compensation or payment, such employee will be paid 50% of his/her basic daily wage for the first 20 days and thereafter 30%, subject to a combined maximum limit of 45 days in a calendar year, provided that no payment as contemplated by this clause will be due in the event that the cause of the short-time is attributed to any strike, lockout, slow-down, work stoppage or industrial action in the industry and/or workplace or entity in South Africa, or to any social protest action or stay away.

6.3 The Parties will endeavour to jointly develop funding mechanisms at plant level to pay higher than the amounts specified in clause 6.2 above.

  
M.J. 11/12

**7. PROPOSED BROADER COLLECTIVE BARGAINING FORUM**

The Parties remain committed to the implementation of a broader collective bargaining framework which will be explored at the Industry Policy Forum.

**8. INDUSTRY MEDICAL AID**

The Parties commit to the development of an industry medical aid proposal subject to the Terms of Reference agreed to by the Parties (Annexure 3)

**9. YEAR END GRATUITY**

Provisions of the current NBF Agreement will remain.

**10. SEVERANCE PAY**

Provisions of the current NBF Agreement will remain.

**11. FAMILY RESPONSIBILITY LEAVE**

Provisions of the current NBF Agreement will remain.

**12. INSOURCING/OUTSOURCING**

Provisions of the current NBF Agreement will remain.

**13. EDUCATOR**

Provisions of the current NBF Agreement will remain.

**14. BREAKING THE CEILING BETWEEN LEVEL 4 AND 5**

The Parties remain committed to the growth and competitiveness of the industry. To this extent the above matter will be referred to the Industry Policy Forum, which will meet quarterly.

**15. MOVE TEAM LEADERS TO SKILL LEVEL 6**

The Parties remain committed to the growth and competitiveness of the industry. To this extent the above matter will be referred to the Industry Policy Forum, which will meet quarterly.

**16. AUTO REPAIRERS/REWORK MUST RECEIVE 20% ALLOWANCE**

Referred to plants.

**17. DINGMAN – ALIGN TO MBSA**

Referred to plants.

**18. ALL TYPES OF WELDERS SHOULD RECEIVE A 20% ALLOWANCE**

Referred to plants.




**19. EXTENSION OF AGREEMENT TO SALARIED STAFF**

Current provisions of the NBF to remain.

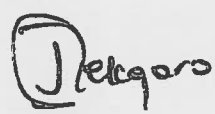


SIGNED at ROSEBURGH on this 8<sup>th</sup> day of AUGUST 2016.

**SIGNATURES**

AMEO

1. 
2. 
3. 

NUMSA

1. 
2. 
3. 

## ANNEXURE 1

### AUTOMOTIVE INDUSTRY HOUSING FRAMEWORK

#### 1. INTRODUCTION

The Parties agree that they will develop an affordable and sustainable housing solution for hourly paid employees at plant level in terms of the Industry Policy Framework set out below.

#### 2. PRINCIPLES

The Parties agree that the implementation of the Housing Policy Framework will be subject to the current funding levels, and guided by the following:

- 2.1 Minimums will be negotiated at the NBF and actuals at plant level.
- 2.2 Plant based housing funds will be established.
- 2.3 Qualifying employees will receive a monthly subsidy.
- 2.4 Certain qualifying employees will receive a once-off lump sum payment.
- 2.5 The parties undertake that the housing solution will be provided for a period of 6 years per qualifying employee. Should additional funding become available the period will be extended.
- 2.6 A joint task team will seek to partner at an industry level with government, financial institutions and other relevant parties to enhance the industry Housing Framework.
- 2.7 The governance structures must be established at a plant level within 3 months up to a maximum of 6 months upon the signing of this agreement.

#### 3. CRITERIA FOR QUALIFYING EMPLOYEES

The Parties agree to the following:

- 3.1 First time home owners who present a binding deed of sale together with a home loan application with a registered credit provider.
- 3.2 Existing bondholders who present a mortgage loan account with a registered credit provider.
- 3.3 Pension backed loans linked to an existing mortgage loan account with a registered credit provider.
- 3.4 Prospective home builders who are able to evidence the cost to be incurred for the building of a property.

Recognising that individual plants might have different housing requirements, the Parties agree to a phased-in approach at plant level that will inform the implementation of the Housing Policy subject to current funding levels.

#### 4. FINANCIAL SUPPORT

The Parties agree to the following:

- 4.1 A once off contribution of 3% into a plant based fund.
- 4.2 A monthly subsidy of R500 for qualifying employees.
- 4.3 A once-off payment/lump sum as a deposit for first-time home owners towards the purchase of a property in the amount of R5000.

#### 5. ON-SITE HOUSING OFFICE

The Parties agree to establish an On-site Housing Office to provide the following services:

- 5.1 One-stop services and support
- 5.2 One-stop housing advice and solutions, e.g. debt management, FLISP, access in parallel with finance access, referrals
- 5.3 Access to preferential financing from Partners – traditional and alternative financing

#### 6. GOVERNANCE AND COORDINATION

- 6.1 A Housing Committee to serve as a Board of Trustees with equal representation of the Parties for the plant based fund.
- 6.2 The rules of the fund will be agreed by the Trustees at plant level.
- 6.3 The Housing Committee will engage, amongst others, Housing Development Agencies, Preferred Banking/Finance partners, Consultants, Developers, and other relevant service providers.
- 6.4 The Housing Committee must define the qualifying criteria in more detail.
- 6.5 No remuneration for Trustees.

#### 7. REVIEW OF HOUSING POLICY FRAMEWORK

The Parties to this agreement undertake to review the Automotive Industry Housing Policy Framework in 2022.

*EHL*  
*M.J*  
*U.S*  
*91* Page

## ANNEXURE 2

### CONSTRUCTIVE ENGAGEMENT UNDERTAKING

#### 1. INTRODUCTION

The Parties agree that a structure be put in place that will facilitate good faith engagement in plants to ensure that an agreement is reached on a plant-based solution within the set time period.

#### 2. GUIDELINES

- 2.1 The Parties endorse the common objective of improving the access of employees to affordable housing.
- 2.2 The Parties accept that the support to be extended by the individual employers remains a plant specific issue, to be addressed with reference to the circumstances peculiar to each plant.

#### 3. ENGAGEMENT

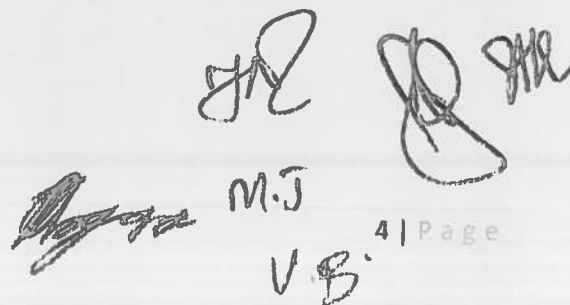
- 3.1 Individual employers undertake to engage employee representatives at plant level with a view to determining the nature and extent of the support to be extended.
- 3.2 In the event that consensus is not reached at plant level, either party may invoke the process referred to in clause 4 below.

#### 4. FACILITATION

- 4.1 Upon receipt of a written request from either party to plant level engagement, the NBF MANCOM will appoint a suitably qualified independent facilitator, to conduct the facilitation process set out below. (Individual company costs)
- 4.2 The facilitator will meet with the parties in an endeavour to achieve consensus between them at plant level in regard to the nature and extent of the support to be rendered by the individual employer with a view to achieving the objective referred to above.
- 4.3 In doing so the facilitator will take into account the prevailing circumstances specific to the parties to the plant level engagement
- 4.4 In the event that consensus is not achieved by way of this facilitation process, the facilitator will issue a recommendation to the parties in the form of an advisory outcome, regarding the basis upon which the facilitator proposes that support be extended by the individual employer.
- 4.5 The Parties undertake to give serious consideration to acceptance of the recommended outcome.

#### 5. ARBITRATION

Should the Parties at plant level fail to reach an agreement on a housing solution, such dispute will be referred to private arbitration. The details and Terms of Reference to be agreed to by the Parties at plant level.

 M.J  
V.B.

ANNEXURE 3

TERMS OF REFERENCE FOR DEVELOPMENT OF AN INDUSTRY MEDICAL AID

**RE: APPOINTMENT LETTER TO NFS FOR THE DEVELOPMENT OF AN AUTOMOTIVE INDUSTRY PROPOSAL IN RESPECT OF MEDICAL AID**

Following discussions held during the first quarter of 2016 at the National Bargaining Forum ("NBF") on the development of an Industry Medical Aid ("Scheme") for the Automotive Sector in South Africa and with reference to Clause A7 of the NBF agreement, the Parties being; the National Union of Metalworkers of South Africa ("NUMSA") and the Automobile Manufacturers Employers Organisation ("AMEO"), hereby appoint NUMSA Financial Services (Pty) Ltd ("NFS") to be the mandated develop a proposal in respect of the improvement and reduction in cost of medical benefits.

The parties agree to grant NFS full access to all relevant information with the objective of aiding the development of the proposal without any hindrances or further cost to the employer.

The following principles must underpin the work of NFS in this regard:

The proposal should provide the same or improved benefits at no extra cost as expressed as a % of basic wage to those currently incurred by the individual employers. Employers undertake to retain the current contribution levels to medical aid.

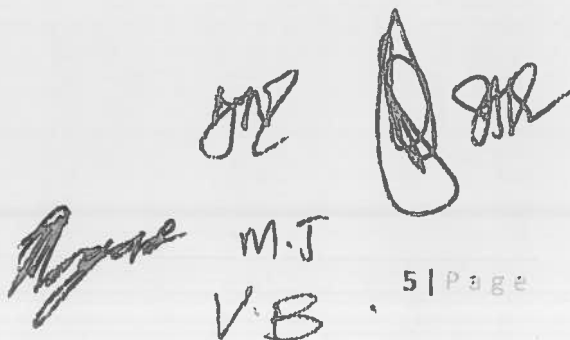
Any scheme as may be identified or established hereby must comply with the following requirements:

1. Good standing in terms of Council of Medical Aid Schemes, FSB and FICA
2. Competitive service fees
3. Appropriate admin presence and offices in provinces / cities where there is OEM plant.

The NFS will complete the development of the proposal within six (6) months from the date of receipt of this appointment letter.

Upon completion of the process, NFS must have covered the following key aspects:

- Contribution rates
- Benefits structure
- Underwriter
- Administrator

Handwritten signatures and initials at the bottom of the page. On the left, there is a signature that appears to be 'Agnes'. In the center, the initials 'M.J.' and 'V.B.' are written. On the right, there are two large, stylized signatures, one of which is circled. At the bottom right, the text '5 | Page' is visible.

**NBF 2016: WAGE MODEL SUMMARY & THREE YEAR ATB AGREEMENT**

Agreed Across the Board Increase %'s:


Additional cash adjustment to Wage scales & personal rates of pay:	<table border="1"> <tr> <th>16/17 Year 1</th> </tr> <tr> <td>effective 1 July 2016  10%</td> </tr> </table>	16/17 Year 1	effective 1 July 2016  10%	<table border="1"> <tr> <th>17/18 Year 2</th> </tr> <tr> <td>effective 1 July 2017  8% OR May 2017 CPI + 1.5%, whichever is the highest.</td> </tr> </table>	17/18 Year 2	effective 1 July 2017  8% OR May 2017 CPI + 1.5%, whichever is the highest.	<table border="1"> <tr> <th>18/19 Year 3</th> </tr> <tr> <td>effective 1 July 2018  8% OR May 2018 CPI + 1.5%, whichever is the highest.</td> </tr> </table>	18/19 Year 3	effective 1 July 2018  8% OR May 2018 CPI + 1.5%, whichever is the highest.
	16/17 Year 1								
effective 1 July 2016  10%									
17/18 Year 2									
effective 1 July 2017  8% OR May 2017 CPI + 1.5%, whichever is the highest.									
18/19 Year 3									
effective 1 July 2018  8% OR May 2018 CPI + 1.5%, whichever is the highest.									

Wage Scales:

Skill Level	Present Situation June 2016		Year 1: 2016/2017		Year 2: 2017/2018		Year 3: 2018/2019	
	ER	QR	ER	QR	ER	QR	ER	QR
1	58.86	62.79	62.55	69.07				
2	62.70	69.38	69.07	76.32				
3	69.38	76.70	76.32	84.37				
4	76.70	84.93	84.37	93.31				
5	ER	QR	ER	QR	ER	QR	ER	QR
6	84.93	93.87	93.31	103.26	N/A	N/A	N/A	N/A
7	N/A	111.95	N/A	123.15	N/A	N/A	N/A	N/A
		133.68		147.02				


Signed for Amco:

Date:

  
14 Sept 2016

Signed for Numsa:

Date:

  
12/09/2016

Witness AMCO:

Witness NUMSA:

