

# Deal on 30% wage cut for new textile sector staff

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*Agreement touted as model for reducing unemployment in SA*

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CAPE TOWN — Textile industry employers yesterday concluded a landmark deal with a trade union to offer 30% lower wages to new employees, in an innovative bid to boost employment and turn around the fortunes of SA's ailing clothing industry sector.

The agreement, billed as a "first of its kind", was negotiated by employers and the Southern African Clothing and Textile Workers Union (Sactwu).

It will be closely watched by supporters and critics of a similar youth-subsidy scheme being mooted across industries as a way to reduce youth unemployment.

It could also boost the once-flourishing Cape textile industry, which has taken a beating from cheap Chinese imports.

The South African clothing industry is set to create 5 000 new jobs within the next three years after the ground-breaking agreement. Sactwu said yesterday the agreement would incentivise employers to hire, creating wider opportunities for young people seeking employment and experience within the industry — without jeopardising existing jobs.

The industry has been beset by severe job cuts in the past decade with at least 50 000 lost in that period alone. Although the latest figures suggest there is a notable slowdown in the rate of job losses, it is still struggling to compete with cheap Chinese imports.

Last year the industry shed more than 10 000 jobs, compared with the 14 516 jobs lost in 2009.

Sactwu general secretary André Kriel said yesterday the agreement had "stringent" conditions, one of which was for employers to grow jobs by 15% by 2014.

"We estimate that this would create 5 000 jobs by March 2014. If this is not achieved, the agreement will fall away," Mr Kriel said. He also emphasised the agreement would not remove the

union's focus on the wage hikes that current workers are meant to receive. "The union does not want to make grand statements. Our primary focus is on the wage increases that workers are meant to receive," Mr Kriel said.

He said clauses in the agreement protected current workers. One prohibited retrenchments "where the intent ... is to employ employees at the rates specified (30% less for new workers)".

Apparel Manufacturers of SA executive director Johann Baard said the agreement would make the industry more competitive and "bring about significant repatriation of lost clothing units back to SA". The association would monitor all members closely to ensure the agreement was not abused.

"The thinking is very clear ... employers must increase their employment footprint, not decrease it. We will have a zero tolerance on any employer who abuses this," Mr Baard said.

The project would run for three years and then be reviewed. "We will meet on a regular basis with the union to assess the job growth," Mr Baard said.

Cape Chamber of Commerce president Michael Bagraim said yesterday "it would be absolutely fantastic if other industries followed this example".

"When this brave concession is taken together with the scrapping of the 22% tax on imported fabric we have a recipe for the revival of the once great Western Cape garment industry.

"I think it's an agreement where everybody wins. The unions will get more members while the existing workforce will still receive their negotiated increase of 6,5% in the metropolitan areas. Nobody loses," Mr Bagraim said.

"It is not easy for a union to agree to a reduction in starting wages but the union leaders have clearly taken the long-term view that it is necessary to bring new workers into the industry."

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