



DATED: 26 August 2019

TO ALL PARTICIPANTS IN THE MOTOR INDUSTRY

Notice with regards to the status of MIBCO Collective Agreements

MIBCO roles and functions are governed by Collective Agreements which are negotiated between Employee and Employer Parties to organise regulating conditions of employment.

Those Collective Agreements are:

1. The Administrative Collective Agreement;
2. The Main Collective Agreement;
3. The Autoworker's and Motor Industry Provident Fund Agreements;
4. Sick, Accident and Maternity Fund Agreement.

1. The Administrative Collective Agreement

The Agreement (Gazette 41997 of 26 October 2018 of Notice R.1177) expires on 31 August 2019. However, there has been a Section 32A(3)(a) application for the Agreement to be extended in terms of the Labour Relations Act, 1995, as amended. Gazette 42624 of 07 August 2019, Notice R1055 has subsequently been gazetted for representations to be made by 28 August 2019. MIBCO awaits the outcome of the application and will notify industry should an extension be granted. The provisions of Gazette 41997 of 26 October 2018 of Notice R.1177 will not be enforceable from 01 September 2019, unless the Agreement is extended, whereby enforcement will resume from the gazetted implementation date. The MIBCO Returns System will function as normal for the deduction and remittance of trade union subscription fees. However, Employers who elect not to continue deducting and remitting trade union subscription through MIBCO must acquaint themselves of the provisions within the Labour Relations Act (1996), as amended, insofar as it concerns to liability to do so in the absence of a collective agreement. An extension of the Agreement will mean that all related exemptions will be extended as well.

As things stand:

- The Agreement and related exemptions will terminate on 31 August 2019;
- The current Agreement will not be enforceable from 01 September 2019;
- The application of an extended Agreement is pending and possible; and
- New exemptions related to the Agreement are not required at this stage.

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2. The Main Collective Agreement

The Agreement (Gazette 40771 of 07 April 2017 of Notice R.321) expires on 31 August 2019 and it is clear that the implementation of a new Agreement will not be finalised or ready by the 01 September 2019. Negotiations are still in progress to develop a new Agreement, but it has not yet been determined when it will be ready. As a result of this reality it is recommended that both employers and employees keep to the existing wage schedules as implemented from the 01 of September 2018. Employers are urged to start preparing and making written submissions to the MIBCO Regional Secretaries for general exemptions- to avoid the rush when the Agreement eventually gets renewed.

As things stand:

- The Agreement and related exemptions will terminate on 31 August 2019;
- The current Agreement will not be enforceable from 01 September 2019;
- There is no indication when the new Agreement will be ready; and
- New exemptions related to the Agreement are not required at this stage.

3. The Autoworkers and Motor Industry Provident Funds

MIBCO has applied for a 12-month extension of the Autoworker's Provident Fund Agreement, Gazette 41065, Notice R.890 of 25 August 2017 and the Motor Industry Provident Fund Agreement Gazette 41065, Notice R.891 of 25 August 2017. Industry will be notified when the two Fund Agreements have been extended. The extension of these Fund Agreements means that all provident fund exemptions will be extended as well.

In terms of the Funds' rules, payment of contributions to the Funds occurs in terms of the Collective Agreement and in turn, 'Collective Agreement' is defined in the rules as either the current collective agreement or the last agreement in force relating to the Funds. This means that contributions to the Funds from 01 September 2019 must continue at the rates of 7.5% and 8% respectively.

As things stand:

- The Agreement and related exemptions will terminate on 31 August 2019;
- The current Agreements is still enforceable from 01 September 2019 and MIBCO can enforce based on the respective provident fund rules and as a licensed 13B administrator in terms of the Provident fund Act, 1956, as amended.
- New exemptions related to the Agreement are required as from 01 September 2019; and
- The application of an extended Agreement is pending and possible.

4. The Sick Accident and Maternity Fund Agreement

The Agreement is active and only expires on 31 August 2022. All contributions and operations regarding the Agreement will continue as normal.

General Information:

In the meantime, employers will be able to continue with the payment of council levies and union subscriptions from 01 September 2019 via the monthly returns system as the lapse of these Agreements are viewed as temporary.

To accommodate the ongoing submission of monthly returns, MIBCO presents the following recommendations regarding as to how the council levies and union subscription processes should be managed during the expiry period of the Administrative and Main Collective Agreement:

- A. Where employers elect to exercise the option not to pay the Council Levy, Additional Holiday Pay and Trade Union Subscription fees via the MIBCO returns system, the following should be observed:**

Non-payment of the Council levies to MIBCO
MIBCO has enhanced the monthly return system to allow for the <i>breakouts</i> .

- B. Employers electing to continue paying the council levies should continue to do so via the monthly returns system as per the standard processes.**

In the event that this option is selected, MIBCO will accept that the payments made have been done with the consent of both the Employer and Employees, and will utilize the monies received for the day to day running of the Council by providing services to the Industry.

The MIBCO Team

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