



National Office

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INDUSTRY CIRCULAR

To : All Metal and Engineering Industries Employers and Employees
From : Office of the Chief Executive Officer (Council Secretary)
Date : Monday, 09 November 2020
Subject : Annual Shutdown, Calculation of Leave Pay and Leave Enhancement Pay
Circular No : 2020/11

This circular applies only to employers who are members of the following employers' organisations who are signatories to the Settlement Agreement dated 17 August 2020 covering wages and other conditions of employment:

ASSOCIATION OF ELECTRIC CABLE MANUFACTURERS' OF SOUTH AFRICA
ASSOCIATION OF METAL SERVICE CENTRES OF SOUTH AFRICA
CONSTRUCTIONAL ENGINEERING ASSOCIATION
CAPE ENGINEERS' AND FOUNDERS' ASSOCIATION
EASTERN CAPE ENGINEERING AND ALLIED INDUSTRIES ASSOCIATION
ELECTRICAL ENGINEERING AND ALLIED INDUSTRIES' ASSOCIATION
ELECTRICAL MANUFACTURERS ASSOCIATION OF SOUTH AFRICA
GATE AND FENCE ASSOCIATION
HANDTOOL MANUFACTURERS' ASSOCIATION
IRON AND STEEL PRODUCERS' ASSOCIATION OF SOUTH AFRICA
KWA-ZULU NATAL ENGINEERING INDUSTRIES' ASSOCIATION
LIFT ENGINEERING ASSOCIATION OF SOUTH AFRICA
LIGHT ENGINEERING INDUSTRIES' ASSOCIATION OF SOUTH AFRICA
NON-FERROUS METAL INDUSTRIES' ASSOCIATION OF SOUTH AFRICA
REFRIGERATION AND AIR CONDITIONING MANUFACTURERS' AND SUPPLIERS' ASSOCIATION
SOUTH AFRICAN ELECTRO-PLATING INDUSTRIES' ASSOCIATION
SOUTH AFRICAN PUMP MANUFACTURERS ASSOCIATION
SOUTH AFRICAN REFRIGERATION AND AIR CONDITIONING CONTRACTORS' ASSOCIATION
SOUTH AFRICAN VALVE AND ACTUATOR MANUFACTURERS' ASSOCIATION

Cape Town Office 1401 14* Floor Golden Acre Adderly Street	Dispute Resolution PO Box 9381 Johannesburg 2000	East London / Boarder PO Box 13162 Vincent, 5217	Gauteng Regional Office PO Box 9381 Johannesburg, 2000	George 2 nd Floor Eagles View Building 5 Progress Street	KwaZulu Natal P.O. Box 5900 Durban, 4000	Port Elizabeth/ Midlands P.O. Box 12848 Centrahill, 6006	Richards Bay P.O. Box 1563 Richards Bay, 3900	Tshwane P.O. Box 570 Pretoria, 0001	Welkom P.O. Box 30095 Moreskof, 9462	Witbank P.O. Box 3787 Witbank, 1035
L: 021 421 6140 F: 086 636 8696	L: 011 834 4660 F: 086 636 8699	L: 043 743 7790 F: 086 636 8691	L: 011 639 8000 F: 086 636 8689	L: 044 873 3200 F: 044 873 3212	L: 031 305 4761 F: 086 636 8693	L: 041 586 1542 F: 086 636 8694	L: 035 789 2084 F: 086 636 8698	L: 012 407 3700 F: 086 648 3582	L: 057 352 4142 F: 057 352 5093 /086 636 8697	L: 013 658 9400 F: 086 636 8695

Please note that this circular does not apply to employers who are members of non-signatory employers' organisations as listed hereunder:

- NATIONAL EMPLOYERS ASSOCIATION OF SOUTH AFRICA (NEASA)
- SOUTH AFRICAN ENGINEERS AND FOUNDERS ASSOCIATION (SAEFA)
- CONSOLIDATED EMPLOYERS ASSOCIATION (CEO)
- PLASTIC CONVERTERS ASSOCIATION OF SOUTH AFRICA (PCASA)
- FEDERATED EMPLOYERS' ORGANISATION OF SA (FEOSA)
- SA UNITED COMMERCIAL AND ALLIED EMPLOYERS' ORGANISATION (SAUEO)

ANNUAL SHUTDOWN (CLAUSE 16)

- The dates of the annual shutdown are determined by the firm's management; however, the shutdown must take place as close as possible to the previous year's shutdown, as stipulated in Clause 16 of the agreement.
- The three consecutive weeks' paid leave must be taken over an unbroken period and must include four weekends. In addition, the three weeks' leave must be extended with full pay for each public holiday which falls during the shutdown period and which would otherwise have been an ordinary working day. This year, depending on the start of the annual shutdown, the following public holidays fall into this category:

Wednesday, 16 December 2020	Day of Reconciliation
Friday, 25 December 2020	Christmas Day
Saturday, 26 December 2020	Day of Goodwill
Friday, 1 January 2021	New Year's Day

1. CALCULATION OF LEAVE PAY (CLAUSE 12) AND LEAVE ENHANCEMENT PAY (CLAUSE 14)

All employees are entitled to their full leave pay and leave enhancement pay (bonus) on completion of 234 shifts worked on a five-day week basis or 283 shifts on a six-day week basis, excluding overtime.

CALCULATING SHIFTS FOR PURPOSES OF LEAVE PAY AND LEAVE ENHANCEMENT PAY

A maximum of 234 shifts (5-day week) or 283 shifts (6-day week) may be worked during a single year and are calculated as follows:

	5-day week	6-day week
Number of days in a year	365	365
Minus: Saturdays and Sundays	104	52
Three weeks' annual leave (working days)	15	18
Public holidays	12	12
Total number of shifts	234	283

Employees who have not worked all available shifts during the year are entitled to pro-rata leave pay and a pro-rata leave enhancement pay:

LEAVE QUALIFYING SHIFTS

	5-day week worker	6-day week worker
Minimum number of shifts to be worked	234 shifts	283 shifts
Minimum number of shifts to be worked before pro-rata leave pay and leave enhancement pay is paid upon: <ul style="list-style-type: none"> - Termination - Resignation 	10 shifts 20 shifts	13 shifts 25 shifts
Marine work and turnaround work upon: <ul style="list-style-type: none"> - Termination - Resignation 	no minimum 20 shifts	no minimum 25 shifts
Periods of absence because of sickness counting towards leave qualification purposes (provided that an employer may call upon the employee for a medical certificate in proof of cause of absence).	43 shifts	52 shifts
Periods of absence falling within the scope of the COIDA Act.	Full number of shifts during absence.	
Absences while on the additional week's paid leave or accumulated additional leave.	Periods of absence whilst on the additional paid leave count as shifts worked.	
Periods of absence on account of lay-offs totaling no more than 8 weeks.	Full shifts.	
Absences whilst on family responsibility leave (Clause 42 of the Main Agreement)	<u>Shifts do not count</u>	
Absences while on a protected strike (Section 64 of LRA)	Full number of shifts while on a protected strike.	
Short Time (Clause 7)	Short shifts worked whilst working short time shall count as shifts actually worked. Employees working 24 hours or more, spread over three or four days, and employees on a three-shift system working three or four shifts per week, shall:	

	<ul style="list-style-type: none"> • Be credited with the full shifts for an ordinary week for purposes of the paid leave referred to in this clause, for up to three (3) months in any calendar year; and • Thereafter, be credited with one additional shift per week over and above those shifts actually worked for purposes of the paid leave referred to in this clause.
Time off for training of shop stewards and for trade union office bearers to attend union meetings (Clause 46)	Full shifts in respect of leave of absence granted.
Time off for representatives of party trade unions who act as trustees of the industry benefit funds (MIBFA) or who are office bearers of the MERSETA Metal and Plastics Chambers. (clause 47)	Full shifts in respect of leave of absence granted.

An employee who worked all available shifts from the first day after the previous year's annual shutdown up to and including the last shift preceding the current shutdown is entitled to full leave pay and leave enhancement pay (bonus).

An employee qualifies for an additional week's paid leave from his fourth and subsequent consecutive periods of annual leave and, by mutual arrangement between the employer and employee, the annual shutdown may be extended by an extra week or the employee may be paid out the monetary value of this extra week's leave. Alternatively, and again by mutual agreement, the extra week's leave may be accumulated until the employee qualifies for three such weeks' paid leave.

In cases where employees are required to undertake essential work during the shutdown, the relevant MEIBC regional office must be advised of the names of these employees, and the reasons thereof, at least one month in advance. Such employees must be given their paid leave within four months of the date of the shutdown.

CALCULATING LEAVE PAY AND LEAVE ENHANCEMENT PAY (BONUS)

Full (or pro-rata) leave pay and leave enhancement pay are calculated as follows:

FORMULA TO CALCULATE LEAVE PAY

$$\begin{array}{ccccc} \text{Normal weekly wage rate} & & & & \text{number of shifts worked} \\ \text{(excluding allowances and overtime)} & \times & \text{3 weeks} & \times & \text{234 shifts (five-day week worker) or 283 shifts (six-day week worker)} \\ & & \text{(4 weeks where employee is entitled to additional leave)} & & \end{array}$$

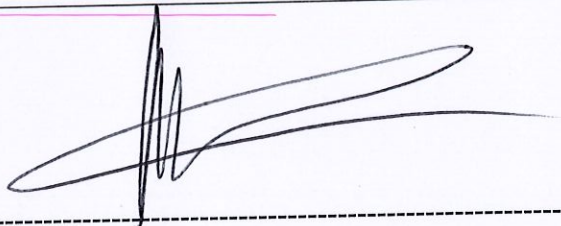
FORMULA TO CALCULATE LEAVE ENHANCEMENT PAY (BONUS)

$$\begin{array}{ccccccc} \text{Normal weekly wage rate} & & & & & & \text{number of shifts worked} \\ \text{(excluding allowances and overtime)} & \times & \text{52 weeks} & \times & \text{8.33\%} & \times & \text{234 shifts (five-day week worker) or 283 shifts (six-day week worker)} \end{array}$$

Queries

Should you have any queries regarding the contents of this circular, please contact an Agent at the Regional Office in your area.

Region	Contact number
Gauteng Regional Office	011 639 8000
Tshwane Regional Office	012 320 2566
Midlands Regional Office	041 586 1542
Cape Regional Office	021 421 6140
KZN Regional Office	031 305 4761
Free State Regional Office	057 352 4142



Sicelo Nduna
Chief Executive Officer (Council Secretary)