

## IN THIS NEWSFLASH:

1. INNOVATIVE ASSISTANCE TO INDUSTRY
2. RETIREMENT FUND PREMIUM HOLIDAY
3. WAGE INCREASES 2020/2021

### 1. INNOVATIVE ASSISTANCE TO INDUSTRY

The BIBC is very proud to announce that we are able to significantly assist both employers and employees in the building industry. In this regard, the parties to Council have again illustrated their commitment to fulfil their mandate to ensure that our industry thrives and is resilient in the face of uncertainty.

### 2. RETIREMENT FUND PREMIUM HOLIDAY

In terms of our current Collective Agreement, employers contribute 8% of the basic daily wage towards the Retirement Fund (RF) and employees contribute 7.5% of the basic daily wage.

Shortly after the first lockdown was announced in March 2020, the Board of Trustees of the Building Industry Retirement Fund applied for a premium holiday on behalf of the industry. The Financial Sector Conduct Authority (FSCA) has now approved the rule amendments that allow the BIBC to assist as follows:

- a. Employees will enjoy a RF premium holiday extending from 01 November 2020 to 30 April 2021 (i.e. Weeks 1 to 22);
- b. Employers who are up to date with benefit purchases until 31 October 2020 (week 53), will only pay 1% towards the disability and funeral benefit portion of the contribution from 01 November 2020 to 30 April 2021. This means a 7% reduction in the employer contribution towards RF.

### 3. WAGE INCREASES 2020/2021

The RF premium holiday completely offsets a freeze on wage increases for the first 6 months of the 2020/2021 benefit year, as agreed to by the parties to Council. This means that both employees and employers benefit considerably with more cash in hand for the 6 months starting 01 November 2020.

## CONCLUSION

The parties to Council are confident that through this innovative solution, our industry will recover some of the losses incurred during COVID-19. The new wage schedules for 2020/2021 will be amended accordingly to outline the different first and second 6-month periods. These will be published on our website by the end of this week.

*Grateful thanks for the hard work and spirit in which parties engaged with this challenge go to:*

- The Board of Trustees of the Building Industry Retirement and Provident Funds
- SIMEKA [RF Consulting Partner]
- Employer Associations: MBA WC and MBA Boland
- Trade Unions: BWAWUSA and NUM
- All individuals who worked tirelessly to prepare the application and liaise with the FSCA.

**PEARL PUGIN [SECRETARY]**

**#StaySafe**

**2 November 2020**

**TO: ALL PARTICIPATING EMPLOYERS**

Dear Sir/Madam

**PAYROLL TAX IMPLICATIONS DUE TO CONTRIBUTION HOLIDAY**

Please refer to the communication from the BIBC dated 12 October 2020 specifically regarding the retirement fund contribution holiday. In essence the employer will only be contributing the PHI or Disability insurance premium and the Funeral Policy premium.

**1. Tax Treatment (impact on the Employer's Payroll)**

From 1 November 2020 the entire employer contribution should be captured under "General Fringe Benefit" IRP5 Code 3801 and included in the employee's taxable income for the purposes of calculating PAYE payable.

**2. Tax impact on the Employee's Take-Home-Pay**

In the case of employees that earn more than the tax threshold (in other words they normally have PAYE deducted from their wages), their taxable income will no longer be reduced by the employee's retirement fund contribution. Therefore, these employees take-home-pay will increase by the previous amount contributed less the tax impact.

The Fund is in the process of compiling a communication to explain this to the members .

Yours faithfully

**Ronel Sheehan**  
**Principal Officer**

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**TRUSTEES : BOARD OF FUNDS**

· Mqamqo L · Crisp DR · Damon RC · **Hattingh DB** · Appolis J · Keal A · Matthews J · Ntsomi MT · Poni W · Uys D · Vorster WC  
· Independent · **Chairman**

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**PHI OR DISABILITY AND  
FUNERAL WEEKLY TAXABLE  
FRINGE BENEFIT APPLICABLE AS  
FROM 1 NOVEMBER 2020**

**All Areas**

<b>Labour Category</b>	<b>Area A (Cape Peninsula), Area B (Boland) and Area C (Malmesbury)</b>	<b>Area D (Overstrand)</b>
(i) Labourer	R 12.30	R 11.80
(ii) General Workers and Alternative Building System Installer 1	R 16.00	R 15.00
(iii) Tradesman Class 4, manufacturing worker, waterproofing worker, scaffold erector and Alternative Building System Installer 2	R 17.05	R 16.55
(iv) Tradesman Class 3, clerical worker, joinery assembler and Alternative Building System Installer 3	R 18.80	R 18.35
(v) Tradesman Class 2, Tradesman Class 2, machine operator, glazier, assistant floor layer, carpet fitter, block layer, Driver Code EC1 and above; Tower Crane Operator	R 25.65	R 24.85
(vi) Drivers/Plant operators of motor vehicles that require a code C1 licence	R 22.45	R 21.30
(vii) Drivers of all other vehicles who require a code A, A1 or B licence	R 16.90	R 16.00
(viii) Artisan (including a bricklayer, stonemason, Carpenter, Joiner, Tiler, Plasterer, Glazier, Plumber, Painter aluminium installer/fixer, leading hand and junior foreman)	R 34.35	R 33.25
(ix) Security Guard (Employees engaged in patrolling and guarding property)	R 18.05	R 17.05
(x) Apprentice (1st year)	R 12.00	R 11.50
(xi) Apprentice (2nd year)	R 17.15	R 16.60
(xii) Apprentice (3rd year)	R 25.75	R 24.95
(xiii) Voluntary Pension and Medical Aid	R 34.35	R 33.25