

# FEDHASA updates industry on labour issues

Labour consultant, Leon Traut, updated industry members on current labour issues during an industry event hosted by FEDHASA (Federated Hospitality Association of Southern Africa) Cape region during World Travel Market Africa which recently took place at CTICC.



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## Minimum wage rate

Minimum wage increases will come into effect for the hospitality industry on 1 July and will be applicable until 30 June 2017. Wage increases are always determined by the Consumer Price Index (CPI) reported by stats SA. The latest headline CPI released by Stats SA is 7%.

According to [global-rates.com](#), when we talk about the rate of inflation in South Africa, this often refers to the rate of inflation based on the Consumer Price Index. The South African CPI shows the change in prices of a standard package of goods and services which South African households purchase for consumption. In order to measure inflation, an assessment is made of how much the CPI has risen in percentage terms over a given period, compared to the CPI in a preceding period.

The current annual minimum wage rate increase for the industry is always based on CPI plus a percentage which has varied over the last few years from +1% up to +2%. For a 45 hour week, the current minimum wage per month is

At a Department of Labour (DoL) hearing earlier this year, unions present asked for a CPI +2% annual increase. FEDHASA's position was an increase in line with CPI. In addition to the unions' proposed annual increase, additional items such as prescribed night transport compensation, fully compensated maternity leave as well as added annual paid days off for family responsibility leave were raised.

As the watchdog for the hospitality industry, FEDHASA acts as the voice for the sector on relevant industry legislation in an effort to try and maintain a sustainable trading environment. At the DoL hearing, FEDHASA opposed the proposals put forward by the unions and instead, lobbied for a geographical differential in minimum wages, streamlining the current averaging of hours work clause as well as the overtime clause in effort to forge a way forward for both employer and employee. The results of the hearing are expected to be published in May.

## **Seasonality**

The event ended off with an address from FEDHASA Cape Chairman, Rob Kucera, who addressed the issue of seasonality. Aware of the negative impact that seasonality has on the tourism industry and on economic growth in the city of Cape Town and the Western Cape, Kucera encouraged both members and industry players alike, to collaborate and work together in generating new business and events for the province and region during the winter season.

"Our summer months fill up for themselves but greater effort needs to be made to encourage new business such as events, conferences and incentive programmes to be moved into our winter months," says Kucera. He ended by saying that FEDHASA Cape is rooting for the industry to acquire new business in order for everyone in the value chain to benefit.