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## INDUSTRY CIRCULAR

**To** : All SAEFA Affiliated Employers, All Solidarity Representatives, All Regional Council Managers, All Council Agents and Mr. Jacques Calomiti (MIBFA)  
**From** : Office of the Chief Executive Officer (Council Secretary)  
**Date** : 7 December 2021  
**Subject** : Annual Shutdown, Calculation of Leave Pay and Leave Enhancement Pay  
**Circular No** : 2021/07

This Industry Circular applies only to employers who are members of the following employers' organization and trade union who is signatories to the Settlement Agreement dated 1 October 2021 covering wages and other conditions of employment:

South African Engineers and Founders Association (SAEFA) as well as the trade union, Solidarity.

Please note that this circular does not apply to employers and employees who are members of the following employer organizations and trade unions as they are not signatories to the above-mentioned Settlement Agreement:

- National Employers Association of South Africa (NEASA)
- 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) and the Trade Unions
- Metal and Electrical Workers Union of South Africa (MEWUSA)
- National Union of Metalworkers of South Africa (NUMSA)
- South Africa Equity Workers Association (SAEWA)
- UASA-The Union

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

## **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 2021 : Day of Reconciliation  
Saturday, 25 December 2021 : Christmas Day  
Sunday, 26 December 2021 : Day of Goodwill\*  
Monday, 27 December 2021\* : Public Holiday  
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:

|  | <b>5-day week</b> | <b>6-day week</b> |
|--|-------------------|-------------------|
| 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               |

**PLEASE NOTE:**

Typically, where all twelve public holiday's fall on days that would otherwise have been 'normal' working days (i.e. for a five day worker Mon to Fri), the maximum number of days or shifts an employee could be expected to work in a year is 234 (i.e. 365 days in a year – 52 Sat – 52 Sun – 12 Public Holidays – 15 days' leave = 234).

This year in addition to the one (1) additional public holiday declared on Monday, 1 November (National Local Elections Day) and two (2) Public Holidays falling on Saturdays (i.e. 1 May and 25 Dec), the maximum number of 'normal' working days for a five day worker will be 235 (i.e. 365 days in a year – 52 Sat – 52 Sun – 11 Public Holidays – 15 days' leave = 235).

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: 2021**

|   | <b>5-day week worker</b>   | <b>6-day week worker</b> |
|---|--|--------------------------|
| 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"> <li>- Termination</li> <li>- Resignation</li> </ul>      | 10 shifts<br>20 shifts   | 13 shifts<br>25 shifts   |
| Marine work and turnaround work upon: <ul style="list-style-type: none"> <li>- Termination</li> <li>- Resignation</li> </ul>  | no minimum<br>20 shifts  | no minimum<br>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)   | Shifts do not accrue  |
| 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"> <li>• 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</li> <li>• 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.</li> </ul> |
| 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**

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

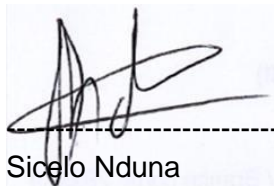
### **FORMULA TO CALCULATE LEAVE ENHANCEMENT PAY (BONUS)**

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

### **Queries**

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

| <b>Region</b>              | <b>Contact number</b> |
|----------------------------|-----------------------|
| 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          |



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Sicelo Nduna  
**Chief Executive Officer (Council Secretary)**