
GOVERNMENT NOTICE

DEPARTMENT OF LABOUR

No. R. 152

24 February 2006

**BASIC CONDITIONS OF EMPLOYMENT ACT, No. 75 OF 1997
INVESTIGATION INTO MINIMUM WAGES AND CONDITIONS OF
EMPLOYMENT IN THE HOSPITALITY SECTOR:****INVITATION FOR REPRESENTATION**

I, Membathisi Mphumzi Shepherd Mdladlana, Minister of Labour, hereby give notice, in terms of Section 54 of the Basic Conditions of Employment Act, No 75 of 1997, to announce that the report attached hereto on *the outcome* of the research into minimum wages and conditions of employment has been submitted to the Employment Conditions Commission for their consideration and advice.

Interested persons are hereby given an opportunity of making written representations to the Employment Conditions Commission on the content of the research *report*. Such representations should reach the Directorate: Employment Standards, Department of Labour, Private Bag X117, Pretoria, 0001 within 90 days after the publication of this notice.



**M M S MDLADLANA, MP
MINISTER OF LABOUR**

Department of Labour



RESEARCH REPORT:
INVESTIGATION INTO WAGES AND CONDITIONS OF EMPLOYMENT
IN
THE HOSPITALITY SECTOR

2005

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Foreword

The Hospitality sector is accepted as being one of the growth engines of our economy. It is with this in mind that **any** discussion that takes place around conditions of employment within the sector should be based on well grounded research and be informed by vigorous debate. The publication of this report on our investigation into the hospitality sector for comments by interested parties further strengthen our commitment to social dialogue as well as our commitment to increased flexibility in labour market regulation.

It is my intention to make a single sectoral determination that will group a number of existing Sectoral determinations into one instrument. This instrument will not also bring the conditions of employment in this sector in line with the current Basic Conditions of Employment Act and set minimum rates of remuneration for this sector. The four existing determinations that will be merged are:

- **WD 457: Hotel trade**, certain areas; last updated in March 1989; valid from March 1989 – February 1990, and thereafter;
- **WD 461: Catering trade**, certain areas; last updated in May 1989; valid from June 1989 - May 1990, and thereafter;
- **Wage Determination 477: The Trade of Letting of Flats or Rooms**, Certain Areas, last updated in June 1995;
- **WD 479: Accommodation establishment trade**, certain areas; last updated in December 1995; valid from January 1996 – June 1996, July 1996 – December 1996, January 1997 – December 1997, January 1998 and thereafter.

For this reason, an investigation was conducted to check on the likelihood of combining these determinations into one, and to develop recommendations around wages and conditions of employment in this respect. The scope of this investigation was further broadened to include a selection of related business activities, namely those within:

- **Travel & Tourism,**
- **Gambling & Lotteries,** and
- **Conservation & Guiding.**

The investigation has now been completed and this report has been compiled on our findings. I would like to invite all interested or affected parties to forward their comments for the Employment Conditions Commission's consideration so that they can advise me appropriately on the proposed Sectoral determination.

I would also want to thank the HSRC for their valuable input throughout this process.

Minister of Labour, M.S. Mdladlana

PART 1: BACKGROUND RESEARCH

CHAPTER I

Introduction

The Department of Labour assisted by the Human Science Research Council conducted an investigation into wages and conditions of employment with a view of establishing a sectoral determination in the hospitality sector. The investigation **firstly** had to review the current **4** sectoral determinations covered by the Department of Labour, namely:

- **WD 457:** Hotel trade, certain areas; last updated in March **1989**; valid **from** March **1989** – February **1990**, and thereafter;
- **WD 461:** Catering trade, certain areas; last updated in May **1989**; valid from June **1989** - May **1990**, and thereafter;
- Wage Determination **477:** The Trade of Letting of Flats or Rooms, Certain Areas, last updated in June **1995**;
- **WD 479:** Accommodation establishment trade, certain areas; last updated in December **1995**; valid **from** January **1996** – June **1996**, July **1996** – December **1996**, January **1997** – December **1997**, January **1998** and thereafter.

Thus, the investigation was to determine the feasibility of grouping them into a single determination for the Hospitality sector. Further, recommendations were to be developed regarding wages and working conditions in South Africa for the sector.

In addition, the scope of the terms of reference **was** extended to a broader definition of the hospitality sector including a range of related business activities, namely those within Travel & Tourism, Gambling & Lotteries and Conservation & Guiding. **A** list of these activities is included in Chapter 2 of this report.

The main **reasons** for the investigation were four-fold. Firstly the wage levels and conditions of employment are outdated, and have not kept up to date with the cost of living. Secondly, the geographical demarcations in the existing sectoral determinations are not in line with changes introduced by the National Demarcation Board, resulting in confusion and enforcement problems. Thirdly, the feasibility of combining the existing sectoral determinations needed to be established. Finally, the research needed to establish levels of vulnerability of employees in the sector.

The scope of the research study involved both secondary and primary research, using both qualitative and quantitative research methodologies. It was envisaged that through the triangulation of methods and sources of data, an enhanced perspective of the sector and its dynamics might be developed. One of the major limitations faced by the Department of Labour was the paucity of reliable and sufficient data available.

In order to develop a contextual background on key dynamics and trends in the sector, relevant secondary data was analysed. The second part of the study involved primary research, This involved a series of qualitative, semi-structured interviews with key stakeholders in the sector. Then followed an enterprise survey, including employer and employee respondents.

This research report presents **the** major findings and recommendations arising **from** the research study, to assist the Department of Labour in the development of a sectoral determination in the hospitality sector. The report is structured in three parts. **Part 1** entitled Background Research summarises secondary research findings in:

- Chapter 1 - Introduction
- Chapter 2 - Literature Review on the Economic Profile and Structure of the Hospitality sector;
- Chapter 3 - Wages and Conditions of Employment in the Hospitality Sector - A Labour Force Survey Analysis;
- Chapter 4 - A Review of Sectoral Determinations, Bargaining Council Agreements and selected Company agreements in the Hospitality Sector;

Part Two entitled Primary Research includes the following chapters:

- Chapter 5 - Analysis of stakeholder views on the hospitality sector;
- Chapter 6 - Survey research methodology;
- Chapter 7 - Employer survey results;
- Chapter 8 - Employee survey results;

Part Three Entitled Recommendations Includes

- Chapter 9 - Recommendations
- Appendices

CHAPTER 2

A REVIEW OF THE ECONOMIC PROFILE AND STRUCTURE OF THE HOSPITALITY INDUSTRY IN SOUTH AFRICA

INTRODUCTION

In post-apartheid South Africa the fortunes of the hospitality sector are closely bound up with the development path taken **by** the tourism industry. The tourism industry is regarded **as** a leading sector within the national economic strategy in that a “globally competitive tourism industry will be a major force in the reconstruction and development efforts of the government” (DEAT 1996: 18).

The vision of the 1996 White Paper on Development and Promotion of Tourism in South Africa was “...to develop the tourism sector as **a** national priority in a sustainable manner, so that it will contribute significantly to the improvement of the quality of life of every South African.” Industry commentators have long been extremely optimistic about the future potential of tourism in general, and hospitality specifically. The hospitality sector, often associated with the hotels and accommodation sub-sector, **has** been described as experiencing a “boom”, and FEDHASA (2003) says that “the boom just keeps going” with hotel occupancy rates at high levels.

The tourism sector is the fourth largest generator of **GDP**, following manufacturing, mining and quarrying. In the post-September 11 period, South Africa has become known **as** one of the safer and cost-effective destinations for entertainment and leisure activities, It **has** also developed a reputation **as** a convention destination of high standards.

It is further argued that the 1994 political transformation and the integration of **South Africa's** economy to the world economy have also made a significant contribution to the country's tourism potential. Besides the traditional and well-established holiday and business infrastructure, new sectors have opened up with adventure, conference, cultural and eco-tourism leading the way”. Further, successfully conducting a range of very large, world-class events including the World Summit on Sustainable Development illustrates the efficiency of the hospitality supply chain.

However, while this illustrates the positive face of the industry, it is also faced with a range of constraints and challenges. The industry is very diverse in terms of **its** sub-sectors **and** number and size distribution of enterprises. It **is** estimated that it mostly consists of very small, micro and medium-sized enterprises (THETA 2005). It is a highly labour-intensive industry and **as** a result of a historical under-investment in training of Black people under apartheid, this translates into the concentration of Blacks in predominantly low-skilled and low-paid jobs; whereas Whites are concentrated in higher-skilled and better-paid jobs (THETA, 2004). Most recently a Black Economic Empowerment Scorecard was released, to begin to address historical inequities such as the concentration of ownership in predominantly White hands and so forth (TBCSA, 2004).

Aggregate labour standards across the sub-sectors are generally assumed to be poor, with pockets of reasonable standards in certain larger enterprises. The industry is said to run on very flexible principles, given the operational requirements in the personal service industry, where a significant section runs on a 24/7 basis (THETA, 2005). There is **a** common perception that working conditions in the hospitality sector are notoriously hard, in terms of the pressure of work, very long and irregular hours, low wage rates and a lack of job security (Bothma and Thomas, 2001).

It is within this context that an investigation of minimum wages and conditions of employment is appropriate. Employees are the first point of contact for all visitors (local and foreign), and if South Africa is to become known as a global destination for leisure and entertainment activities, it cannot do so under so-called “sweat shop” conditions. The purpose of sectoral determinations is to facilitate the achievement of the delicate balance between efficiency and equity. This is done primarily through the protection of labour standards, while not jeopardising business growth and employment levels.

This paper provides an overview of the complexities in defining the sector, the structure and main economic characteristics, a workforce profile as well as other challenges facing the industry.

HOSPITALITY SECTOR IN CONTEXT

This section provides an overview of the approaches to, and complexities in defining the hospitality and/or tourism sector. This is followed by a description by the limitations of the available data.

Towards a definition of the hospitality industry

One of the main questions under consideration in this project is the extent to which the generic description “hospitality” sufficiently describes the various sub-sectors, which the Department of Labour wanted to investigate. The terms of reference of the Department of Labour issued for the study proposed a “broader” definition of the hospitality sector, beyond the scope of coverage as defined in the four (4) Sectoral determinations, namely hotel trade (457), catering trade (461), accommodation establishments (479) and the letting of flats or rooms (477) in certain areas. In this section, an overview of the various approaches adopted by key stakeholders will be outlined. These include the Department of Trade and Industry (DTI), the THETA (Tourism, Hospitality and Related, Education and Training Authority), industry stakeholders as well as global organisations such as the ILO (International Labour Organisation and the WTO (World Tourism Organisation).

In Table 2.1, we provide a comparison of the scope of coverage as represented in the chambers of the THETA and those covered by the Department of Labour, in terms of the current Sectoral Determinations, and associated business activities in the terms of reference. The different types of enterprises are listed by SIC (Standard Industry Classification) code and THETA chambers, followed by a rather outdated estimate (2000) of the number of enterprises and employees (THETA, 2004).

Table 2.1: Comparison of the THETA Chambers and proposed scope for the hospitality sectoral determination

SIC Code	Standard Category	Estimated no. of enterprises	Estimated no. employed	Wage determination	Business Activities (DOL, 2004)
HOSPITALITY					
64101, 64104	Hotels, motels, boatels and inns registered with SAT, not registered with SAT	1,500	73,500	457:Hotel Trade	Hotel and restaurants, including hotels, motels, resorts, and game lodges, hotels, guest houses, guest farms and bed and breakfast;
64103	Guesthouses and guest farms	3,600	24,500		
64105	Bed and breakfast	4,500	21,500		
64201, 64202	Restaurant or tearoom with liquor license, without liquor license	800	14,500	WD 461: Catering Trade: certain areas	Restaurants: bars canteens and other catering services including food preparation, food and beverage services. Licensed clubs and fine dining establishments; pubs and taverns, fast food outlets, snack bars and kiosks, industrial and contract caterers; functions and outside caterers;
64203; 64205; 64206	Take-away counters, take-away restaurants, fast-food establishments	8,500	168,000		
64204	Caterers (including private clinics)	8,000	53,000		
64209	Other catering services incl. pubs, taverns, night-clubs	550	21,000		
64102	Caravan parks and camping sites	450	3,300	WD 479: Accommodation Establishment, certain areas	Provision of short-stay accommodation including short-term rental, self-catering or time share, camps, caravan parks;
84111	Timesharing (including resorts and parks, self-catering apartments/cottages, Game lodges	2,300	51,000		
96195	Operation and management of convention centres	150	2,500	No SD	Management of special events, conventions, exhibitions and festivals: events, conferences, festival and attraction venue
96195	Event and Conference management	250	3,000	No SD	
	Other	5,500	45,000		
	TOTAL	33,830	477,800		
GAMBLING and LOTTERIES					
96494	Gambling, licensed casinos and the national lottery (incl. Bookmakers, totalisators, casinos, bingo operators	850	20,500	No SD	Gaming and gambling including casinos and other tables, electronic and slot machine gaming outlets; clubs, gambling, betting and booking operators; totalisators; lottery operations, horse racing clubs; and
	TOTAL	850	20,500		
TRAVEL AND TOURISM					
71223 85111	Safaris and sightseeing bus tours, renting of land transport equipment (incl. Inbound tour operators, outbound tour operators	550	7,200	No SD	Destination management including tour operators and guides; venue management; museums, special attractions.
	Not covered or not specified.				Management; fun fairs and parks rafting; abseiling; hang-gliding, bungee-jumping and other adventure tourism operations;
74140	Travel agency and related activities	1,300	17,000	No SD	travel agencies, tour operators and related activities, including retail and general travel operations
99048	Tourism marketing, tourism authorities, tourism associations and tourism information centres	700	10,000	No SD	Marketing and development agencies and companies, tourism authorities, commissions and boards: tourist information centers; tourism industry associations;
73002	Inbound International flights	50	850	No SD	Inbound international airline operators.
	Not covered			No SD	motor car rental services;

SIC Code	Standard Category	Estimated no. of enterprises	Estimated no. employed	Wage determination	Business Activities (DOL, 2004)
	TOTAL	2,850	39,700		
CONSERVATION AND GUIDING					
96320	Museum activities and preservation of historical sites and buildings	Guides		No SD	destination management including tour operators and guides; venue management; museums and special attractions.
96322	Provision and operation of monuments and historical sites	Guides		No SD	
96333, 11520	Game parks (incl. Wildlife parks, zoological or animal parks and botanical gardens), hunting and trapping including related services	880	30,000	No SD	Conservation: games parks and zoological establishments including wildlife conservation, wildlife parks and game reserves; Camp and conservation park management; trekking and safari operators; botanical gardens;
96334	Activities of conservation bodies	20	300	No SD	Not covered
	TOTAL	900	30,300		
	GRAND TOTAL	40,430	568,300		
Not covered				WD 477: The trade of letting flats or rooms, certain areas	

The table shows that there is a fair amount of overlap between the various descriptions used by the THETA and the DOL in terms of the classification of the various activities. However, THETA approach to grouping business activities differs from that of the DOL in some respects. Thus, instead of grouping all of these overlapping activities into one sector, the “hospitality” sector (as being considered by the DOL), the THETA has sub-divisions of which the “hospitality” sub-sector, only constitutes one. Thus, their main areas include Hospitality (accommodation, food preparation, catering, food and beverage services and fast foods); Travel and Tourism services; Gambling and Lotteries, and Conservation and Leisure/Tourism Guiding. An interesting feature of the THETA grouping is that it distinguishes “tourism and travel” as a separate category. This is despite the fact that it is often perceived as the Tourism SETA (THETA, 2004). A further note is that while the THETA also includes Sport, Recreation and Fitness, much of this sub-sector does not fall within the scope of the DOL’s terms of reference.

The rationale for the particular grouping of business activities under the THETA lies predominantly in the high level of complementarities among the various sub-sectors, but also with other external sectors, such as retail, banking and so forth. The THETA (2000:7) specifies the following contributory factors, including:

- Demarcation overlaps;
- Some occupations use skills from several sub-sectors;
- There is a direct relationship between the provision of effective tourism services and that provided by other sub-sectors.

On the other hand, the approach adopted by other government departments, such as the DTI and the DEAT, refers to an all-encompassing sector, the “tourism” sector. This approach is in line with international approaches by the World Tourism Organisation and the World Travel and Tourism Council (WTTC). A recent report (Monitor Group, 2004) on the global competitiveness of the South African tourism “cluster” defines the sectoral composition as consisting of a range of sub-sectors, including most, if not all of the sub-sectors covered in Table 2.1.

However, the recently released BEE Charter and Scorecard on Tourism by the **DEAT**, defined the tourism sector in a slightly different manner to that of the THETA (2004:2). Thus, the scope of application included privately owned companies in the tourism “value chain” consisting of three (3) sub-sectors:

- Accommodation (hotels, resort properties and timeshare; bed and breakfasts; guesthouses; game lodges; backpackers and lodges);
- Hospitality and related services (restaurants [not attached to hotels]; conference venues [not attached to hotels]; professional catering; attractions; consulting and professional service companies); and
- Travel distribution systems (tour wholesalers; tour operators; travel agents; tourist guides; car rental companies; coach operators).

The main difference is that in this case, the definition of the hospitality sector refers mainly to food and catering related services, and completely excludes any services related to the provision of accommodation. In contrast, the THETA definition included under hospitality, both accommodation and catering or food-related services. This also coincides with the definition used by **StatsSA**, that is **SIC 64**, catering and accommodation. **SIC 64** encompasses all of the SDs currently covered by the **DOL(457, 461, 479)** with the exception of **WD 477**, the Trade of Letting Flats and Rooms.

One of the key complicating elements of the all-embracing “tourism” definition is that given the wide scope of the value-added chain, retail-related business activities might **also** be included. Thus, **art** and craft retail, speciality shops geared towards tourists (foreign and domestic), banking [foreign exchange etc.] might also be included.

One key source of global information on tourism, the WTTC, measures industry level employment on the basis of all “those jobs with face-to-face contact with visitors (airlines, hotels, car rental, restaurant, retail, entertainment, etc). A second level of measurement at the economy-wide level includes industry (**as** defined before) **as** well as those “faceless jobs” including industry suppliers, government agencies, manufacturing and construction of capital and exported goods used in tourism, as well **as** commodities supplied to the sector (WTTC, 2005:25). The implication is that these tourism-related business activities may be included in another economic category in the official statistics, such **as** retail, business services, as **well as** transport. Similarly, such business activities would **be** covered within the scope of other sectoral determinations, such **as** wholesale and retail. The WTO (Robertson, 2002:2) defines tourism as “the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”. Thus, for the purposes of the sectoral determination the scope **of** coverage **is** extremely complex, as the foregoing attempts to outline. When considering the measurement of the industry, problems related to assessment and generation of reliable data add a further level of complexity.

Measurement of the industry

There are a few sources of statistics on tourism and hospitality. Statistic South Africa generates statistics on tourism, which includes international airport departures, tourist arrivals (land, sea and air) and exports and imports (tourist expenditures) and hotel accommodation (as in the bed occupation etc.), exports and imports (tourist expenditures) and so **forth**. It is reported that StatsSA plans to conduct a monthly tourism accommodation survey, covering all types of establishments with a range of measurement factors including income **and** expenditure, salaries and so forth (FEDHAS, 2005). Further, StatsSA generates data under

SIC 64(catering and accommodation) in the South African national accounts, and the sub-sectors include:

SIC-6410 – hotels, camping sites and other provision of short-stay accommodation; and

SIC 6420 – restaurants, bars and canteens.

However, SIC 64 does not fully reflect the entire hospitality, or tourism industry, as many other related sub-sectors are not covered (THETA 2000).

SA Tourism, through the SA Tourism Strategic Research Unit (SATSTRU) conducts monthly departure surveys at Johannesburg and Cape Town international and 10-land border posts, and also generates estimates for employment and GDP (SATSRU, 2005). The GDP figures are based on total foreign and domestic direct expenditure. Together with a range of other agencies in the country SA Tourism is in the process of developing a Tourism Satellite Account (TSA) for South African tourism, which is based on an econometric model used by the WTTC, as explained further on. SA Tourism cautions that current data generated should be regarded as “directional indicators” of sector size (SATSRU, 2004: 2), as the proposed model has not yet met the “reliability” requirements of a full-fledged TSA. Key to this approach is the fact that tourism is regarded as a demand-side economic activity.

The WTTC utilises a measurement tool, the tourism satellite account (TSA) to measure those industries not defined as such in national accounts, such as tourism. Thus, the WTTC data is based on global standards, concepts and classifications and therefore generate data that may be used to compare with other economic sectors, as well as with other economies. However, as a measurement and forecasting tool the proposed TSA is supposed to provide policymakers and planners with an analysis of the demand and supply side of tourism. Further, the WTTC data is generated at two levels: at the industry level (direct impact) and at the economy-wide level (both direct and indirect impact) including the multiplier effect of tourism. Thus, this distinction needs to be kept in mind when making comparisons with other sources of disaggregated data on the industry; otherwise inappropriate comparisons may become nonsensical.

The issue is whether the approach by the WTTC and by extension SA Tourism (through SATSRU) generates data (based on definition and scope) that is sufficient and appropriate for the purposes of the Department of Labour. Thus, while the approaches by the SA Tourism and the WTTC do generate supply-side data, for e.g. the size of tourism employment and output, these are largely extrapolations. Further, this approach does not cover the actual business activities or establishments as per the number of hotels, bed and breakfasts, lodges etc, all of which would be useful for the purposes of the Department of Labour. On the other hand StatsSA, generates supply side information based on SIC 64 for catering and accommodation. The limitation of this data is that it is likely to be an undercount, given the predominance of micro, small and very small enterprises in the sector, and difficulties in accessing them. However, given plans to conduct a monthly accommodation survey may to some extent address such concerns. Another concern is the fact that current industry-level data is only available at a main industry level, and not at a sub-industry level. The latter is a particular problem with regard to the measurement of other sub-sectors in this investigation, such as travel and tourism, gambling & lotteries, conservation & guiding (to a lesser extent), and motor rental services. This will present major challenges in future in terms of tracking economic trends in these sub-sectors for the purpose of updating prospective sectoral determinations.

Thus, when reading aggregate macro-economic and micro-economic indicators for the sector, it must be noted that the official statistics do not provide a sufficiently comprehensive picture of the sector, nor does the proposed TSA provide data in a format and content appropriate for the purposes of the DOL. Given the complexities regarding scope of coverage, sectoral definition, measurement tools and availability of data, the approach in this paper is to provide data as defined under the “tourism industry” definition (WTTC), followed by other sources of

disaggregated survey information as provided by StatsSA and the THETA. Related data from the Labour Force Surveys will be available in a forthcoming report.

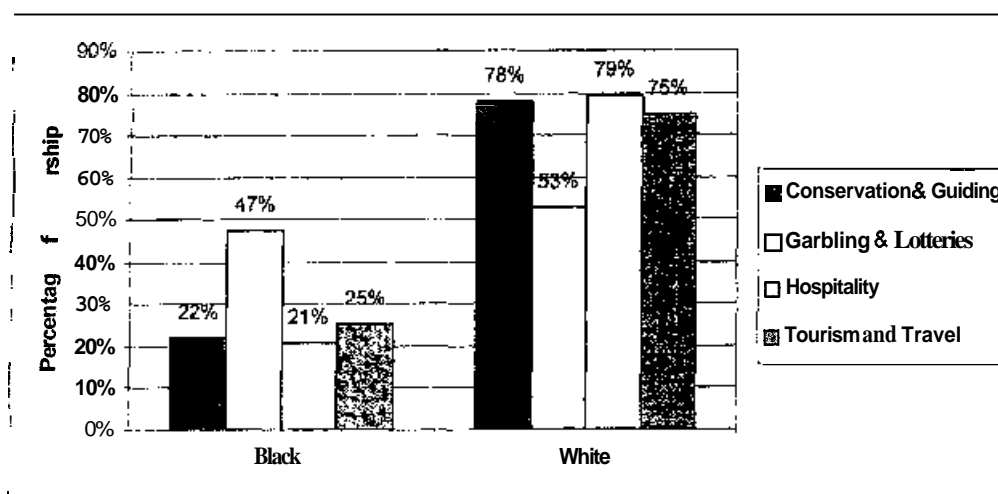
STRUCTURE OF THE SECTOR

This section provides an overview of ownership, distribution of sub-sectors and by enterprise size categories.

Trends in Ownership

Ownership in the sector has historically been concentrated among Whites, which is estimated at 95% (Rogerson, 2003). An HSRC study in 2004 confirms this (THETA 2004), as illustrated in Figure 2.1 for owners/managers across all sub-sectors. The exception is Gambling and Lotteries, where just fewer than 50% are Black owners and managers, the highest such percentage across all the sub-sectors. The latter is probably more to do with the fact that BEE requirements have featured prominently in the sub-sector in the post-apartheid period.

Figure 2.1: Population group of owner/manager by sub-sector (THETA)(2004) (%)

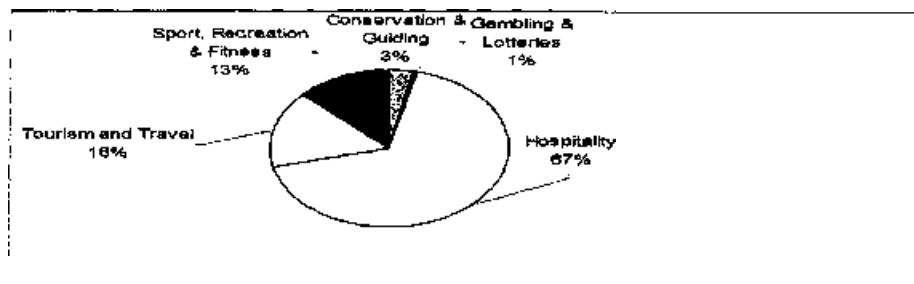


Source: HSRC 2004, as cited in THETA SSP 2005-2009.

Enterprise distribution across sub-sectors

Figure 2.2 provides an overview of THETA registered enterprises as distributed by sub-sectors as of 2004. It shows that the hospitality sub-sector (catering and accommodation) constitutes two-thirds of the enterprises in the sector, followed by Tourism and Travel. Conservation & Guiding and Gambling & Lotteries constitute a minute proportion of the sector as a whole. Much of Sport and Recreation, as noted before, would not fall within the DOL's scope in this regard. The THETA further argues that hospitality also has the largest number of employees (2004:4).

Figure 2.2: THETA registered enterprises by sub-sector (2004)(%)

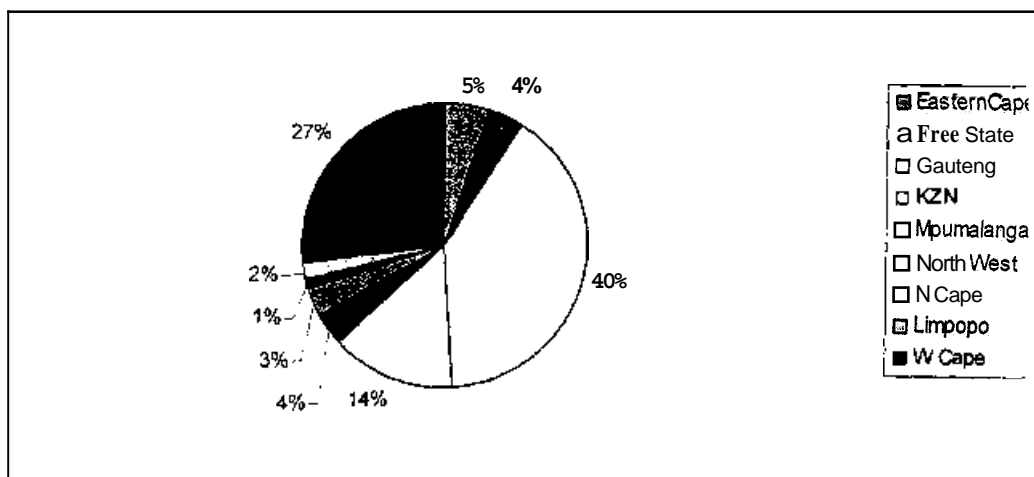


Source: THETA 2004.

Spatial distribution by province and location

Figure 2.3 provides an overview of provincial distribution of enterprises registered with the THETA¹ by province. It confirms the concentration in Gauteng (40%), followed by the Western Cape (27%) and KZN (14%). The rest of the sector is fragmented among the rest of the provinces.

Figure 2.3: Distribution of enterprises by province (2004) (%)



Source: HSRC 2004, cited in THETA SSP 2005-2009:9.

In terms of the locational distribution within provinces, all sub-sectors are predominantly urban-based, with relatively low levels of development in rural areas (THETA, 2004).

Distribution by Enterprise size category

There is common agreement that the sector is dominated by a small number of large enterprises, while the overwhelming majority consists of small, medium and micro-sized enterprises² (Monitor group 2004; THETA, 2000). The Monitor study (2004) also suggested that larger enterprises command a disproportionate share of revenue relative to the rest of the

¹ The THETA classification includes sport, recreation and fitness sub-sector much of which (especially sport and fitness) is not part of the DOL proposed definition. These figures should be regarded as indicative, rather than conclusive of the existing trends.

² The National Business Act (1996) defines enterprises in the catering, accommodation and other trade activities as follows: Micro (5 or less employees); Very small (6-10 employees); small (11-50 employees) and medium (50 or more employees)

SMMEs. For instance, in the inbound tour operator sub-sector, 10 operators generate 70 per cent of revenue, while the rest, 800 enterprises, generate the remaining 30 per cent.

The THETA sector skills plan notes that "...70% of the enterprises in the sector are so small, that they fall below the levy threshold" (THETA 2000:163). It further notes that official data regarding formal, registered enterprises, but non-levy paying, from SARS or the Department of Labour are not readily available. Follow up research in 2004, confirms this trend of small enterprises as shown in Table 2.2. Thus, it suggested that about 82 per cent of the sector employment was among enterprises in the category 0-9 employees, followed by those in the category 10-49 employees.

Sub-sector:	Percentage of Employees					Total
	0-9	10-49	50-149	150-249	250+	
Hospitality: Accommodation	80%	15%	4%	0.9%	0.5%	100%
Hospitality: Food	81%	17%	1%	0.1%	0.3%	100%
Tourism and Travel Services	88%	9%	2%	0.5%	0.4%	100%
Conservation and Tourism Guiding	77%	15%	3%	1%	3%	100%
Gambling and Lotteries	80%	8%	4%	2%	5%	100%
Total	82%	15%	2%	0.4%	0.5%	100%

Table 2.2: Enterprises by size and sub-sector (THETA registered) (%) (2004)

Source: HSRC 2004, cited in THETA SSP 2005-2009:7.

This dominance of micro, small and very small enterprises provides important pointers in regard to the possible wage levels and conditions of employment. As non-levy paying enterprises, they do not fall easily within the skills development regulatory loop. The THETA (2000:163) notes its difficulties in access such enterprises given limitations regarding information to facilitate training. As such, for the purposes of the DOL, it implies that intervention in terms of the sectoral determination may be difficult to enforce, as these companies tend not to operate within the legislative frame in other areas either.

Another key point to note is that the sub-sectors, conservation & tourism guiding and Gambling & Lotteries had a higher concentration of larger companies (150+), as compared to other sub-sectors. These are relatively new sub-sectors and may be attracting higher levels of investment.

MAIN ECONOMIC INDICATORS

The next section provides an overview of trends in main economic indicators in the sector as defined previously. Thus, the direct industry impact of tourism as well as hotels & restaurants will be considered, where data is available. As noted in the beginning of this chapter, prospects for the tourism sector in general, and hospitality in particular has been optimistic. In this section, a review is conducted of the general size and growth of the sub-sectors in terms of contribution to GDP, investment, employment levels as well as remuneration. These are particularly relevant to gain an understanding of the prospects and vulnerabilities of both employers and employees included in this investigation. One of the main constraints in this analysis is the lack of comprehensive data, as well as measurement concerns regarding the tourism and other sub-sectors.

Contribution to Gross Domestic Product

The WTTC report on tourism in SA suggests that by 2001, the tourism industry (direct impact) contributed approximately 3 per cent of GDP, as shown in Table 2.3.

Table 2.3: Trends in GDP in the Travel and Tourism Industry (direct impact) (1997-2012)

Rbn	GDP(R bn)	Real growth per annum(%)	% of GDP
1997	19.65	3.38	2.87
1998	22.11	5.45	3.01
1999	23.46	0.14	2.95
2000	26.06	4.54	2.98
2001	26.46	2.24	2.99

Source: WTTC 2004:50-51.

Real growth in GDP remains positive over the period, with some fluctuations, and by 2001, had reached among its lowest levels, with the exception of 1999. However, as shown in Table 2.3 estimations are generally that growth rates would increase by a bigger margin over the next 10 years, as projected up till 2012. Thus, while the tourism sector has grown over the period, there are indications that it has not quite realised the positive expectations in regard to its expected potential in the post-apartheid period (WTTC 2004: 15).

When considering the combined direct and indirect effect of the tourism economy, the sector contribution increased to 7 per cent of GDP by 2002 (WTTC:50). Thus, in the economy-wide sense (taking into consideration the multiplier effect), the tourism sector contribution is just below that of the mining sector, and above agriculture, forestry and fishing.

The Tourism Business Council (2005) suggests that the voluntary levy contribution by companies to TOMSA (Tourism Marketing South Africa) is one of the measures of the performance of the tourism economy. The levy, which constitutes a standard 1% of turnover, was at its highest level in January 2005. The largest contributors include the accommodation sub-sectors, and then car rental activities.

At the narrow industry-level, an analysis of the share of annual national GDP (at current prices) by the hotels and restaurants sector shows that this has remained at approximately 1.0 per cent over the period, 1995-2002 (StatsSA Annual Estimates: 2003). Further, growth rates in annual GDP (at constant 1995 prices) remains low and in negative territory for most of the period showing a recovery by 2002, as shown in Table 2.4. Further, growth rates are generally below the tertiary industry average, as well as the all-industry average, over much of the period.

Table 2.4: Percentage change in annual GDP by industry (at 1995 prices) (1995 -

	1995	1996	1997	1998	1999	2000	2001	2002
Hotels and Restaurants	4.6	2.0	-1.8	0.7	-0.8	-4.5	-0.5	2.9
Tertiary Industries	4.5	4.3	2.7	2.3	3.5	3.7	3.4	3.3
All industries	3.0	4.2	2.6	0.8	2.2	3.6	2.7	3.6

2002)(%)

Source: StatSA 2003.

Trends in Investment

The WTTC suggested that annual real growth in capital investment had not been constant over the period 1997-2001. Thus, while real growth had mostly been positive over the period, the increases in 2000-2001 still have not reached the peak in 1998. On the other hand, the sectoral share of national GDP remained constant at just over 10 per cent (Robertson, 2002), as shown in Table 2.5.

Table 2.5: Trends in Capital Investment in the Travel and Tourism Industry (1997-2012)

Rbn	Capital Investment	Real growth per annum(%)	% of GDP
1997	11.97	3.37	3.37
1998	13.49	5.66	5.66
1999	13.44	-6	-6
2000	14.44	1.16	1.16
2001	16.01	3.73	3.73
2002E	17.07	1.13	1.13
2012P	47	4.7	4.7

Source: WTTC 2004:50-51.

Much of the hype with regard to the importance of the tourism economy largely relates to the combined direct and indirect impacts. Thus, the WTTC puts the contribution of tourism economy to the total national GDP at 7% (2004). However, this broader definition extends considerably beyond the scope of the proposed sectoral determination, and cannot be regarded as an appropriate baseline statistic.

Employment

As noted before, the WTTC measures employment at an economy-wide level (direct and indirect impact) as well as at an industry level (direct impact only). When comparisons are made, this distinction needs to be kept in mind. Thus, the WTTC estimates levels of direct tourism employment to have increased from 432 540 in 1997 to 492 650 by 2002, as shown in Table 2.6. Over the period, annual employment growth remained in positive territory, except for 1999. However, the rate of growth has dropped from a peak of 8% in 1997, and has remained below 3 per cent, since 2000. Employment as a share of national accounts has also remained at approximately 3 per cent over the period. It also predicts that by 2010, 174 000 new direct jobs will be created, of which most are likely to be in small companies (Rogerson, 2003).

Table 2.6: Trends in Employment in Travel and Tourism industry (direct impact) (1997-2012)

	Employment('000)	Real growth per annum(%)	% of national GDP
1997	432.54	8	2.76
1998	459.4	6.21	2.89
1999	456.58	-0.62	2.87
2000	469.48	2.83	2.9
2001	477.78	1.77	2.9
2002E	492.65	3.11	2.96
2012P	679.19	3.29	3.44

Source: World Travel and Tourism Council 2004.

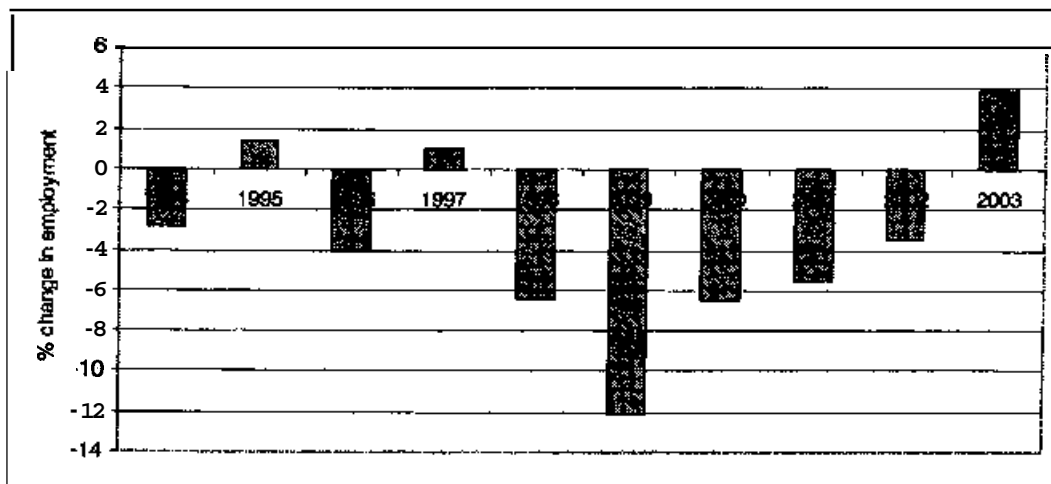
The South African Tourism Strategic Research Unit (2004,2005) calculates that in the period 2003 –2004 direct employment increased from 512 000 to 539 017. This is considerably less than the estimation in a study by Grant Thornton Kessel Feinstein of 602 700 jobs in 2000 (THETA 2000).

The latter figure is an extrapolation of employment based on an employer survey of 600 companies (THETA 2000), using the THETA definition as outlined in Table 1.2 (second column). The calculation by SA Tourism estimate for direct jobs is based on a fairly broad scope of coverage of tourism-related economic activities in the sub-sectors of wholesale, retail, catering and accommodation; transport, storage and communication; and community, social and personal services (SATSRU, 2004). The TSA model uses data from the Labour Force Survey, as a basis to calculate employment figures per tourist arrival. The main difference between the 2 sets of employment figures is that the THETA estimate is from the supply-side, whereas the extrapolation for SATSRU (and the WTTC) is from the demand-side (tourist consumption).

This inconsistency in the employment data is further underlined by official data on SIC 64 for catering and accommodation. Employment levels in catering and accommodation have been declining from a high of 279 291 in 1991 to 167 793 in 2003 (Easy Data 2005).

The improvement in 2003 may point towards recovery, but its sustainability is yet to be proven. The sector (as defined in SIC 64) still represents a relatively small proportion (2%) of total employment by 2003. This is of course largely attributed to the fact that catering and accommodation constitute a much more limited definition, as opposed to tourism.

Figure 2.4: Annual change in employment in catering and accommodation (SIC64) (%) 1994-2003



Source: EasyData 2005

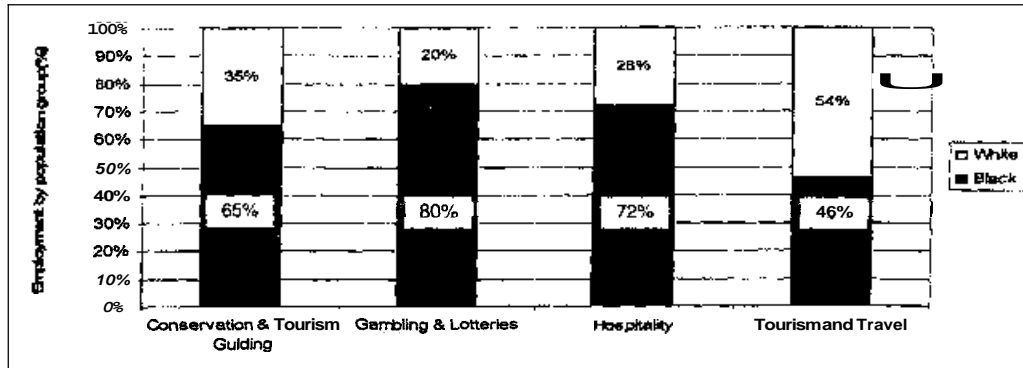
Annualized employment growth of 8.5% in the trade, catering and accommodation services sector, in the second quarter of 2004 is attributed to restaurants, bars, canteens and wholesale trade in food (SA Reserve Bank, 2004). This points to some degree of optimism for trends in terms of employment prospects, whether considering the broader definition (tourism) or the more limited catering & accommodation.

Demographic profile of employment

All of the sub-sectors show a predominance of Black employees, who constitute more than two-thirds of the general labour force. The exception is the tourism and travel sub-sector where Whites constitute over half of the labour force. The latter may be attributed to the

historical dominance of whites in tour guiding positions and travel consultants in this sub-sector and larger proportions of skilled employees (THETA 2000).

Figure 2. 5: Estimated employment distribution by population group and sub-sector (2000) (%)



Source: THETA SSP 2000

Source: THETA 2000

Sex distribution is a key indicator of vulnerability. Table 2.7 suggests that females constitutes just over half of all the sub-sectors, except conservation and tourism guiding, where at least a third of employment was female. Black males and females dominate the Hospitality sub-sector, a general indication of vulnerable and poorly paid circumstances, given historical patterns in SA labour market.

Table 2.7: Estimated employment distribution by sex and population group (2000) (%)

	Conservation & Tourism Guiding	Gambling & Lotteries	Hospitality	Tourism and Travel
Total females	32%	52%	53%	54%
White females	13%	9%	16%	34%
Black females	19%	43%	37%	19%
Total Males	68%	48%	47%	46%
White males	23%	11%	12%	20%
Black males	46%	37%	35%	26%

Source: THETA SSP 2000:35-37

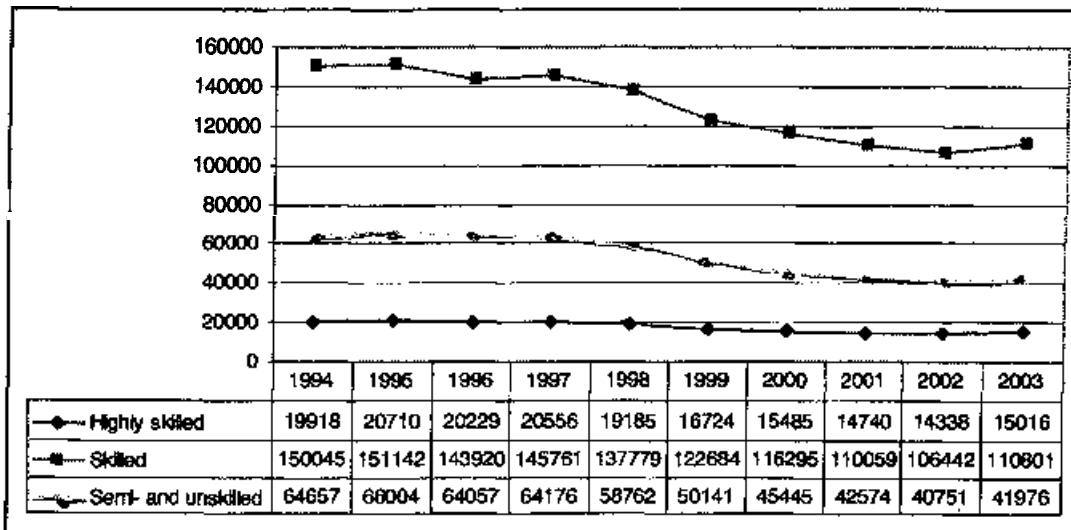
On the other hand, White females dominate travel and tourism, a reflection of the dominance of clerical and administrative skills required. Interestingly, Black females dominate Gambling and Lotteries, and are mostly found in sales and marketing occupations. This contrasting situation of Black females is attributed to the empowerment requirements of licensees (THETA 2000: 45). White males still dominate managerial positions though.

Black males dominate the conservation and tourism-guiding sub-sector. This was attributed to their concentration in tracking and game warden/managerial positions (THETA 2000:44). Contrastingly, Black females are largely employed in lower-skilled positions, such as waitresses, maids/cleaners, housekeepers and cashiers.

Skills distribution of employment

A decomposition of the skills profile in SIC 64 shows that skilled employment constituted the bulk of employment, followed by semi- and unskilled employment. Highly skilled employment constituted the smallest proportion (see Figure 2.6). In line with the general decline in total employment, skilled employment followed suit. The largest decline took place in the late 90s, and by 2003, there was an increase for the first time since the mid-90s. Semi- and unskilled employment levels followed a similar trend, whereas highly skilled employment levels remained relatively static since 2000.

Figure 2.6: Skills composition of employment in catering and accommodation – SIC 64 (1994-2003) ('000)



Source: Easy Data 2005

Figure 2.7 provides an overview of the annual change in skills composition in SIC 64.

Figure 2.7: Annual change in skills composition in catering and accommodation (SIC64) (%) 1994-2003

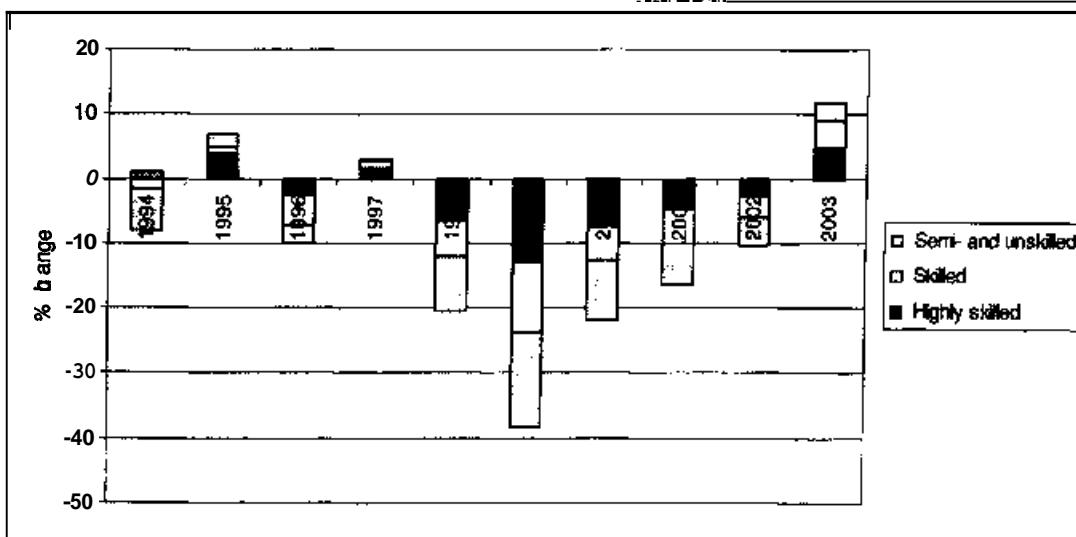


Figure 2.7 confirms that for most of the period, employment growth rates remained in negative territory. The largest declines happened in the period 1998-1999 at all skill levels. Anecdotal evidence suggests that the decline in semi- and unskilled labour in the hospitality sector (catering and accommodation) may be ascribed to the prevalence of outsourcing of low level occupational categories. Thus, such employees are largely employed in cleaning services, an area more often outsourced to external contractors (THETA 2004: 17).

Another look at skills distribution is shown in Table 2.8, which provides an overview of the distribution of occupations, by sub-sectors as defined by the THETA. It confirms that skilled craft and technical employees dominate the hospitality sector (accommodation and catering). However, the relative difference in size between skilled (32%) and unskilled (30%) is very small, when compared to the official data described in the previous two figures. This difference may be ascribed to the fact that the THETA data may have captured small, very small and micro-enterprises to a larger extent than the official data. In these enterprises, given their cost structure more low-skilled workers are more likely to be employed.

Table 2.8: Distribution of occupations by THETA sub-sectors (2004) (%)

	All Chambers/sub-sectors	Hospitality	Conservation	Gambling	Travel
Managers ³	14%	16%	13%	2%	24%
Craft workers	29%	32%	22%	29%	25%
Technical	12%	9%	13%	25%	4%
Administrative	9%	8%	8%	1%	24%
Unskilled	22%	30%	21%	1%	16%
Other	14%	6%	24%	43%	7%
Total	100%	100%	100%	100%	100%

Source: HSRC 2004, as cited in THETA SSP 2005-2009;17.

In the travel and tourism sub-sector, semi-and unskilled employees constitute **40** per cent of the labour force, compared to skilled employees at approximately 29 per cent. The relative large proportion of undefined occupational categories in the Conservation and Gambling makes it difficult to reach any conclusion regarding skills distribution in these sub-sectors.

Demographic profile of occupations

Table 2.9 confirms historical dynamics in the racial profiling of occupations. Thus, while Africans are concentrated in unskilled positions, they are increasingly employed in skilled positions, as well. Whites on the other hand, dominate highly skilled, managerial positions.

³ Occupational category code list: Highly skilled: managers, professionals, directors, engineers, nurses

Skilled: technicians and associated professionals, craft and trades;

Semi-skilled workers- service, administrative and clerical employees, operators:

Unskilled workers: labourers, cleaners, elementary occupations

Table 2.9: Distribution of occupations by population group (2004) (%)

	White	African	Indian	Coloured	Total (%)
Managers	78%	13%	3%	5%	100%
Craft workers	12%	67%	4%	17%	100%
Admin	39%	26%	14%	20%	100%
Technical	8%	78%	5%	5%	100%
Unskilled	2%	83%	1%	15%	100%
Other	7%	70%	14%	9%	100%

Source: HSRC 2004, cited in THETA SSP 2005-2009.

Atypical employment trends

It is often argued that atypical employment, especially in regard to flexible employment practices, has been increasing in the hospitality sector largely due to outsourcing and labour broking. There is a range of anecdotal reasons that are forwarded to substantiate this contention.

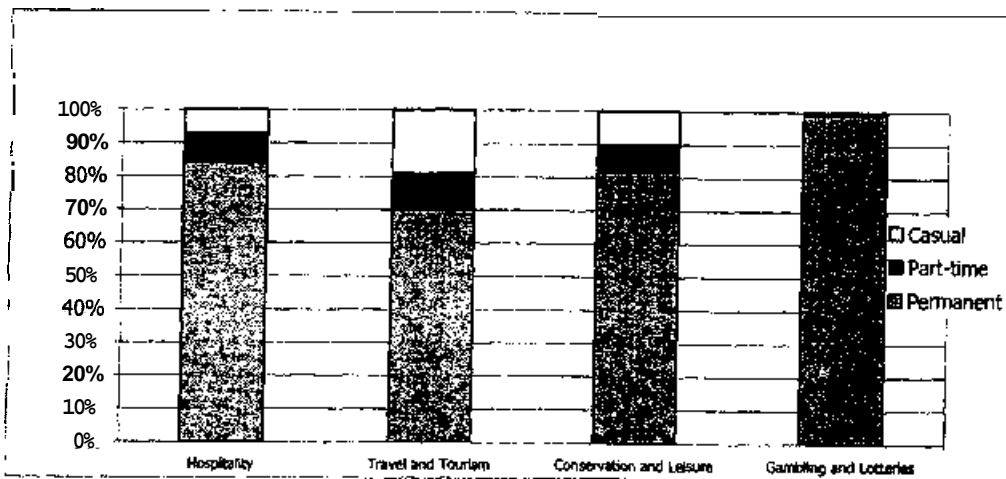
Firstly, the particular operational nature, is such that enterprises in especially hotels, accommodation, and restaurants operate on a 24 hour basis, 7 days a week, outside of so-called "normal" working hours (THETA 2000: 51), and thus require flexibility in terms of time and type of labour. Secondly, the seasonality of the sector with extreme fluctuations in the demand for services was also said to be another factor that leads to increasing part-time employment during high and peak seasons. This is further exacerbated by the fact that such peak season jobs apparently require unskilled or low-skilled employees (HSRC 2004, cited in THETA 2004). Thirdly, restructuring of the sector in order to reduce costs and increased flexibility has reportedly increased the incidence of outsourcing of "non-core" service activities such as catering, security and cleaning. Finally, the structural predominance of small, micro and medium-sized enterprises across all sub-sectors further lent itself to increased levels of atypical employment. Thus, the THETA (2000) argues that of the estimated 42 000 enterprises in its scope, only 13 000 is viable, as the rest is too small in terms of payroll size and number of employees, and do not necessarily operate or are easily monitored within the regulator framework. All of these factors might be contributing to the apparent existence of so-called "cash in hand, informal, hidden" employees (THETA 2000:51).

Cheadle and Clarke (2000:21) define the following forms of non-standard or **atypical** employment, as these terms are often used interchangeably:

- Temporary employees are employed for a specific period on a fixed term contract, such as replacing an employee on maternity leave;
- Part-time employees are employed continuously, on an indefinite contract, but the length of working hours or working week is generally shorter than that for full-time employees;
- Casual employees are employed on a separate fixed term contract, normally for a day at a time.

Now follows a contrasting picture, first across the sector and then in the hotel sector for permanent full-time and permanent part-time employees. Figure 2.8 is based on results for the THETA in 2000.

Figure 2. 8: Permanent full-time, permanent part-time and casual employment by THETA sub-sector (2000)

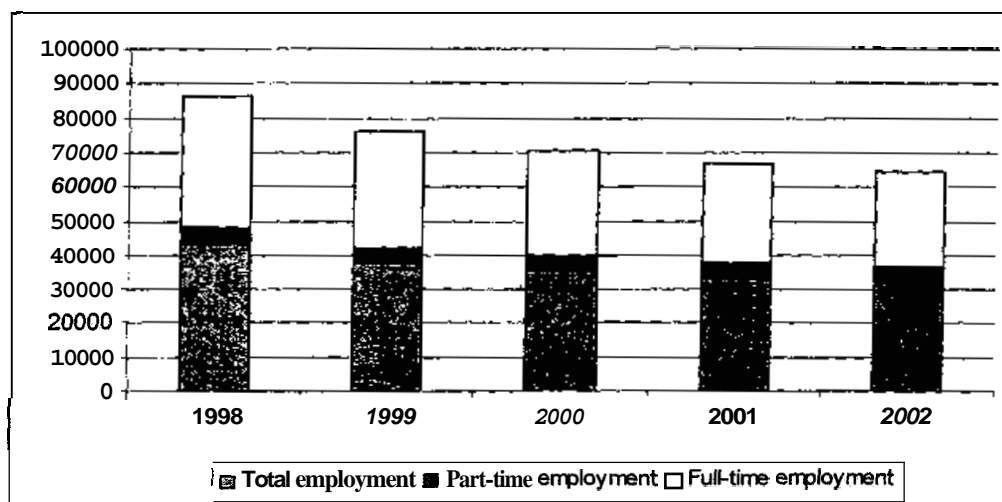


Source: THETA SSP 2000.

It shows that most employees are permanent full-time, in that their employment contract has no end date, and they are employed based on full-time ordinary hours of work. In most sub-sectors the proportion of permanent part-time employment remains fairly similar (8-11%) with the exception of Gambling and Lotteries that has a negligible proportion of such employment. Casual employment has the largest variation across all the sub-sectors. It also shows that the travel and tourism sector has the largest percentage of atypical employment at 30 per cent. Also, in this sub-sector the THETA (2000:26) finds that about one-third of the workforce consists of part-time assistants.

The lack of trend data means that it is difficult to support a view that there is a growing incidence of flexible employment practices. This figure does show though that just under 20% of employment is non-standard, a sizeable proportion of overall employment. Casual employment seems to be where growth is occurring. Figure 2.9 provides an analysis of trends in hotel employment for the period 1999-2002, based on official statistics.

Figure 2.9: Trends in hotel employment (1998 – 2002) StatsSA



Source: EasyData, 2005-04-20

It also confirms that, while employment levels have declined over the period, full-time employment remains the main form of employment, and that there has not been a discernible rise in the percentage of part-time employment. Similar data for the restaurant sub-sector is not available.

It seems therefore, that there is very little empirical data available to substantiate this apparent trend of atypical employment. This applies particularly to part-time employment.

It may be argued that the official statistics do not sufficiently capture the scope of these sub-sectors, and that the “hidden” nature of much of atypical, and especially casual employment also contributes to potential under capture. Further, those employed by labour brokers probably form a large proportion of the sections of the labour force not accounted for, or undercounted. It does point towards the potential difficulties in monitoring the impact of regulation, whether in regard to skills development or minimum wages and conditions of employment, among others, if such vulnerable employees cannot be captured sufficiently. The following section on restructuring trends provide further details as to what underpins changes in employment dynamics in the hospitality sector.

Youth employment

Anecdotal evidence suggests that there is an increasing trend to employ younger employees in the hospitality sector (restaurants in particular), and in atypical forms of employment. However, there is very little research data available on this issue. An analysis of the age profile in the sector may provide some initial evidence. This will be forthcoming in another section of this research project.

RESTRUCTURING TRENDS

The exposure to global competition to international standards and practices has resulted in various forms of restructuring of the workforce and so forth. In this section, practices such as sub-contracting, outsourcing, dependent self-employment and franchising are reviewed. Available data on these dynamics is uneven, and it is acknowledged that quantitative research may not necessarily capture the full extent of all of these phenomena.

Subcontracting and outsourcing

In the hospitality sector, sub-contracting, through the outsourcing of non-core activities such as security, general cleaning, laundries, gardening and maintenance, to an external company, is reportedly common practice (Clarke, Godfrey & Theron, 2002). Studies suggest that as early as 1991, that the Southern Sun group has gone beyond these traditional areas of outsourcing to a more comprehensive set of areas of non-core activities. Southern Sun hotel group now describes its core business as the “marketing and administration of letting rooms”. Thus, additional “non-core” services for outsourcing include food and beverage (including room service), transport and porter services (Cheadle & Clarke, 2000).

Then there is the phenomenon of “in-sourcing” at Southern Sun, which is a form of outsourcing. In this case, activities such as housekeeping or cleaning in the accommodation sub-sector are subcontracted to former employees who register so-called ‘independent’ close corporations (Clarke, Godfrey and Theron, 2002:36). Cheadle & Clarke (2000:47) argue that in the Southern Sun case, the company set up these closed corporations. Also, where smaller independent companies are sub-contracted, former company employees are employed at lower rates and poorer conditions of employment (Cheadle & Clarke, 2000). Outsourcing of porter services to ex-employees and the “in-sourcing” of housekeeping are practices found particularly in Southern Sun, but its incidence in other hotel groups has not been established.

Further, the shift towards concentrating on the core business has led to hotel groups specially designed on the basis of the “limited services” concept such as in the City Lodge group, where “no-frills” accommodation is the key service provided, and other functions are outsourced.

Other changes to food and beverage functions in hotels include the provision of a smaller range of foods served by the establishment and the external sourcing of certain foods (e.g. breads and confectionery) that may otherwise have been produced in-house (Clarke et al 2002: 36). The impact that this apparent reduction in operational functions has on occupational categories such as cooks and chefs is not known.

The research study by Clarke et al (2002) further suggests that the practice of sub-contracting and outsourcing is not extensive in the restaurant sub-sector (2002). However, industrial catering is a specific form of sub-contracting. In this case, the in-house catering function of hospitals, universities, and other companies are sub-contracted to an industrial caterer. The industry has been grown, especially through the acquisition of business from the private sector, private education and health care institutions, the tertiary education sector, and the public sector (Clarke et al, 2002). However, one of the respondents in this study argues that this growth has not resulted in increased levels of atypical employment, as most of their staff is employed on a permanent basis. Further, this company also argues that non-permanent employees are specifically engaged for special functions and events, to meet increased needs. Further employment agencies to engage temporary administrative employees are used to a limited extent (Clarke et al, 2002:37)

Labour broking and temporary work

Labour broking is a separate, yet related form of non-standard or atypical employment practices. In this case, the primary contract is about the provision of labour only rather than the managing of an operational function, such as housekeeping or gardening. Temporary employment agencies (for administrative and/or more skilled labour) and labour brokers (unskilled and semi-skilled labour) fall within this practice. The study by Clarke et al (2002) argue that in the Southern Sun group, the sub-contracted company that took over the

provision of food and beverage functions, obtain most of its employees from labour brokers. This particular example illustrates the inter-connectedness between the various practices.

Cheadle and Clarke (2000:32) suggest phenomenal growth in the temporary employment agency and labour broking sectors. In supporting of the idea that this type of employment is geared at circumventing labour laws, it cites the following quote from an advertisement for temporary staff in the Cape Town area:

“Guesthouse Temps, Marvellous Maids, Choose-a char offer ‘WONDERFUL WORKERS’ available for your selection at a nominal fee: domestics, chars, housekeepers, kitchen hands, restaurant workers, cooks, childminders, nurse aids, clerks, receptionists, drivers, cashiers, labourers. Make one phone call to find staff to your requirements, one call can solve any staffing problem that you may have.”

Finally, self-employment may be another form of atypical employment especially where there is a “dependent” relationship to the primary contracting company. This applies particularly to the first example in Southern Sun where sub-contracted CC members consist of ex-employees. The tourism-guiding sub-sector has a substantial percentage (95%) of self-employed tour guides (THETA 2000). Very little is known about their relationship and /or dependence on tour operating companies, who provide their main source of business.

Franchising

Franchising is a growing type of business activity in South Africa whereby a third party is granted a license to trade in the mother company’s goods and services, subject to the payment of a royalty fee and the maintenance of agreed quality and standards of operation. In South Africa franchising in the food industry is a growing phenomenon (Franchise Inc, 2005). As shown in Table 2.10, the Franchise Baseline Census 2004 shows that fast food/takeout establishments account for 6% of annual franchise turnover, while restaurants account for close to 3%.

billions) (%)

Business Category	2004 - R Billions	%
* Automotive	7302.071	6
Building & Home	5906.483	5
Business to Business	521.990	0.4
Education and Training	615.417	0.5
Fast Foods / Take-outs	7894.676	6
Health & Beauty	2591.405	2
Other	6820.756	5
Petroleum	52219.440	40
Restaurants	3532.640	3
** Retail	39514.650	31
Video & Entertainment	448.598	0.4
Total	129291.738	100

Table 2.11 shows that while the overwhelming majority of restaurants are franchised, only about 7% of fast food establishment is franchised.

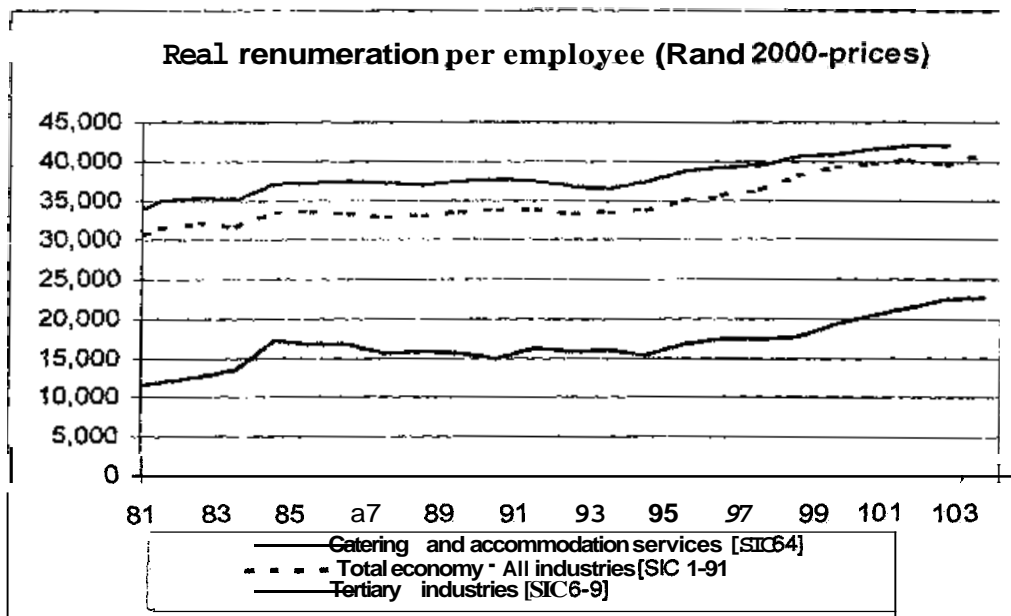
Business Category	Total outlets number	Franchised outlets	Joint Venture outlets	Company owned outlets
Fast food/ Takeout	43464	3118	23	323
Restaurants	1383	1315	14	54

Finally, the turnover rate of franchises needs to be considered, in order to assess the sustainability of such ventures and the implications for employment stability. There is no information available on trends, but in 2004 among fast food establishments and take-outs, 485 outlets opened and 113 closed. Of the total number of franchises (across all business categories), there were 2038 new outlets, while 567 closed in 2004. (NAMAC, 2004). This suggests a turnover rate between 23% and 28% for the respective categories, which has negative implications for employment turnover as well. The NAMAC data does not include disaggregated employment data by business category, and it is therefore not possible to make any conclusive findings about the employment impacts of franchising.

TRENDS IN REMUNERATION

The main source of remuneration data is StatsSA for the catering and accommodation sub-sector. Figure 2.10 shows for the period that real remuneration per employee in the sub-sector is substantially lower than the rest of the economy, and the tertiary sector as well. This reflects on the vulnerable nature of employees in the hospitality sector, as represented by catering and accommodation. Real remuneration fluctuated over the period, but in the late 90s, it increased to peak levels achieved in the mid 80s. There have been steady increases since 1999. This must be compared with employment levels that have shown negative growth trends for most of the 90s, until 2003.

Figure 2.10: Real remuneration per employee in industries (Rand 2000 prices)(1981-2003)



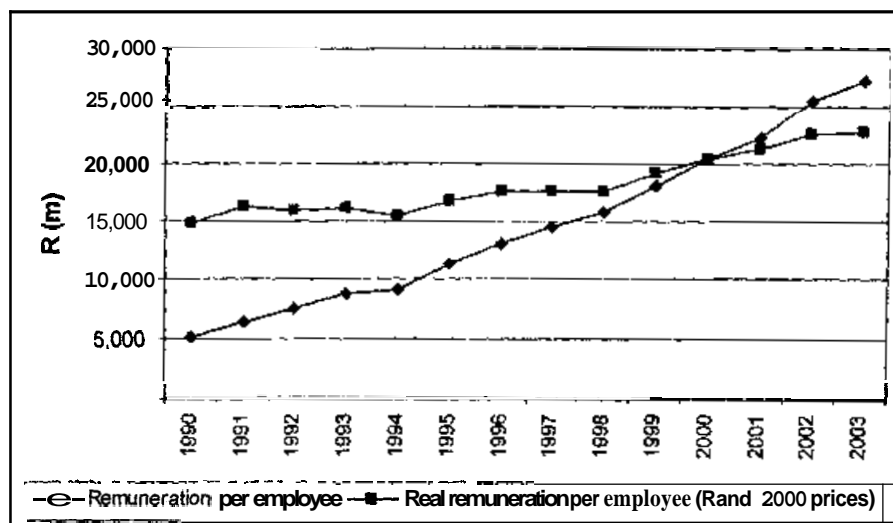
Source: Easydata, 2005

Note: the last 2 figures on the horizontal axis should read 2001 and 2003 respectively.

Figure 2.10 also shows that real remuneration for SIC 64 is far below that for both the total economy and the tertiary sector as a whole.

Figure 2.11 shows that since 2000, real remuneration per employee has fallen below that for annual remuneration per employee. This can be described to the combined effect of reductions in the size of the workforce, but probably more likely to the effect of below cost of living increases.

Figure 2. 10: Annual remuneration per employee & real remuneration per employee (Rm 2000 prices)



Source: Easydata 2005.

The StatsSA data shows that the weighted average annual growth rate in real remuneration per employee for the period, 1995 – 2003 is at 4%. Over a longer period, 1990-2003, it falls to 3.25% (Easydata, 2005).

BLACK ECONOMIC EMPOWERMENT (BEE)

As described before, the sector is known for its historical concentration of ownership in Whites. In December 2004, a DEAT steering committee released a draft of a Tourism BEE Charter and Scorecard. The document's main commitment is to global competitiveness and growth, and the transformation of the sector and extension among Black people, both in terms of ownership and as tourists. The scorecard identified the following elements towards growth and sustainability: ownership, management, employment equity, skills development, preferential procurement, enterprise development, and corporate social investment (TBCSA, 2004).

A very preliminary analysis of 164 THETA registered companies (2000:40) indicates the following policy trends in terms of BEE, in predominantly larger companies. It suggests that most companies still do not have a formal BEE policy and very low levels of Black ownership. These findings occurred to the release of the BEE scorecard, and these factors may have changed in the interim.

Table 2.12 :BEE Policy indicators for SMMEs in the THETA (2000)

Indicator	Number of organisations	% of total
Formal BEE policy	17	57%
Informal BEE policy	8	27%
No BEE policy	5	12%
Less than 25% black ownership	16	53%
25-50% black ownership	3	10%
More than 50% black ownership	3	10%
Ownership irrelevant	8	27%
At least one black director	18	75%*
More than 25% black directors	9	38%*
Comply with employment equity legislation	25	83%
Have workplace skills plan that targets H&DI's	22	73%
Formal affirmative procurement policy	16	53%
Informal affirmative procurement policy	6	20%
No affirmative procurement policy	8	27%

LEVELS OF INTERNAL ORGANISATION

The Global Competitiveness Report (Monitor 2004) notes a number of key limitations in the broad tourism sector. These include poor internal linkages within the tourism cluster and low levels of information sharing. Further, the sub-sectors reported "weak" relationships with local and national government, a factor to be considered in this project. The report concludes that the level of internal organisation was very low, given the fragmentation among the various sub-sectors, as well as the large number of SMMEs. Further, there are a number of industry associations, but it is noted that historically these structures do not necessarily reflect the full range of the sub-sectors, but rather that of larger enterprises mainly. Further, SMMEs and new enterprises established by those from previously disadvantaged backgrounds added to the organisational complexities (THETA 2004:2).

There is very little information available on the level of unionisation in the sector. The sector had three (3) regional Bargaining Councils, of which one (in KZN) has collapsed in recent times. The collapse is attributed largely to the withdrawal of the main employer association from the council. Further, the remaining Bargaining Councils are concentrated in Gauteng (Johannesburg and Tshwane metropolitan areas), a key area of concentration in the hospitality sector and tourism in general. However, the lack of collective bargaining coverage (through bargaining councils) in other provinces is a major limitation in terms of the maintenance of labour standards. Further, there is very little data in the public domain regarding union membership forthcoming from the relevant trade unions, namely SACCAWU, Hotellica and others. A further section of this research project includes key informant interviews with stakeholders in the sub-sectors. Further information on the scope and nature of internal organisation should be forthcoming from this process.

CONCLUSIONS

The key characteristic in the hospitality and/or tourism sector to consider is the high levels of differentiation in terms of its enterprise size as well as the definitions of the various sub-sectors. Thus, the dominance of small, very small and micro-enterprises presents a challenge in terms of determining and updating trends in terms of the size and growth in the sector. The range and quality of data available also poses a challenge in terms of the future monitoring of the sector in regard to the implementation of the proposed sectoral determination. At the same time, the size distribution also points towards the presence of vulnerable employees, and the need to establish equitable but affordable labour standards.

However, the indications are that in either the narrowly defined hotel and restaurant sub-sector (SIC 64) there are prospects for a recovery in terms of business conditions and employment. In the broader tourism sector, while performance has fallen short of expectations, the view for the future is very optimistic. The lack of cohesive organisation related to industry associations as well as collective bargaining presents a challenge, but also an indicator regarding the need for the protection of labour standards and relative vulnerability. As a key generator of employment, and a predominantly SMME sector, it will require a very delicate balancing act to ensure that both employers and employees are satisfied that their interests are met.

CHAPTER 3

Review of Sectoral Determinations, regional Bargaining Council Agreements and Company agreements in the Hospitality Sector

INTRODUCTION

This chapter provides a review and analysis of historical trends in the settlement of wages and selected conditions of employment for employees in the sector. Firstly, there is an analysis regarding the standardisation of occupational classifications. Then follows a comparison of conditions of employment in the current bargaining councils' agreements and the existing sectoral determinations. Finally, there is a review of trends in wages and increases in the SDs, regional bargaining council agreements and selected company collective bargaining agreements. This comparative approach seeks to highlight the scope and direction of changes in wages and conditions of employment as a result of collective bargaining. This provides another element to consider in establishing a comprehensive background within which to consider the proposed hospitality sectoral determination.

BACKGROUND

There are four sectoral determinations under review including the:

- WD 457: Hotel trade, certain areas; last updated in March 1989; valid from March 1989 – February 1990, and thereafter;
- WD 461: Catering trade, certain areas; last updated in May 1989; valid from June 1989 – May 1990, and thereafter;
- WD 477: The Trade of Letting of Flats or Rooms, Certain Areas, last updated in June 1995; and
- WD 479: Accommodation establishment trade, certain areas; last updated in December 1995; valid from January 1996 – June 1996, July 1996 – December 1996, January 1997 – December 1997, January 1998 and thereafter (more than 2 years in total).

The current SDs are applicable across all the metropolitan areas and other urban areas (or then called magisterial districts). There is a dearth of comprehensive and reliable data on actual wages pertaining to all employees, especially vulnerable employees. Other sources of wage data include selected collective bargaining agreements, negotiated at plant-level by the **South African Catering, Commercial and Allied Workers' Union (SACCAWU)** and individual employers, as contained in the Labour Research Service (**LRS**) database. These plant-level agreements generally cover employees in the lowest grades (general workers, labourers, security workers etc.), and reflect trends in the lowest average weekly wages among organised employees, mainly in the metropolitan areas.

The relevant regional Bargaining Council (BC) agreements are concluded by the two remaining Bargaining Councils for the:

- Tearoom, Restaurant and Catering Trade, Pretoria; valid for the periods, February 1998 – March 2004 and thereafter; and
- Restaurant, Catering and Allied Trades, Johannesburg; valid for the periods, 1999- 2004.

The bargaining council for the Liquor, Catering and Accommodation Trades, South Coast, KwaZulu-Natal, collapsed recently, after employers withdrew. Given this collapse, even fewer employees are covered through collective bargaining. There is no available data on the number of employees covered through the remaining two (2) BC's. However, they are concentrated in Johannesburg and Pretoria, both urban metropolitan areas where much of hospitality-related employment is concentrated. There are no bargaining councils in the hotel and accommodation trade or in the letting of flats and rooms.

Further, in some cases it is possible to provide figures on the number of employees covered through collective bargaining agreements in the LRS database, but mostly not. While trade unions do have data on their membership, this is not available in a disaggregated form, or at a sub-sectoral level.

However, the LRS database captures wage-related data for a number of companies where collective bargaining agreements are available. Thus, for the period, 2001-2005, there are 414 hotels and restaurants (mostly SIC 6420), and 150 hotels, camping sites and short-stay accommodation (SIC 6410) participating in the review (2005) - a fraction of the estimated 40 000 employers in the sector. Overall, it is difficult to establish the extent of coverage through either plant - or regional collective bargaining processes.

There are some indications from the LRS database that the size of companies vary widely, and their data capture the full range of company size categories, for those who are participating in plant-level collective bargaining. However, as the database is in itself only limited to those submitting their collective agreements, it does not provide a comprehensive measure of the spread of collective bargaining, especially for SMMES. Chapter 5 in this report reviews the scope and complexities of bargaining coverage, as reported by key stakeholders in the sector.

OCCUPATIONAL CLASSIFICATION

Given the fragmented nature of the hospitality sector, as proposed by the Department of Labour, as well as the scope of coverage in the current SDs, standardisation of occupational categories represents a major challenge. Chapter 2 in this report reviews the overlaps between the industrial definition and sub-categories adopted by the THETA and the proposed scope of coverage by the DOL in terms of the four existing sectoral determinations (WD 479, WD 461, WD 457, WD 477) and the proposed business activities.

Table 3.1 provides an overview of the general Standard Occupational Code (SOC) categories utilised across the THETA sub-sectors. Those occupations applicable to Sport, Recreation and Fitness fall outside of the scope of the DOL purpose. Also, only those occupational categories in the skilled, semi-skilled and unskilled categories are up for consideration.

The table provides a specific occupational category and the relevant SOC description. For the purposes of this report, the estimated size of occupations will not be considered. However, these SOC categories represent the standard approach adopted by THETA-registered employers in their submission of their Workplace Skills Plans; and applicable to those companies eligible for the submission of Employment Equity company reports. As it covers the various sub-sectors (Hospitality, Tourism and Travel, Conservation and Guiding, and Gambling and Lotteries), this approach presumably caters for the particular requirements of each sector. Further, in terms of this skill categorisation, the unskilled include labourers and related workers, while semi-skilled include service workers and clerks.

On the other hand, the current SDs adopts a range of different occupational descriptions, ranging from 13 to 20 different occupations, depending upon the SD. Similarly, the current

Bargaining Councils prescribe wages and conditions of employment in up to 28 different occupational categories. While this approach ensures that every possible occupation in the sector is considered, it is difficult to update information across such a large range of occupations. In the absence of formal collective bargaining processes, it becomes even more complex. Given the universal nature of the SOC categorisation, in both the official data as well as among employers, it may present an approach to the standardisation of occupational categories under the proposed sectoral determination.

Table 3. 1: Standard Occupational Classification (SOC) in the hospitality sector (THETA) (2000)

Occupational Category	Standard Occupational Category	% Of Total Employees	Estimated No. Employed 2000
Chairperson/CEO/MD	Senior Officials and Managers	3.8%	22 700
General Manager	Senior Officials and Managers	3.8%	22 500
Department Manager	Senior Officials and Managers	2.9%	17 300
Supervisor/Manager	Senior Officials and Managers	7.5%	45 000
Game warden/manager	Senior Officials and Managers	0.7%	4 400
Scientist	Professional	0.5%	3 140
Accountant	Professionals	1.3%	7 800
IR/HR Professional	Professionals	0.5%	2 700
Public Relations	Professionals	0.4%	2 600
Bookkeeper/Administrator	Technicians and Associate Professionals	2.9%	17 500
Craft trainer	Technicians and Associate Professionals	0.0%	200
Technician	Technicians and Associate Professionals	3.2%	19 400
Sales and Marketing	Technicians and Associate Professionals	5.2%	31 200
Tour broker	Technicians and Associate Professionals	0.2%	1 000
Travel consultant/organiser	Technicians and Associate Professionals	1.6%	9 700
Nutritionist	Technicians and Associate Professionals	0.1%	400
Coach	Technicians and Associate Professionals	0.7%	4 400
Referee	Technicians and Associate Professionals	0.0%	200
Professional athlete	Technicians and Associate Professionals	3.3%	20 000
Instructor	Technicians and Associate Professionals	0.1%	400
Trainer	Technicians and Associate Professionals	0.3%	1 800
Secretary/Typist	Clerks	1.6%	9 500
Cashier	Clerks	1.8%	10 900
Receptionist	Clerks	1.8%	10 900
Switchboard operators	Clerks	0.5%	3 000
Croupier/bookmaker	Clerks	0.6%	3 600
Ticket sellers/game controller	Clerks	0.8%	4 800
Security/Surveillance	Service Workers and Shop and Market Sales Workers	1.4%	8 400
Tour Guide	Service Workers and Shop and Market Sales Workers	0.6%	3 500
Housekeeper	Service Workers and Shop and Market Sales Workers	1.6%	9 500
Host/hostess	Service Workers and Shop and Market Sales Workers	0.2%	1 300

Chef	Service Workers and Shop and Market Sales Workers	3.6%	21 500
Caterer	Service Workers and Shop and Market Sales Workers	0.2%	1 200
Bar/tavern/shebeen operator	Service Workers and Shop and Market Sales Workers	1.9%	11 500
Front of house service	Service Workers and Shop and Market Sales Workers	0.1%	700
Field ranger	Service Workers and Shop and Market Sales Workers	1.0%	6 100
Bakery/pastry chef	Craft and Related Trade Workers	0.7%	4 400
Cellar person/wine steward	Craft and Related Trade Workers	0.4%	2 300
Tracker	Craft and Related Trade Workers	0.5%	2 800
Driver	Labourers and Related Workers	2.0%	12 100
Messenger	Labourers and Related Workers	0.2%	1 300
Janitor/Caretaker	Labourers and Related Workers	1.0%	6 300
Labourer/gardener	Labourers and Related Workers	8.5%	51 000
Chambermaid	Labourers and Related Workers	0.8%	5 000
Maid/Cleaner	Labourers and Related Workers	6.9%	41 300
Part-time functions assistance	Labourers and Related Workers	5.1%	30 800
Kitchen hand	Labourers and Related Workers	8.4%	50 570
Waiter/Waitress	Labourers and Related Workers	8.2%	49 400
Watchman/porter/doorkeeper	Labourers and Related Workers	0.4%	2 200
TOTAL			600 000

Source: THETA SSP 2000.

LABOUR STANDARDS IN THE INDUSTRY

An amendment of the Basic Conditions of Employment Act, providing for the payment of double time for those working on a Sunday, applicable from February 01, 2003, caused a major outcry among employers in the hotel and restaurant sub-sectors (The Herald, 2003). FEDHASA (representing hotels) and restaurants, which generally operate seven (7) days a week, indicated that it would apply for an exemption. It claimed that this provision would add an extra R200 million annually to total labour costs. This was challenged at the time by the unions, including FAWU citing low wages earned in the industry. The exemption was granted, although it is not clear what the rationale for the decision was. This example is cited to emphasise the challenge in regard to the attainment of reasonable labour standards in the sector.

Another example relates to a report that employers are paying a minimum wage of R0,50 an hour to waiters in the restaurant industry (Terry Bell, cited in Business Report 2005). On further investigation, it emerges that the current regional bargaining council in the Johannesburg area has in fact reached this agreement, fixing a minimum wage for contract waiters far below that set in the relevant sectoral determination (WD 461). Given this background, the next section provides a comparative analysis of the three (3) sectoral determinations, two (2) BC agreements and a sample of company agreements from the LRS database.

Trends in Conditions of Employment

This section compares conditions of employment in the sectoral and bargaining council agreements. The findings suggest that in general, the conditions in the bargaining council agreements are better than those in the sectoral wage determinations. However, it should be noted that the BCs are situated in urban metropolitan areas, which may skew the level of wage setting, and that most small and micro-sized companies are less likely to be party to these agreements. Also, the BC agreements have exemption provisions for small companies. This study has not been able to establish the extent to which exemptions are granted, and who generally applies for them.

A limitation of this comparison is that both BC agreements fall within the **same** sub-sector as the catering SD **461**; whereas there are no comparable BC agreements for the other SDs. However, the hotel, accommodation and letting of flats and rooms SDs are also included for illustrative purposes. Finally, it is assumed that since the current SDs pre-exist the BCEA, those areas **for** which **the** sectoral determinations do not **make** provision, the applicable BCEA is likely to apply. This does not apply to the wage provision, of course, **as** the BCEA does not speak to it. The next section analyses a range of provisions as covered in the current SDs and the BCs, where applicable.

Table 3.2 deals with exemptions granted to new and small employers.

	Exemptions from SD
Wage Determination 457	New employers (<12 months in business) are exempted for 12 months
Wage Determination 461	New employers (<12 months in business) are exempted for first 12 months
Wage Determination 477	New employer (<12 months in business) and small employer (annual gross receipts <R100000) may reduce wages by seven and a half percent.
Wage Determination 479	Small (<15 beds) or new employers (<12 months in business) may reduce wages by seven and a half percent.
Bargaining council Pretoria	Exemption is based on proof of restriction on business activity and or job opportunities business
Bargaining Council Johannesburg	Exemption is based on proof of restriction on business activity and or job opportunities business (applicable to small businesses <5 employees)

Two of the SDs (**WD 477** and **WD 479**) provides for exemptions of small employers; all of them extend this provision to new employers as well. The Pretoria BC extend the provision for exemption to micro-enterprises, with less than **5** employees. The BC agreements require proof to support the application for an exemption. There is no data available on the extent to which employers abide by this process, nor the rate of exemptions applied for and granted. However, the hospitality sector consists largely of small, very small and micro-enterprises and the decision on the granting of exemptions will need to be carefully considered, **as** such exemptions will to the majority of the workforce.

Further, there is no information available on the rate of application for exemption (nor the success or failure rate) to new employers (less than 12 months in business). Then the rate of "deliberate" turnover or "churning" needs to be considered. That is, where the same company changes name and re-registers in order to circumvent among others, legislative provisions.

While this study did not investigate this issue, in the course of the fieldwork we found a substantial rate of turnover among sampled companies, in that they no longer existed from a year ago, or was now registered under different names and so forth.

Table 33: Wage rates of casual and part-time employees

Wage Determination 457	Casual employees should be paid not less than the prescribed wage rate plus 15 %. Part-timers to earn no less than 60 % of prescribed wage.
Wage Determination 461	Casual employees should be paid not less than the prescribed wage rate plus 15 %. Part-timers to earn no less than 60 % of prescribed wage.
Wage Determination 477	Casual employees should be paid not less than the prescribed wage rate plus 15 %. Part-timers to earn no less than three fourths of the prescribed wage
Wage Determination 479	Casual employees should be paid not less than the prescribed wage rate plus 15 %. Part-timers to earn no less than 75 % of prescribed wage.
Bargaining Council Pretoria	No information available
Bargaining Council Johannesburg	Casual paid not less than one and a half times the prescribed wage rate. Part-time not less than 66.6 % of prescribed wage. Contract waiters not less than R0.50 per hour. Special function employees R16 per hour February 2004

Casuals covered by the regional BCs receive a slightly higher premium above the prescribed wage rate (50% more rather 15%) when compared to the SDs. The premium for part-timers is 6.6% higher among the BCs than in the SDs, except WD 477. Part-time employees covered by WD 479 are paid 75% of the normal rate though. However, contract waiters only earn a minimum of R0.50 per hour, lower than rates for general assistants covered by the Johannesburg BC. It is also lower than the lowest SD rate for general assistants, R0.75 per hour.

Hours and payment

All of the SDs provide for more than 45 ordinary hours per week, except WD 477. The regional BCs have moved to 45 hours per week, as per the BCEA, and are lower than the current SD provisions. In the BC and BCEA 45 hours apply irrespective of the length of the working week. The maximum ordinary weekly hours in the SDs range from 46 to 48 hours. Thus, the difference in regard to the BCEA is not substantial.

Hours for casual employees are similar at 8 hours per day, except SD 461 at 9 hours. Hours for part-time employees are generally higher at 8-9 hours per day, except for the Pretoria BC at 4 hours, way below the others.

Table 3.4: Ordinary hours of work

	Type of employee	Ordinary hours of work
Wage Determination 457	General	48 hours (Monday to Saturday)
	Security guards	60 hours (Monday to Saturday)
	Part time	4 hours per day
	Casual	8 hours per day
	Casual security	12 hours per day
Wage Determination 461	General	46 hours per week
	Security guards	60 hours per week
	Part time	25 hours per week
	Part time theatre	31 hours per week
	Casual	9 hours per day
Wage Determination 477	General (when a normal working week is ≤ 5 days)	9 hours per day & 44 hours per week (Monday to Saturday)
	General (when a normal working week is > 5 days)	8 hours per day & 44 hours per week (Monday to Saturday)
	Zasual (when a normal working week is ≤ 5 days)	9 hours per day
	Casual (when a normal working week is ≤ 5 days)	8 hours per day
	Security officer, Grade A&B (when a normal working week is ≤ 5 days)	12 hours per day & 60 hours per week (Monday to Saturday)
	Security officer, Grade A&B (when a normal working week is > 5 days)	10 hours per day & 60 hours per week (Monday to Saturday)
	Part-time	5 hours per day & 25 hours per week (Monday to Saturday)
	General	46 hours (Monday to Sunday)
	Security guards	60 hours (Monday to Sunday)
	Part-time	5 hours per day
Wage Determination 479	Casual	8 hours per day
	Casual security	12 hours per day
	General	≤ 45 hours per week or 7.5 hours per day on 6 days a week
	Casual	3 hours per day
Bargaining Council Pretoria	Part time (excluding theatre part-time counterhand & theatre part-time waiter)	4 hours a per day
	General	45 hours per week
	Security guards	50 hours per week or 10 hours per day
Bargaining Council Johannesburg	Casual	3 hours per day
	Special function casual	15 hours per day

Table 3.5: Spread over

Wage Determination 457	Ordinary hours of work and all overtime and meal intervals must be included in a spread over of < 14 a day, if accommodation is provided; Otherwise 12 hours
Wage Determination 461	≤ 12 hours but may exceed if overtime, ordinary hours of work and overtime and meal intervals > 12 hours per day
Wage Determination 477	Spreadover includes ordinary hours of work and all overtime, including all meal intervals and limited to - 12 hours per day where accommodation is provided; otherwise - 10hours per day
Wage Determination 479	Ordinary hours of work and all overtime and meal intervals must be included in a spread over of < 14 a day. For not more than one day a week the spread over may be extended by not more than 2 hours
Bargaining Council Pretoria	Not more than 12 hours but if overtime is worked, spread over may be exceeded to the extent by which ordinary hours plus overtime and any meal interval exceeds 12 hours
Bargaining Council Johannesburg	No provision for spread over

It is only the **WD 457** and **WD 479** in hotel and accommodation that are still above the 12 hours ceiling for spread over, generally applied in the other agreements. The **BCEA** allows for a daily rest period of 12 hours between ending and commencing work. While the **BCEA** does not explicitly allow for spread over, the effect of the rest period provision is to reduce spread over to 12 hours. Table 3.6 reviews payment for work on Sunday, free periods and the length of the working week.

Table 3.6: Compensation for work during free periods, Sundays & number of working days

Wage Determination 457	Excluding casual employees, work on Sundays daily wage
Wage Determination 461	One free period to be granted of ≥24 consecutive hours every week. Work during free period is paid the daily wage if > 4 hours, if <4 hours double time and third OR one & 1 day paid leave; Working week - 7 days
Wage Determination 477	Public holidays & Sundays paid daily wage plus: hourly wage or daily wage OR one & third & 1 day paid leave Working week - Monday to Saturday
Wage Determination 479	Work on Sundays paid double time if >4hours, if <4 hours one and a-third OR one & third & 1 day paid leave (excluding casuals) Working days - Monday to Sunday
Bargaining Council Pretoria	An employee shall not work more than 6 days in a week
Bargaining Council Johannesburg	Not more than 6 days including Sundays, unless it is his day off

Working on Sundays and the corresponding rates of pay will remain a controversial issue given the flexible operational requirements in the sector, and demands to keep labour costs

low. The exemption of the industry from the BCEA provisions (double time on Sundays) is perhaps an indication of where future trends are in terms of the new SD. The BCs have reduced the working week to 6 days, subject to 45 hours per week; the SDs for the Accommodation and Catering provide for 7 days.

Table 3.7 reviews payment for overtime, and it shows that the Pretoria BC and all the SDs pay one and one third times the prescribed wage for the first 10 hours, and one and one half times for overtime hours in excess of 10 hours.

Table 3.7: Payment for Overtime

Wage Determination 457	Casual workers $\geq 1\frac{1}{2}$ times hourly wage Other employees: $\geq 1\frac{1}{2}$ times hourly wage for <10 hours per week $1\frac{1}{2}$ times hourly wage for >10 hours per week
Wage Determination 461	Casual workers $\geq 1\frac{1}{2}$ times hourly wage Other employees: $\geq 1\frac{1}{2}$ times hourly wage for <10 hours per week $1\frac{1}{2}$ times hourly wage for >10 hours per week
Wage Determination 477	Casual workers $\geq 1\frac{1}{2}$ times hourly wage Other employees: $\geq 1\frac{1}{2}$ times hourly wage for <10 hours per week $1\frac{1}{2}$ times hourly wage for >10 hours per week
Wage Determination 479	Casual workers $\geq 1\frac{1}{2}$ times hourly wage Other employees: $\geq 1\frac{1}{2}$ times hourly wage for <10 hours per week $1\frac{1}{2}$ times hourly wage for >10 hours per week
Bargaining Council Pretoria	$1\frac{1}{2}$ times weekly or monthly wage excluding casuals & special function employees
Bargaining Council Johannesburg	No information available

Casual employees under the BC do not earn a premium for overtime, unlike those under the SD.

The Ministerial Determination for Small Business (less than 10 employees) is inline with the current SD provision, as it has varied the BCEA downward for very small and micro enterprises. This covers many such companies in the hospitality sector. However, for those that are larger than 10 employees, the provision of the BCEA is likely to apply, that is, one and one half times the wage for overtime hours.

The main difference in regard to night shifts is that the BCs pay allowances (for specified categories of employees) whereas there is no such provision in the SDs. It is assumed that the BCEA would apply in this case, in regard to a shift allowance, reduction in hours or transport allowance.

Table 3.8: Transport and night shift allowance

	Transport & night shift
Wage Determination 457	No provision for transport or night shift allowance
Wage Determination 461	No provision for transport or night shift allowance
Wage Determination 477	No provision for transport or night shift allowance
Wage Determination 479	No provision for transport or night shift allowance
Bargaining Council Pretoria	A "night shift allowance" shall be provided to relevant employees of R2.50 per hour (2003), R3,50 per hour (2004)
Bargaining Council Johannesburg	When casuals, special function employees & contract waiters work later than 22:30 "late night allowance" should be provided.

Table 3.9 reviews meal intervals, and shows that the BCs provide longer meal intervals (1 hour) than the SDs that still limit it to 30 minutes. The BCEA provision of one hour (continuous) for every 5 hours of continuous work is likely to apply.

Table 3.9: Meal intervals

	Meal intervals
Wage Determination 457	≥ 30 minutes within 1 hour before to 1 hour after guests' mealtime OR every 5 hours for ≥ 30 minutes
Wage Determination 461	Every 5 hours for ≥ 30 minutes
Wage Determination 477	
Wage Determination 479	≥ 30 minutes within 1 hour before guests' mealtime; after 5 hours of continuous work; not part of ordinary hours of work
Bargaining Council Pretoria	For every mealtime within the establishment an employee should get a break of ≥ 1 hour after 5 hours of continuous work
Bargaining Council Johannesburg	1 hour after 5 hours of continuous work in the case of 6 day week worker Meal Interval after 6 hours of continuous work for 5 day week worker (subject to bilateral agreement) Meal Interval after 6 hours of continuous work for 4 day week worker

Table 3.10 reviews the provision of meals, accommodation and deductions. The SDs require a deduction for meals and accommodation provided by the employer. The exact amount or proportion of the employees' wages is not specified, except for **WD 477**. The Johannesburg **BC** states that employees may agree to pay for meals through a wage deduction; in Pretoria, meals are provided for **free**, or employees are paid **an** equivalent amount. The BC agreements do not make provision for accommodation or the payment of allowances, largely as they *are* in the restaurant and catering sub-sector.

Table 3.10: Provision of meals / accommodation, allowances and deductions

	Meal provision
Wage Determination 457	Where an employee accepts meals, rations/accommodation/ meals, a set weekly or monthly deduction may be made
Wage Determination 461	Where an employee accepts accommodation & board with employer (incl. 3 meals p/day), a set weekly or monthly deduction (by occupation) may be made. If meals not supplied, deduct (R0.20- R0.30) per meal provided, depending on occupation.
Wage Determination 477	If an employee is required by law or agrees to accept accommodation, meals/ rations, a deduction (agreed to in writing) may be made. The deduction may not exceed 17% of the employee's wage for meals or rations, or 8% of the employee's wage for accommodation;
Wage Determination 479	Where an employee accepts food or accommodation/food & accommodation a deduction may be made. Deductions increase over the period of agreement (Dec 1995 –Jan 1998)
Bargaining Council Pretoria	Excluding night watchman every worker is entitled to free of charge meals falling within working hours in addition to wages prescribed. If not provided the employer shall pay ≥ R50 per week for full time employees and R7.50 per meal for casual part time & function employees
Bargaining Council Johannesburg	Excluding contract waiters, casual or special function casual employees a wage deduction (with agreement) may be made, not exceeding R40 per month or R9.23 per week for part time workers, R70 per month or R16.15 per week for full time workers for meals

The BCEA does not specifically refer to wage deductions for meals or the provision of meals. It only states that deductions must be made in agreement with the affected person. Thus, **the** deduction for meals and accommodation would be allowed under the BCEA provision, subject to **an** agreement. In regard to the provision of accommodation, the BCEA states that on the termination of employment, the employer must provide the employee with accommodation for one month until the lawful termination of the contract. This would apply specifically to those accommodated on the business premises, such **as** in the hotel and accommodation sub-sectors.

Table 3.11 reviews maternity leave and family responsibility leave. The SDs do not make provision for either. Given the number of women in the hospitality sector, it is assumed that the BCEA provisions will apply in terms of maternity leave. However, with regard to family responsibility, the Ministerial determination for small business (less than **10** employees) provide for the downward variation of 3 days paid leave subject to a written agreement. This will apply to many very small and micro enterprises in the hospitality sector. In the case of those larger than 10 employees, the BCEA provision is likely to apply.

Table 3.11: Maternity and Family Responsibility leave

	Maternity Leave	Family Responsibility Leave
Wage Determination 457	No provision – BCEA applies	No provision – BCEA applies
Wage Determination 461		
Wage Determination 477	No provision – BCEA applies	No provision – BCEA applies
Wage Determination 479	No provision – BCEA applies	No provision – BCEA applies
Bargaining Council Pretoria	4 months unpaid maternity leave but will be entitled to one month's maternity pay after returning & working for one month	3 days paid leave per year & leave does not accumulate. Applicable to a 5 day week worker employed with same employer for more than 12 months
Bargaining Council Johannesburg	4 consecutive months unpaid maternity leave	3 days paid leave granted to a 5 day week worker employed with same employer for more than 12 months

TRENDS IN MINIMUM WAGE RATES

The next section provides a comparative analysis of minimum wage rates by occupational categories and magisterial districts, in the sectoral determinations, regional bargaining council agreements and a sample of company agreements in the **LRS** wage database.

Standardisation of minima across occupations

A key issue to be considered is whether wage minima should be standardised in similar occupational categories, or skill levels, across the sub-sectors. The range of occupations within and across the determination makes it virtually impossible to track changes in skill levels or demands, which may result in differing levels of compensation. A comparison of **WD 461**, **WD 457** and **WD 477** shows that there are significant differences in weekly minima in the same occupational categories across the 2 sub-sectors, and in the same magisterial district. Table 3.12 shows that a cook, with less than one year of experience will earn very different minimum monthly wages depending on both the region (or magisterial district) and the particular sub-sector.

Table 3.12: Minimum monthly wage of a cook (1989 -) (Rands) in selected magisterial districts

	Hotel Trade(R)	Catering trade(R)	Accommodation (R)
Beacons Bay etc	237 – 258	312–342	447
Brits, George etc	219 - 239	269.10 – 295.01	
etc			

Thus, it seems that being a cook in the same magisterial district does not result in uniform monthly wage levels, as shown in Table 3.13. Thus, a cook in the Beacons Bay magisterial district will receive at minimum **R239** in the hotel trade, **R312** in the catering trade and **R447**

in the accommodation trade. Of all the sub-sectors, cooks in the hotel sector earn the lowest, while those in accommodation earned the highest, irrespective of magisterial district, and catering is in-between. Thus, it is not clear how the SDs attempt to compensate for differences in the affordability levels in the different magisterial districts. Cooks in all the sub-sectors do a similar job yet earn very different wages. Thus, the example attempts to illustrate that it is rather the weight or “market value “ of jobs in a particular sub-sector that plays a key role in wage differentiation. Further, even where wages are differentiated by magisterial district this is still outweighed by the impact of the sector differential.

Approaches to Updating Sectoral Minima

It is common cause that the provisions in the existing sectoral determinations are outdated and have lagged behind the cost of living of employees. It is evident that the SDs adopted two approaches to the problem of timely increases. These are to stagger increases over time by extending the period of the agreement and using the length of experience of employees as the basis for increases.

The accommodation SD 479 uses both approaches as a basis for increases. Thus, it provided for staggered increases in minima for the period December 1995 – January 1998, subsequent to the SD 479 coming into effect. In the first 12 months, increases came into every 6 months, after which it followed the 12-month pattern. This was to the advantage of entry-level employees, as they benefited from such increases. However, this came to an end in January 1998 (24 months), and no further increases are provided for. The other 2 SDs are generally applicable over one year, and then extended indefinitely. Thus, after the first 2 years, entry-level or new employees would receive very outdated minimum wages, while the minima of other employees would remain static.

However, all the SDs provide for increases based on length of experience ranging from 6 months (most common) to 36 months (very few occupations). New employees with no experience (in the industry) though, would still receive very outdated minimum wages. This serves as an incentive for employers to take on new staff though, and compensate for the lack of skill of new, inexperienced staff.

Since the sectoral determinations are generally aimed at vulnerable employees in terms of levels of pay, conditions of employment and skill, an example is drawn to point out the extent to which minima have lagged behind.

This is illustrated by the example of the lowest paid general worker (with at least one year of experience) in the restaurant and catering trade, in a metropolitan area. The lowest weekly wage is then compared across the relevant determinations, bargaining council agreements and company agreements as illustrated in Table 3.13. Some of the limitations of this example include among others that, non-metropolitan wages will be even lower and that the LRS data is based on the lowest average weekly wages rather than minima, which would include the skewing effect of some workers being paid above the minimum, provinces and differences in companies across size.

Table 3.13: Lowest weekly wage for a general worker in the restaurant & catering trade (metro area) (1998–2005)

	1998	2000	2001	2002	2003	2004	2005
WD 461	81.42	81.42	81.42	81.42	81.42	81.42	81.42
Pretoria BC	126.89	187.53	209.1		261.14	288.86	not available
Jhb BC	169.65	184.5	195.75	231.75	243	256.5	not available
LRS	not available	not available	285.83	297.19	300.72	303.72	329.63

The most recent increase for the **WD 461** was in **1990**, since when no adjustments were made. The following become evident from this comparison:

Firstly, there are substantial differences across the various wage-setting mechanisms, with plant-level agreements attaining the highest overall weekly wages in this category, also noting the limitations stated previously. This was followed by BC minima that are generally lower than the plant-level minima. Secondly, the magnitude of the difference increases over time, in that the SD minima are more than 3 times lower than the lowest BC minima. This may be ascribed to the impact of collective bargaining. It also illustrates the extent to which unorganised workers are disadvantaged in terms of reasonable minimum standards.

Table **3.14** provides a similar analysis for a general worker in the hotel and accommodation trade. There are no comparable BC data available though. The interesting feature here is that the SD minima in the accommodation establishment sub-sector is double that in the hotel trade. The assumption is that accommodation establishments largely include non-hotel services, such as bed and breakfasts, guesthouses and so forth. These tend to be smaller establishments compared to hotels, and thus the rationale for the size of the wage differential is not clear. If affordability is the basis for the differential, one would expect those working in accommodation establishments to be paid a lower rate, as hotels should be able to afford a higher rate.

Table 3.14: Lowest weekly wage for a general worker in the hotel and accommodation trade (metro area) (1998–2005)

	1998	2000	2001	2002	2003	2004	2005
WD 457*	65.12	65.12	65.12	65.12	65.12	65.12	65.12
WD479**	143.41	143.41	143.41	143.41	143.41	143.41	143.41
LRS			306.76	319.74	354.47	394.42	434.03

* Magisterial district including Kuilsriver⁴;

** Minima applicable for the post **1998** period only.

As before, the LRS lowest weekly averages are substantially higher than both those of the SDs. By 2005, a general worker in the hotel sector is earning 6 times less, but in the accommodation sector is only earning 2 times less.

⁴ The 2 SDs do not have identical magisterial districts. In this case, Kuilsriver was found to be a common area to both. However, magisterial districts for SD 479 also include metropolitan areas, which may have had a skewing effect on minimum wages.

TRENDS IN THE SIZE OF WAGE INCREASES

This section provides an overview of trends in wage increases as illustrated through the regional BC agreements as well as the LRS company agreements.

Selected company agreements

The Labour Research Service (LRS)⁵ collects and keeps wage agreements between employers and employees in various sectors. Table 3.16 shows trends in lowest weekly wages and increases in the hotel and restaurants. Over the period, wage increases fluctuate quite significantly, and seem to be on a general downward trend, notwithstanding a minor increase in 2002. In 2005, though the average increase is quite dramatic for its sheer magnitude.

Table 3.15: Average lowest weekly wage for company agreements in Hotels⁶ and restaurants (2001 –2005)

Year	Sample	Current average (R)	Average increase (%)	CPI Average value	CPI average increase	Real average increase
2001	93	285.83	3.60	106.52	6.01	-2.41
2002	117	297.19	3.97	118.71	11.44	-7.47
2003	97	300.72	1.21	124.03	4.48	-3.27
2004	72	303.02	0.74	125.36	1.07	-0.33
2005	35	329.63	8.78	127.00	1.31	7.47

Source: Labour Research Service(2005)

When considering the inflationary impact of wage increases, Table 3.15 also shows that over the period, real wage increases are below the average inflationary increase, reaching its lowest point (-7.47) in 2002. Yet again, the situation is reversed in 2005.

However, it is difficult to interpret these data, as one does not have a clear profile of the types of companies in the sample. For instance, a superficial analysis shows that there is an apparent inverse relationship between the size of the average wage increase and the number of companies in the sample. Thus, the 2005 results (the largest increase) also cover the smallest number of employers over the period. **Also**, it is possible that with the addition of companies to the sample (to capture ongoing negotiations), the average wage increase may change. **As** such the LRS results should be regarded as indicative of certain trends, and its limitations be kept into consideration.

⁵ As an addition to this data, Appendix 1 provides a summary of trends in lowest weekly wages achieved by SACCAWU in the hotel, restaurant and accommodation sub-sectors.

⁶ It is unclear why hotels are included under both sub-sectors.

	Sample	Current Average ®	Average increase (%)	CPI Average value	CPI Average increase(%)	Real Average increase (%)
2001	43	306.76	-3.85	106.52	6.01	-9.86
2002	46	319.74	4.23	118.71	11.44	-7.21
2003	31	354.47	10.86	124.03	4.48	6.38
2004	20	394.42	11.27	125.36	1.07	10.20
2005	10	434.03	10.04	127.00	1.31	8.73

Source: Labour Research Service, 2005.

Table 3.16 shows trends in lowest weekly wages and increases in the hotel, camping sites and short-stay accommodation. The average, lowest weekly wage is higher than that for hotels and restaurants. This is contrary to the SDs where minimum wages in hotels tend to be lower than an equivalent occupation in the restaurant sub-sector.

Wage increases have remained constant over 2003 and 2004 (excluding 2005), especially given the low point reached in 2001 and slight recovery in 2002. The impact on real average wages has been positive over the last 3 years, after below inflation increases over the period 2001 – 2002. Thus, when comparing the 2 sub-sectors, those working in the hotel, camping site and short-stay accommodation have improved wages and maintained such increases better than those in the restaurant sub-sector.

Wage trends in regional Bargaining Council agreements

This section is based on the minimum wage provisions in the two regional BC main collective agreements in the restaurant and catering sub-sector, and may have limited applicability to those in the hotel and accommodation sub-sector. It is of necessity a relatively limited analysis for a number of other reasons.

The BC agreements were regionally based in the main metropolitan and surrounding urban areas, and thus did not reflect the national picture. Further, these agreements covered organised employees and employers, whereas the SDs are targeted at predominantly unorganised employees. As a consequence, minimum wages attained through these collective bargaining processes are likely to be higher. However, the majority of employees represented by trade unions participating in both BCs, generally include those in the lower skilled and lower paid bargaining units. This provides sufficient basis for comparison, as this is the target population for the SDs as well. Finally, there is a dearth of comprehensive, reliable wage-related information available on all employees (vulnerable or not). Given this, minimum wages attained by organised employees still provide a good source of information on trends in the sector.

Table 3.17 provides an overview of trends in weekly minimum wages and increases for the period 1999 – 2004 in the Pretoria BC. On the one hand, it shows that in 1999 the magnitude of the wage increase varied widely across occupational categories. Minimum wage increases range between 12.8 – 54.9 per cent. By 2000 it had declined dramatically to an average of 5 per cent (except for an outlier of 32 per cent). Thus, there seems to have been a major adjustment of minima in 1999, followed by a decline by 2000.

On the other hand, in the post-2000 period, the range of increases in wage minima shows relative stability. The 2003 agreement seems to have been a retrospective adjustment for the years, **2001-2003**. The average size of the annual increase ranges **from 7.9 -13.6** per cent. Across occupational categories, there is a fairly small gap **and** the increase is generally skewed in favour of general workers (except for kitchen hands). However the wage gap between qualified and unqualified employees across all occupations, is approximately 3 per cent, and skewed in favour of the unqualified. By **2004**, this gap (between the qualified and unqualified) has closed completely, and all categories **are** granted **the** same increase. The overall effect of the differentiated wage increase has been to reduce the overall wage gap in similar occupations. The average wage differential within occupations now stands at 11% in **2004**. By contrast, among the current SDs there is no consistency in terms of the size of these intra-occupational differentials. Thus the differentials may vary within the same SD across occupations. There is also no consistency across SDs within similar jobs.

With the exception of 2000 (and **2002** to some extent), increases in the BC wage minima were generally above the relevant CPIX. **Thus**, BC minima in the Pretoria area tended to keep up with increases in the cost of living.

Table 3.17: Weekly minimum wage trends in the Bargaining Council for Tearoom, Restaurant and Catering trade (Pretoria) 1998 - 2005.

	March 97-Feb 98	% increase	Mar-99	% increase	Mar-00	% increase	Average annual increase	Mar 03-Feb 04	% increase	March 04 and thereafter
	Weekly		Weekly		Weekly			Weekly		Weekly
Barman										
Qualified	241.31	13.7	274.4	4.9	287.71	23.0	7.9	355.71	7.9	383.43
Unqualified			232.42	5.0	244.04	5.6	10.3	320.14	7.8	345.11
Cashier										
Qualified	168.19	30.1	220.19	5.0	231.19	25.9	6.5	280.38	9.5	318.09
Unqualified	135.35	35.6	183.49	5.0	192.68	35.6	11.9	261.34	9.5	286.28
Baker										
Qualified	205.85	42.5	293.68	5.9	308.29	23.7	7.8	381.32	7.5	409.82
Unqualified	157.81	54.9	244.85	5.0	256.88	33.8	11.2	343.19	7.5	368.93
Clerk										
Qualified	188.83	29.5	244.65	5.0	256.88	24.8	6.9	320.06	8.7	347.79
Unqualified	160.73	38.9	215.29	5.9	228.09	27.4	11.1	286.07	8.7	313.01
Chef										
Qualified	339.36	12.9	381.85	5.9	400.74	20.7	7.6	495.72	7.6	532.9
Assistant chef										
Qualified	225.59	29.3	293.58	5.9	306.26	28.7	7.9	381.32	7.5	406.92
Unqualified	163.29	33.9	244.05	5.0	256.88	23.6	11.2	343.19	7.5	368.93
Cook										
Qualified	180.73	44.9	232.42	5.0	244.04	23.1	6.4	305.23	9.1	332.94
Unqualified			195.72	5.0	205.51	33.9	11.2	274.7	9.1	299.64
General worker										
Qualified	129.89	40.8	178.6	5.0	187.53	30.3	13.1	261.14	18.6	288.88
Unqualified			159.02	5.0	166.97	40.3	19.9	235.03	10.6	259.97
Kitchen hand										
Qualified	119.97	42.9	171.29	9.2	228.42	16.3	6.1	261.14	10.9	288.88
Unqualified			159.02	5.9	166.97	40.3	13.9	235.03	10.6	259.97
Night-watchman										
Qualified	160.73	32.4	212.85	5.0	223.49	25.3	8.6	281.47	9.8	306.18
Unqualified			188.15	5.9	197.56	29.2	8.3	253.32	9.8	279.29
Shelf packer										
Qualified	189.19	39.9	225.06	5.0	236.33	25.4	6.9	296.32	9.4	324.03
Unqualified	129.71	63.9	195.72	5.0	205.81	39.9	9.4	266.68	9.4	291.83
Supervisor										
	300.44							444.88	7.5	478.24
Walter										
Qualified	155.09	26.2	195.72	5.0	205.51	27.1	8.0	261.14	10.6	288.88
Unqualified	129.43	23.9	159.02	5.0	166.97	40.3	13.9	235.03	10.6	259.97
CPIX: Metro & other urban areas (%)		6.9		7.5		6.6; 9.3; 6.8*			4.9	

Source: Adapted (2003) Bargaining Council for Tearoom, Restaurant and Catering trade : Pretoria

* CPIX : 2001- 6.6; 2002 - 9.3; 2003 - 6.8.

Table 3.18 provides an overview of minimum hourly rates, for the period 1999–2004, in the Johannesburg BC in the restaurant and catering sub-sector. This analysis focuses on the shifts among minima for all employees, excluding special function employees.

It shows that in 2000 the increase ranged between 5 – 10 per cent, skewed in favour of lower skilled employees. By 2001, the size of the increase declined to 5-6 per cent. In 2002, the range shifted completely from -8.3 – 13 per cent (notwithstanding several outliers). Certain categories of low skilled employees received significantly higher increases, 18.2% for general

assistants and **32.9 %** for watchmen. The declines in hourly rates are mostly evident among drivers. In fact, in the post-2002 period there are no increases recorded for light motor vehicle drivers. The increases for the periods, **2003** and 2004 stabilise, ranging from 5-8 per cent for the former, and 5-7 per cent for the latter.

Finally, 2004 was the first time that all employees received hourly increases above the inflation rate (**CPIX-4.3%**). In previous years, most employees received increases below the inflation rate. However, in 2000 and **2002**, some lower skilled employees received increases above the applicable inflation rates,

Then, with regard to special function employees, their hourly rates have not been adjusted since 2002. Their rates are significantly higher than those for other employees, but overall wages would vary depending on the number of hours. Note must be taken that **is also** the BC that settled on a **R0.50** rate per hour for contract waiters. There is no data available on the number of contract employees in the sector, and therefore it is difficult to make any conclusions on the overall negative effect on working circumstances of these employees,

Table 3.18: Wage trends (rates per hour) for the Bargaining Council in the Restaurant,

	1999	Annual Increase (%)	2000	Annual Increase (%)	2001	Annual Increase (%)	2002	Annual Increase (%)	2003	Annual Increase (%)	2004
Chef	10.5	8.2	11.05	5.0	11.8	5.2	12.2	4.9	12.8	4.7	13.4
Bar tender	6.1	3.7	6.45	5.4	6.8	6.9	7.25	6.2	7.7	6.9	8.2
Cashier	6.1	3.7	6.45	5.4	6.8	6.9	7.25	6.2	7.7	6.9	8.2
Clerk	6.1	3.7	6.45	5.4	6.8	6.9	7.25	6.2	7.7	6.9	8.2
Security Guard	6.1	3.7	6.45	5.4	6.8	6.9	7.25	6.2	7.7	6.9	8.2
Supervisor	6.1	3.7	6.45	5.4	6.8	6.9	7.25	6.2	7.7	6.9	8.2
Assistant Bar tender	5.28	5.1	5.55	5.4	5.85	6.6	6.25	6.4	6.65	6.0	7.05
Assistant Cashier	5.28	5.1	5.55	5.4	5.85	6.6	6.25	6.4	6.65	6.0	7.05
Head Cook	5.1	4.9	5.35	5.6	5.65	6.2	6	6.7	6.4	6.2	6.9
Head Waiter	5.1	4.9	5.35	5.6	5.65	6.2	6	6.7	6.4	6.2	6.9
Head Wine-Steward	5.1	4.9	5.35	5.6	5.65	6.2	6	6.7	6.4	6.2	6.9
Management Trainee	5.1	4.9	5.35	5.6	5.65	6.2	6	6.7	6.4	6.2	6.9
Receptionist	5.1	4.9	5.35	5.6	5.65	6.2	6	6.7	6.4	6.2	6.9
Kitchen Supervisor	4.85	4.4	4.9	5.1	5.15	6.5	5.5	6.4	5.85	6.0	6.2
Counter Assistant	4.34	7.1	4.65	5.4	4.9	6.0	5.25	4.8	5.55	6.3	5.9
Part-time Driver	4.34	7.1	4.65	5.4	4.9	6.0	5.25	4.8	5.55	6.3	5.9
Waiter/Wine Steward	4.34	7.1	4.65	5.4	4.9	6.0	5.25	4.8	5.55	6.3	5.9
Employee not elsewhere specified	3.9	10.0	4.3	6.0	4.55	13.2	5.15	7.8	5.55	6.2	5.9
Motorvehicle driver (a) Extra Heavy	6.85	3.1	6.15	6.7	6.5	7.7	6	8.7	6.4	8.2	6.8
Motorvehicle driver (b) Heavy	5.06	3.7	5.35	5.6	5.65	7.1	5.8	6.9	6.2	6.5	6.6
Motorvehicle driver (c) Medium	4.86	3.5	5.15	5.3	5.45	6.3	5	7.0	5.35	6.5	5.7
Motorvehicle driver (d) Light	4.18	7.0	4.45	6.5	4.7						
Baker	4.16	7.0	4.45	5.8	4.7	6.6	5.15	5.6	5.45	6.4	5.8
Cook	4.16	7.0	4.45	5.8	4.7	6.6	5.15	5.6	5.45	6.4	5.8
Catering Assistant	4.01	5.5	4.35	5.7	4.8	12.0	5.15	4.9	5.4	5.6	5.7
Delivery Employee	4.01	5.5	4.35	5.7	4.8	12.0	5.15	4.9	5.4	5.6	5.7
General Assistant	3.77	6.8	4.10	6.0	4.35	18.4	5.15	4.9	5.4	5.8	5.7
Waitman	3	10.0	3.3	6.7	3.6	22.6	4.65	6.5	4.95	6.1	5.25
Special function casual employees											
General Assistant	15	0.0	14	7.0	15	0.0	15	0.0	15	0.0	15
Catering Assistant	14	7.1	15	6.7	16	0.0	16	0.0	16	0.0	16
Cook/Baker	14	7.1	15	6.7	16	0.0	16	0.0	16	0.0	16
Counter Assistant	14	7.1	15	6.7	16	0.0	16	0.0	16	0.0	16
Waiter/Wine Steward	14	7.1	15	6.7	16	0.0	16	0.0	16	0.0	16
Assistant Bar tender	15	0.0	16	6.3	17	6.0	17	6.0	17	6.0	17
Driver	16	0.0	17	6.9	18	0.0	18	0.0	18	0.0	18
Bar tender	16	0.0	17	6.9	20	6.0	20	0.0	20	0.0	20
Clerk/Cashier	18	0.0	19	6.3	20	6.0	20	0.0	20	0.0	20
Head Cook	18	0.0	19	6.3	20	6.0	20	0.0	20	0.0	20
Staff Supervisor	20	0.0	21	6.9	22	0.0	22	0.0	22	0.0	22
CPX: Metro & other urban areas (%)		7.8		6.1		6.3		6.6		6.8	

Catering and Allied trades (Johannesburg) 1999-2004

Source: Adapted from BC for Restaurants, catering and allied trade (JHB)

CONCLUSIONS

This chapter provides an overview and analysis of minimum wages and conditions of employees, as presented in the applicable SDs, regional bargaining council agreements and a selection of collective bargaining agreements covering a section of organised employees and employers in the sector. It also shows where appropriate, how the current provisions in the SDs differ from those in the BCEA. Further, the trends in terms of wage increases in the organised section of the restaurant and catering sector provide useful baseline information, as it covers a range of employers similar to those falling within the scope of the new SD. The standardisation of occupational categories requires careful consideration. Many challenges remain with regard to updating wage minima of the unorganised and vulnerable.

CHAPTER 4

Wages and conditions of employment in the hospitality sector-a labour force survey analysis

INTRODUCTION

The purpose of this chapter is to provide a descriptive analysis of trends in wages and conditions of employment in the hospitality sector, based on the Labour Force Surveys (LFS) of September 2001, 2002 and 2003. The hospitality sector falls within the tertiary sector and is a large employer over a range of activities. This industry is, however, not a formally classified main industry in terms of the Standard Industrial Classification Codes (SIC). Further, the terms of reference (ToR) issued by the Department of Labour that provisionally define the sector refer to business activities that can only be analysed at the SIC 5-digit level. However, the LFS data is only available at 3-digit level. Therefore, for the purposes of this report, the hospitality and related sector is very narrowly defined, using those business activities (defined in the DOL ToR) available at 3-digit level.

Among those business activities excluded are travel agencies & tour operators, destination management, venue management, motor car rental agencies, gaming and gambling and inbound international airline operators. Using the SIC codes to help derive the hospitality industry, it was decided that the 3 main sub-sectors include the following collection of business activities, as derived from the Department of Labour ToR:

- Accommodation (SIC 641-hotels, camping sites and other provision of short-stay accommodation);
- Restaurants (SIC 642 – restaurants, bars & canteens);
- Conservation (SIC 963 & 115- Library, archives, museums, game parks, reserves, hunting & trapping).

These three sub-sectors, accommodation, restaurants and conservation represent the hospitality sector for the purposes of this report.

There have been no investigations into the conditions of employment and wages within this sector in recent times. However, a study by Bothma and Thomas (2001:263) on waiters in the Bloemfontein area confirmed that there were “wide discrepancies”, in that actual working conditions did not comply with the BCEA provisions. In this case, two thirds of respondents indicated that they received commissions on sales (between 2-5 %), and the remainder relied on tips solely (2001: 268-269). Thus, none of the respondents received a regular wage as prescribed by the relevant SD, despite the fact that over half of them were full-time employees. Further, they reported working incredibly long hours, and that some employers did not deduct Unemployment Insurance Funding (UIF) contributions.

This chapter includes the following sections, (1) Employment profile (2) Wages (3) Working time & types of employment and (4) Conditions of employment. In this chapter the focus is on formal sector employees who work for someone else for pay. Further, given that the sectoral determination is aimed largely at the protection of the most vulnerable, it also focuses on the semi-skilled and unskilled employees. One of the limitations of this analysis is that the sample sizes of the sub-sectors under investigation are relatively small, and with some analyses the cell sizes are too small for significant findings. We have used 9000 as the lowest acceptable cell size, and make reference to this limitation throughout. Finally, the results are reported for 2001-2003, but since the LFS does not represent true time-series data, the changes reported upon, should be regarded with caution. However, these results should be

interpreted as broadly indicative of the direction of developments in the sub-sectors under investigation.

PROFILE OF EMPLOYMENT

“It should be noted that the hospitality industry has been generating jobs, while the economy as a whole has been shedding them” (Pillay, 2003). This section looks at employment figures in this sector for the period under investigation (2001, 2002 and 2003) and seeks to analyse the extent to which this statement has some validity. However, it must also be noted that the cited statement refers largely to the broader “travel & tourism”, a much broader definition than adopted in this chapter.

Formal and Informal Employment

Table 4.1 below illustrates employment in the hospitality industry disaggregated by formal or informal sector. “Formal sector employment is where the employer (institution, business, or private individual) is registered to perform the activity” (LFS Questionnaire, 2000). A business is thus considered to be in the informal sector if it is not registered for said activities.

Table 4.1: Formal and Informal Employment in Hospitality Industry

	2003	%	2002	%	2001	%
Formal	238297	94	221532	96	215552	93
Informal	14324	6	8320	4	11397	5
Unknown	1186	0	1927	1	4363	2
Total	253807	100	231779	100	231313	100

Source: Labour Force Survey (2001, 2002, 2003)

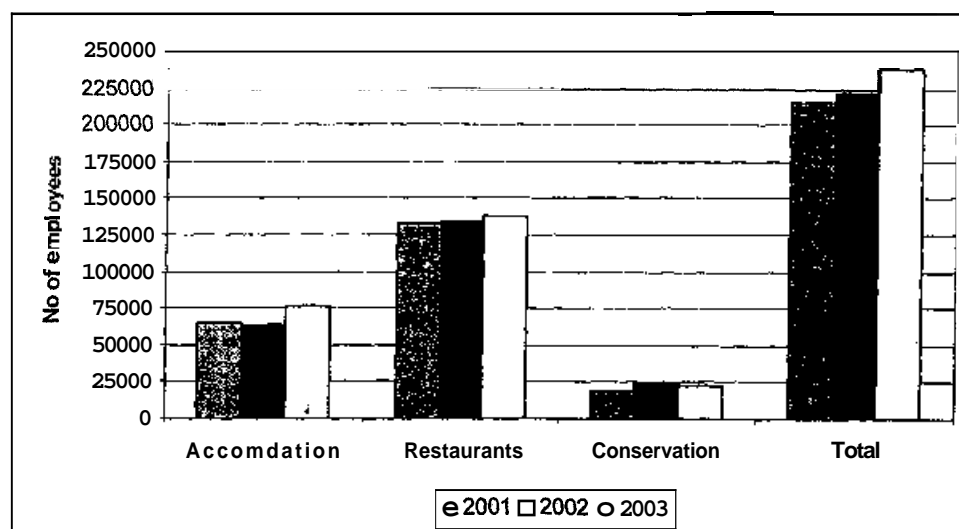
The sector is overwhelmingly formal, and the informal sector is very small. This difference may be ascribed to a possible under-capture of the informal sector, as it is unregistered and unregulated. However, industry sources suggest that there are large and growing portions of the informal sector, in terms of B&Bs and guesthouses that are unregistered (THETA 2000; 2004). However, given that the focus of this analysis is on the formal sector, the informal sector is not considered in detail in the rest of the chapter.

Net employment in the hospitality industry has risen since 2001 by approximately 22,500 jobs, i.e. 10%. The informal sector has also seen a small increase in overall employment by approximately 3,000 jobs over the same period.

The formal sector also shows an increase of approximately 22 745 employees i.e. 11%. Thus, the change in net employment is largely driven by formal sector employment growth.

The next section reviews the distribution of formal and informal sector employment across the sub-sectors. Formal sector employment for the hospitality industry is represented in figure 4.1 below.

Figure 4.1: Formal Sector Employment by Hospitality Sub-Sector



Source: Labour Force Survey (Sep 2001,2002,2003)

It shows that the largest sub-sector is restaurants, which has shown small increases over the period. The smallest sub-sector is conservation, while accommodation has also seen small increases over the period.

Due to small sample sizes in the informal sector, the only significant results are in the restaurant sector. It shows that restaurant employment increased from 9525 to 11349 over the period that is 19%.

Public and private employment in the hospitality industry

The next section reviews public and private sector employment across the sub-sectors. Table 4.2 shows that the sector is overwhelmingly based in the private sector, with a very small public sector component. The private sector employment dipped to its lowest level in 2002, but shows recovery and increases to its highest level by 2003 for the period under investigation.

Table 4.2: Private/Public Employment in the Hospitality Sector

	2001	%	2002	%	2003	%
Public sector	14712	7	22295	10	14696	6
Private sector	199968	93	197012	89	222888	94
Unknown	873	0	2224	1	713	0
Total	215552	100	221532	100	238297	100

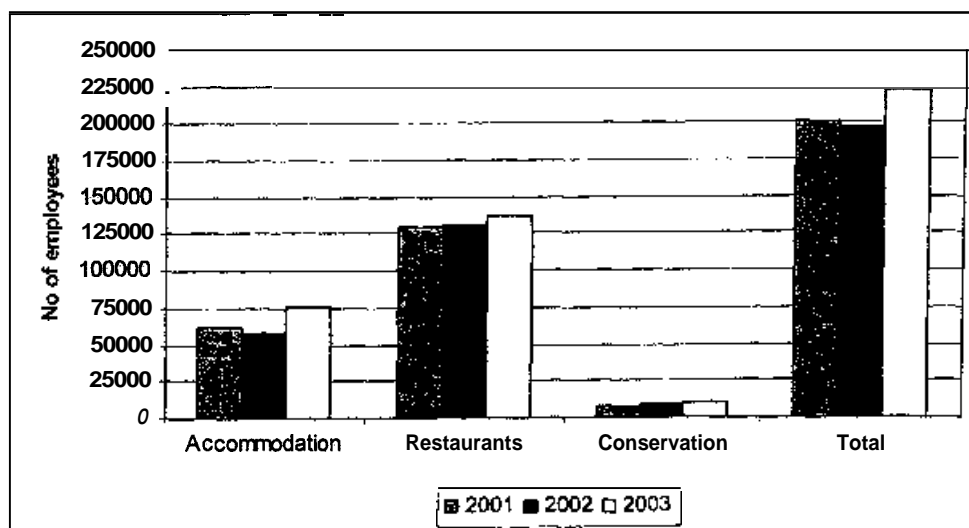
Source: Labour Force Survey (Sep 2001,2002,2003)

On the other hand, public sector employment shows a sharp increase in 2002, and declines to 2001 levels by 2003. Figure 4.2 presents an analysis of the sector distribution of private sector employment. Public sector distribution is not presented as a result of small sample sizes.

It shows that private sector workers are concentrated within the restaurant industry, followed by those in the accommodation sub-sector, for example, hotels, guesthouses, and guest farms.

All three sub-sectors **show** an increase in private sector employment over the three-year period.

Figure 4.2: Private sector employment by sub-sector



Source: LFS 2001,2002,2003

Employment by skill level in the hospitality industry

This section provides an overview of the skills profile in the industry. While the focus of the DOL investigation is on vulnerable employees, the semi- and unskilled, this analysis also provides a limited comparison with more skilled employment.

Table 4.3 illustrates total employment in the hospitality industry by different skill levels⁷.

Table 4.3: Employment by Skill level in the Hospitality Sector(2001-2003)

	2001	%	2002	%	2003	%
Highly skilled	15987	7	18223	8	13465	6
Skilled	6355	3	10829	5	5776	2
Semi-skilled	155043	72	155793	70	162334	68
Unskilled	38168	18	36435	16	58722	24
Unknown			251	0		
Total	215552	100	221532	100	238297	100

Source: LFS 2001,2002,2003

Table 4.3 shows that most employees in the sector are semi-skilled with a share at around 70% over the period. This analysis suggests that very small proportions are skilled, with highly skilled share being the third largest. Unskilled employees constitute the second largest

⁷ Highly skilled: managers, professionals, directors, engineers, nurses.

Skilled: technicians and associated professionals, craft and trades;

Semi-skilled workers- service, administrative and clerical employees, operators

Unskilled workers: labourers, cleaners, elementary occupations

group, at around 18% of the formal workforce. Both semi-skilled and unskilled categories show increases over the period, with the largest increase of 49% among the unskilled in 2003. Table 4.4 provides an overview of the distribution of skill by sub-sector for 2003. It shows that semi-skilled employees dominate all the sub-sectors, but particularly so for restaurants, at an 84% sub-sectoral share. This is largely attributable to the employment of waiters in the sector, as well as other service employees in the other sub-sectors. In accommodation, the share of semi-skilled and unskilled is very similar, 46% and 42% respectively. However, in restaurants the share of unskilled employees is relatively small (11%) when compared to semi-skilled employees (84%). In conservation, semi-skilled employees constitute just over half of the sub-sector (51%), followed by the unskilled at 40%. The highly skilled and skilled categories across all sub-sectors do not yield significant results.

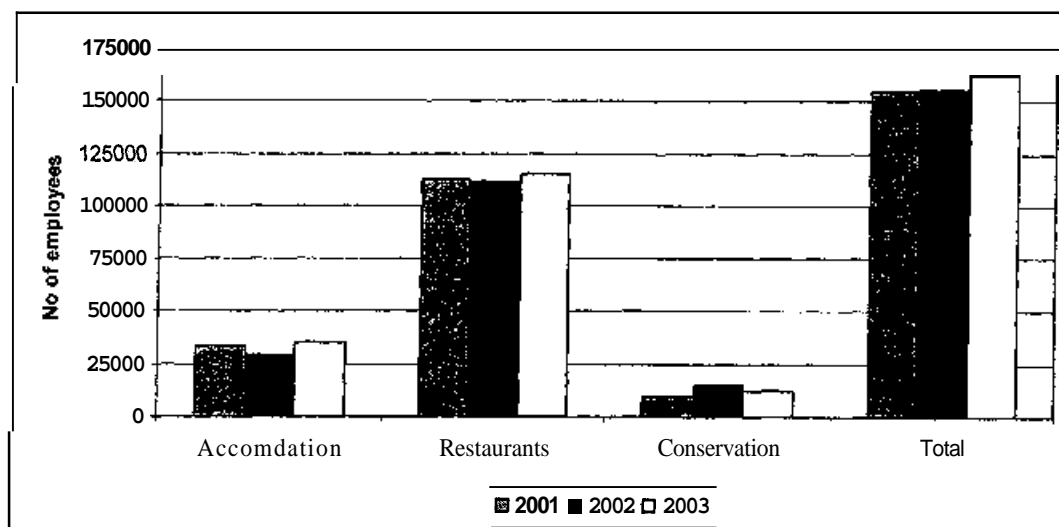
Table 4.4: Skill levels by sub-sector (2003) ('000)(%)

	Highly skilled	Skilled	Semi-skilled	Unskilled	Total
Accommodation	6306	2843	35320	32673	77142
%	8	4	46	42	100
Restaurants	5790	2224	114982	14637	137633
%	4	2	84	11	100
Conservation	1369	709	11576	9247	22901
%	6	3	51	40	100

Source: LFS 2001,2002,2003

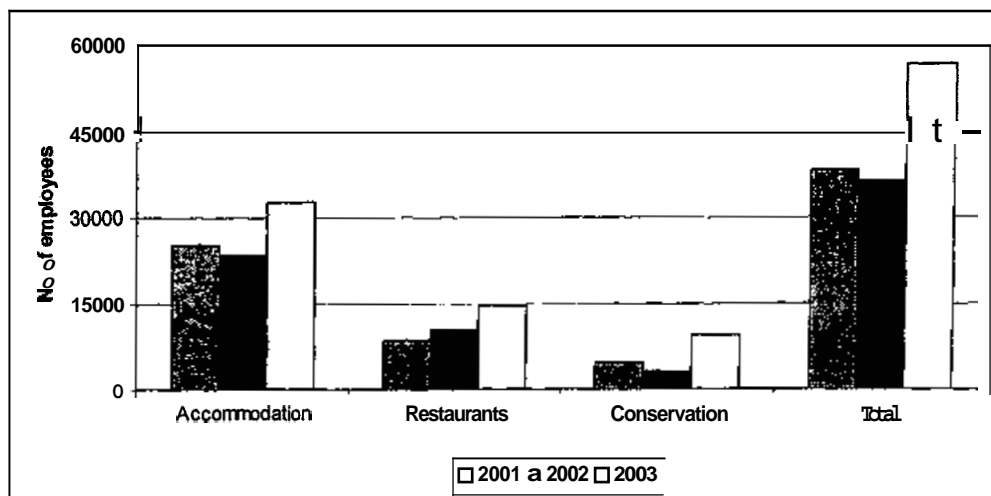
The following two figures show patterns of change in the three main sub-sectors by skill over the 2001-2003 periods. It echoes an earlier finding that the largest single increase is discernible among unskilled employees, by 2003, with small increases among semi-skilled employment.

Figure 4.3: Semi-skilled employment levels by sub-sector (2001-2003)



Source: LFS 2001 ,2002,2003

Figure 4.4: Unskilled employment levels by sub-sector(2001-2003)('000)



Source: LFS 2001, 2002, 2003

Employment by educational attainment in the hospitality industry

Table 4.5 demonstrates total employment in the hospitality industry disaggregated by level of education. Education is measured as the highest grade completed.

Table 4.5: Employment by highest level of education completed (2001-2003)

	2001	%	2002	%	2003	%
No schooling	4808	2	5576	3	6716	3
Primary	29544	14	30054	14	31523	13
Grade 8-11	92852	43	92355	42	89082	37
Grade 12	67472	31	71812	32	90878	38
Dip/Cert. less Grade 12	2954	1	1686	1	2495	1
Dip/Cert. with Grade 12	8096	4	10874	5	10408	4
Degree/postgrad degree, diploma	8423	4	7807	3	4507	2
Unknown	1404	1	1369	1	2690	1
Total	215552	100	221532	100	238297	100

Source: LFS Sep 2001, 2002, 2003

Table 4.5 shows that, where significant results are available, the largest percentage of employees has below Grade 12 level of education. Thus, those with primary and incomplete secondary schooling constitute 57% of all employees in 2001, declining to 50% by 2003. Those with Grade 12 education increase from 31% to 38% of all employees between 2001 and 2003. The improvement in levels of education completed, is also seen in the category of those possessing a diploma or certificate with Grade 12, especially in the periods 2002 and 2003. On the whole though, the findings suggest that general levels of education are primarily low.

Table 4.6 summarises the distribution of completed levels of education by sub-sector for 2003. It shows that where significant results available in the accommodation and restaurant sub-sectors, those with primary and incomplete secondary schooling constitute over half of the sub-sectors. However, the percentage of those with Grade 12 is 11% higher in restaurants (38%) than among accommodation (27%). This to some extent explains why the number of semi-skilled employees is higher in the restaurant sub-sector than accommodation. Similarly,

the predominance of unskilled employees in the accommodation sector may be attributed to the dominance of those with primary and incomplete secondary schooling.

Table 4.6: Completed education by sub-sector (2003) ('000)(%)

	Accommodation	%	Restaurants	%
No schooling	3314	4	1160	1
Primary	12189	16	14666	11
Grade 8-11	29449	38	52436	41
Grade 12	21190	27	63114	38
Dip/Cert_less Gr 12	2078	3	417	1
Dip/Cert_ & Gr 12	5274	7	3361	3
Degree/postgrad degree, diploma	1320	1	2479	3
Unknown	2327	3		1
Total	77142	100	137633	100

Employment by population group

Table 4.7 shows total employment in the formal sector across all sub-sectors by population groups for 2001-2003.

Table 4.7: Formal employment by population group (2001-2003)

	2001	%	2002	%	2003	%
African	146552	68	142870	64	167946	70
Coloured	25353	12	33814	15	35818	15
Asian	3415	2	6161	3	5274	2
White	39230	18	38279	17	29259	12

Source: LFS Sep 2001, 2002, 2003

The findings confirm other industry studies, in that more than two-thirds of the employees are African as shown for the period. The African share of employment has also increased over the period. White employees form the second largest share of employment for 2001-2002. However, by 2003, their share of employment has been overtaken by an increase in the share of Coloured employment. It is not clear the reason for this shift, but an analysis by sub-sector may add some clarity, especially for 2003. The results for Asians are not significant.

Table 4.8: Formal employment by population group and sub-sector (2003)

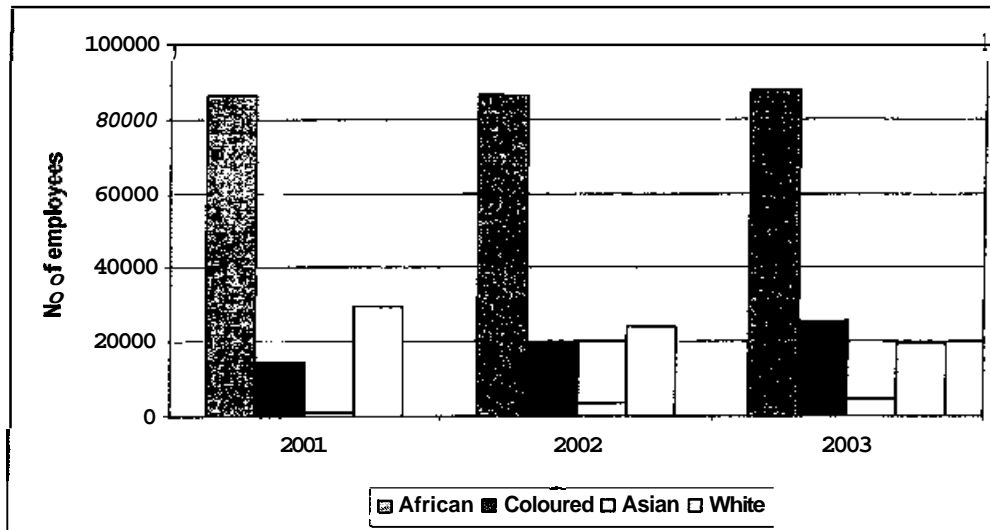
	African	Coloured	Asian	White	Total
Accommodation	61115	7496	476	8055	77142
%	79	10	1	10	100
Restaurants	88136	25702	4389	19408	137633
%	64	19	3	14	100
Conservation	18695	2621	409	1797	23522
%	79	11	2	8	100
Total	167946	35818	5274	29259	238297

Source: LFS Sep 2003

Table 4.8 shows that inline with the dominance of the restaurants sector, that all population groups are also concentrated in this sub-sector. Thus, Africans are the most prominent, followed by Coloureds, and then Whites. In the accommodation and conservation sub-sectors, it is only the findings for Africans that are significant, and they also constitute the largest

share. It is thus difficult to draw comparisons with regard to representation by the different population groups. However, Figure 4.5 shows that the changes in the share of Coloureds and Whites may be attributable to dynamics in the restaurant sub-sector over 2001-2003.

Figure 4.5: Employment by population group in restaurants (2001-2003)



Employment by Gender

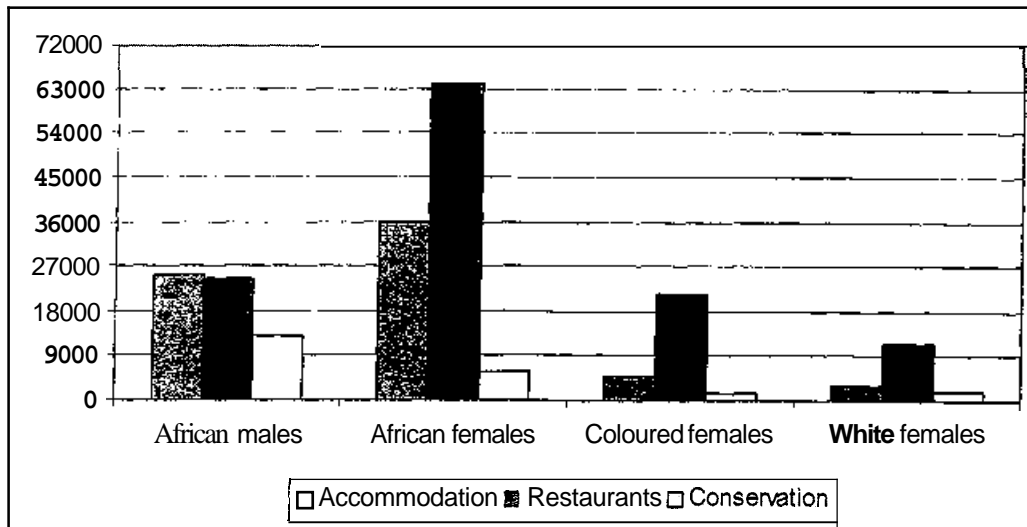
Over 60% of the workforce is female as shown in Table 4.9. The overall numbers show a decline over the period.

	2003	%	2002	%	2001	%
Male	86618	36	86954	39	79686	37
Female	151679	64	134577	61	135867	63
Total	238297	100	221532	100	215552	100

Source: LFS2001, 2002, 2003

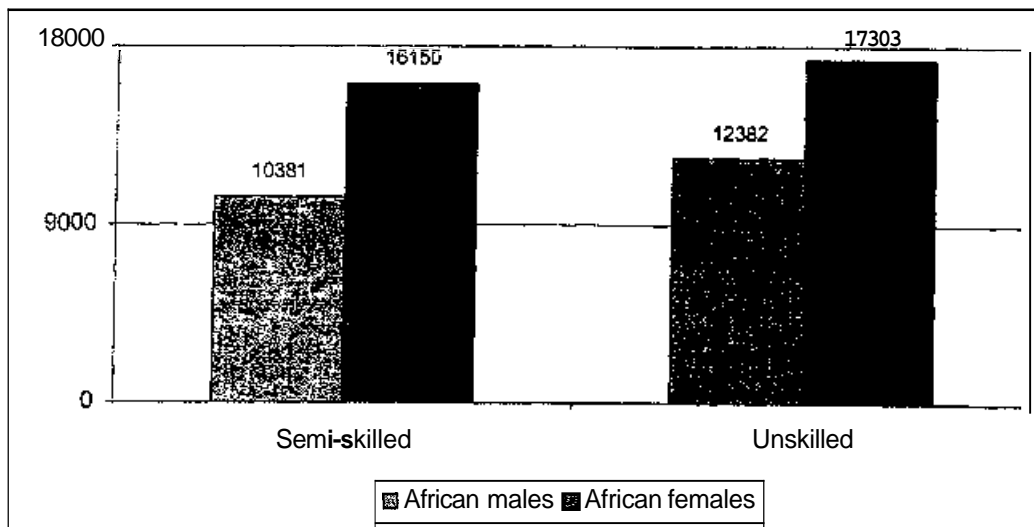
Further, as shown in Figure 4.6 African females are dominant across all of the sub-sectors, but significantly so in restaurants. Further, Coloured females also represent the third largest percentage of the restaurant workforce, after African males. The dominance of African and Coloured females (to a lesser extent), in the restaurant sub-sector especially, and African females in the accommodation sub-sector point toward potential vulnerability, as waitresses, chambermaids and cleaners. Finally, African males while not dominant also form a substantial proportion of the workforce in these sub-sectors.

Figure 4.6: Population group by sex across sub-sectors (2003)

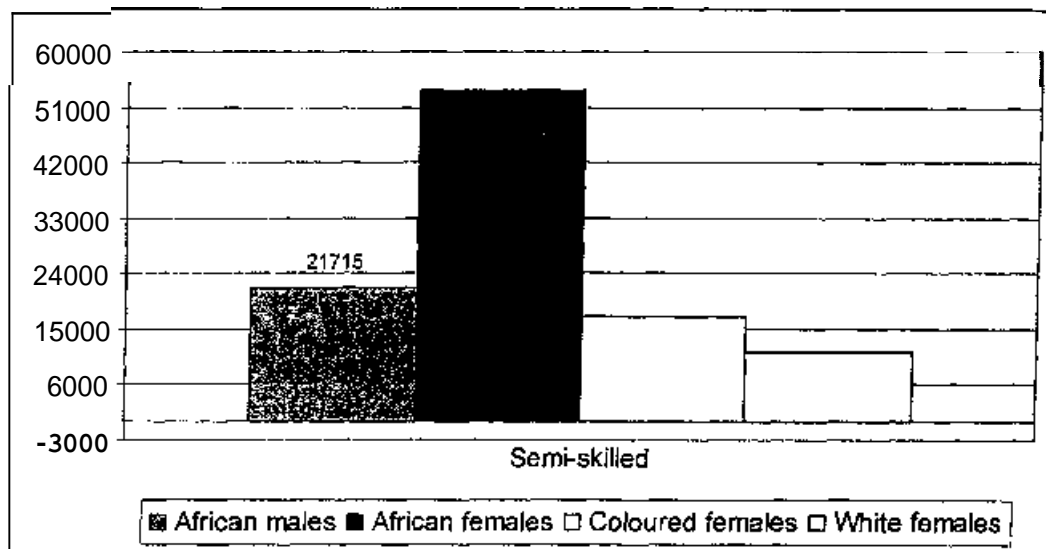


Figures 4.7 and 4.8 provide an overview of the skill profiles of the dominant groups of employees as shown in Figure 4.6. Most of the other categories (skill, population groups, and conservation sub-sector) did not yield significant results. Thus, African females are dominant in both semi-skilled and unskilled occupations in the accommodation sub-sector as shown in Figure 4.7, followed by African males.

Figure 4.7: Employment by population, sex and skill level in Accommodation (2003) ('000)



Source: LFS 2003

Figure 4.8: Employment by population, sex and skill level in Restaurants (2003) ('000)

In restaurants, a much larger sub-sector, African females dominate in semi-skilled occupations, followed by African males, Coloured females and White females. The number of unskilled African females is at 8292 for 2003, but is not reflected in the table, due to sample size.

Employment by age

Table 4.10 provides an overview of the age distribution in the sector over the period.

Table 4.10: Formal employment by age group (2001-2003)

	2001	%	2002	%	2003	%
15 to 19 years	10026	5	6476	3	5998	3
20 to 29 years	83592	39	82908	37	92338	39
30 to 39 years	72618	34	78428	35	80672	34
40 to 49 years	33321	15	34965	16	42000	18
50 to 65 years	15825	7	17225	8	15054	6

Source: LFS Sep2001,2002,2003

It shows that that just over **70%** of employees is between the 20-39 years, followed by those aged 40-49 years, all within prime working age ranges. All age groups show increases over the period, but it is especially noticeable for those 20-29 years, and those 40-49 years. The results for youth, aged 15-19 only shows significant results for 2001, thus it is not possible to comment on anecdotal evidence of increased youth employment.

Employment by province

Table 4.11 describes total formal employment in the nine provinces for the period. The largest percentage of workers employed in this industry is found in Gauteng, followed by the Western Cape and Kwa Zulu Natal. This pattern is consistent with other studies as well. North West has shown tremendous employment growth (49%) over the period, followed by Limpopo at **34%**.

Table 4.11: Employment by Province in the Hospitality Industry

	2001	%	2002	%	2003	%
Western Cape	48033	22	45258	20	54272	23
Eastern Cape	14932	7	17300	8	17106	7
Northern Cape	4121	2	5155	2	3012	1
Free State	11389	5	10621	5	10541	4
KZN	38845	18	35651	16	38704	16
North West	15689	7	16576	7	23391	10
Gauteng	56866	26	62287	28	58847	25
Mpumalanga	14588	7	12303	6	17460	7
Limpopo	11090	5	16381	7	14964	6
Total	215552	100	221532	100	238297	100

Source: LFS Sep 2001, 2002, 2003

Further, Table 4.12 shows that for 2003, this pattern by sub-sector is largely similar. The exception is accommodation, where KZN is the leading province, followed by Gauteng and the Western Cape.

Table 4.12: Provincial employment by sub-sector (2003)

	Accommodation	%	Restaurants	%	Conservation	%	Total
Western Cape	13397	17	39110	28	1766	8	54272
Eastern Cape	2417	3	8406	6	6283	27	17106
Northern Cape	1691	2	840	1	481	2	3012
Free State	2375	3	6959	5	1207	5	10541
KZN	18465	24	18293	13	1946	8	38704
North West	11605	15	10841	8	945	4	23391
Gauteng	14097	18	42662	31	2088	9	58847
Mpumalanga	5364	7	6524	5	5572	24	17460
Limpopo	7733	10	3997	3	3234	14	14964
Total	77142	100	137633	100	23522	100	238297

Source: LFS Sep 2001, 2002, 2003

Employment by area type

Table 4.13 shows that 80% of employment is in the urban areas, and about 20% in the non-urban areas. However, the growth rate in non-urban areas is nearly double (17%) that for urban areas for the period. Thus, employment expansion in non-urban areas is an area to explore in terms of the sub-sectoral distribution.

	2001	%	2002	%	2003	%
Urban	172316	80	176741	80	187676	79
Non-urban	43236	20	44791	20	50621	21
Total	215552	100	221532	100	238297	100

Table 4.14 shows that sub-sectors differ by area type to some extent. Thus, the restaurant sub-sector is overwhelmingly urban, just over a third of accommodation is non-urban, while conservation is evenly split between urban and non-urban. This is largely due to the nature of economic activities in terms of hunting lodges, game reserves, game farms and guest farms in the non-urban areas. The implication is that consideration of urban / non-urban differentiation of labour standards in accommodation and conservation is of key concern, relative to the restaurant sector.

	Urban	Non-urban	Total
Accommodation	50795	26348	77142
%	66	34	100
Restaurants	125009	12624	137633
%	91	9	100
Conservation	11872	11649	23521
%	50	50	100
Total	187676	50621	238297

Source: LFS 2003

Employment by enterprise size

Table 4.15 below indicates employment in the total hospitality industry by the size of the company that one works for. This should give an indication of how many of those employed in this industry work in SMME's.

Table 4.15: Formal employment by enterprise size (2001-2003)

	2001	%	2002	%	2003	%
Micro: 1-4 people	26771	12	31432	14	27940	12
Very small: 5 to 9 people	41465	19	48986	22	58928	25
Small: 10 to 49 people	101652	47	100695	45	113012	47
Medium: 50 or more	34751	16	33860	15	33526	14
Unknown	10913	5	6559	3	4892	2
Total	215552	100	221532	100	238297	100

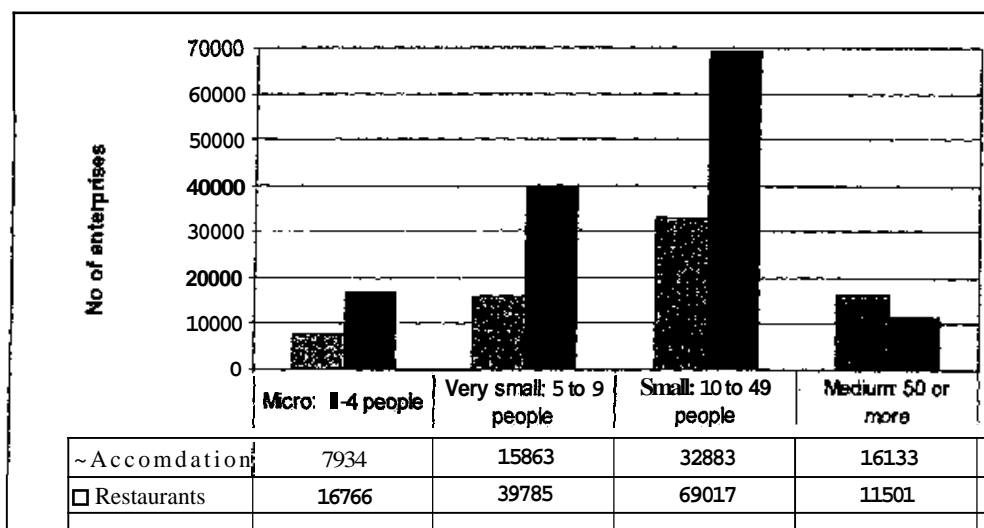
Source: LFS Sep 2001, 2002, 2003

The number of enterprises increased by **22 745** over the period, that is an 11% increase, Approximately **46%** of all enterprises are small (10-49 people), and this has remained fairly constant over the period. However, the number of very small enterprises (5-9 employees) increased its share from 19% to **25%** over the period, while that for micro-enterprises has been erratic over the period. The number of medium-sized enterprises has shown small

declines over the period. The implication of the dominance of companies of 50 employees and less is difficulties in terms of access and monitoring for regulatory purposes.

Figure 4.9 provides an overview of the distribution by company size in accommodation and restaurants.

Figure 4.9: Formal employment by enterprise size in accommodation and restaurants (2003)('000)



It shows that accommodation and restaurants have slightly different profiles. Thus, both sub-sectors are dominated by small enterprises, (41% and 51% respectively), followed by very small and micro-enterprises. Restaurants have a much larger number of enterprises in the very small and micro –sized categories. However, accommodation has more medium-sized enterprises (21%) than restaurants (8%).

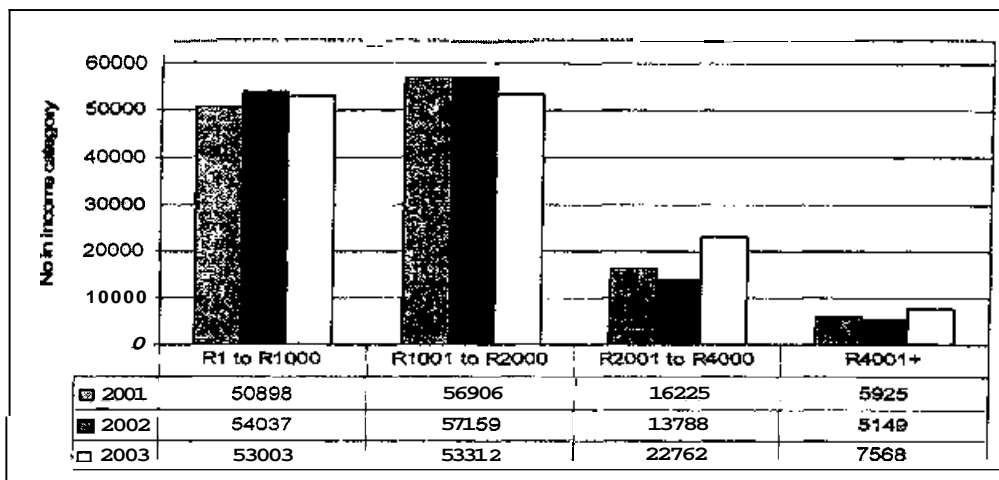
WAGES IN THE HOSPITALITY SECTOR

The next section provides an aggregate analysis of reported wages in the hospitality sector. The findings are based on gross salaries and wages, inclusive of overtime allowances and bonuses. Wages are reported in monthly income categories, and have not been adjusted for inflation across the period. This analysis focuses on aggregate wage distribution across the across semi-skilled and elementary occupations and the main sub-sectors of accommodation, restaurants and conservation for the period 2001 –2003. As a result of the relatively small sample size, the results on the conservation sub-sector is for illustrative purposes only.

Wagerates for semi-skilled employees

This section provides results for semi-skilled employees including service employees (waiters) and clerical employees across the main sub-sectors. Figure 4.10 illustrates distribution of gross monthly wages over the period.

Figure 4. 10: Distribution of monthly wages in semi-skilled occupations (2001-2003) ('000)(Rands)

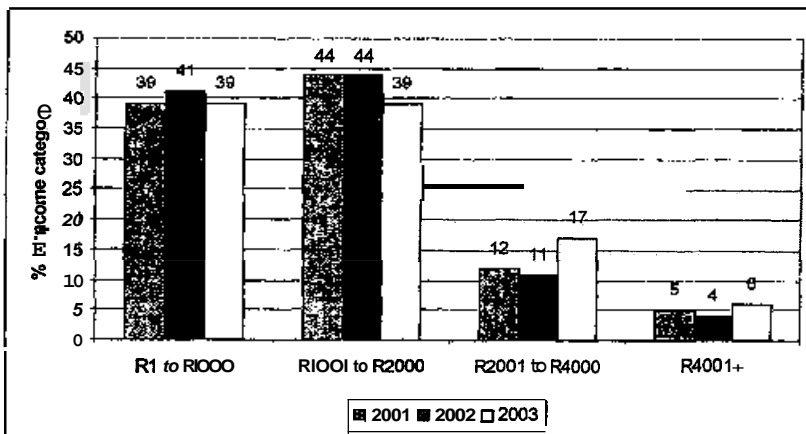


Source: LFS Sep 2001,2002,2003

It shows that most semi-skilled employees earn R2000 and less per month. These employees are concentrated in the lowest wage category (R1-1000 and R1001 -R2000). Thus, the maximum weekly wage (derived from the end points of the wage categories) ranges between R232 and R462. The average weekly wage ranges from R116 to R349 (based on the mid-point of the wage categories).

Figures 4.11 shows that by 2003, the share of employees in the lowest two wage categories had gone down slightly, and there has been a rise in the percentage of employees receiving higher wages from R2001 to R4000.

Figure 4. 11: Changes in the % of employees in wage categories in semi-skilled occupations (2001-2003) (%) (Rands)



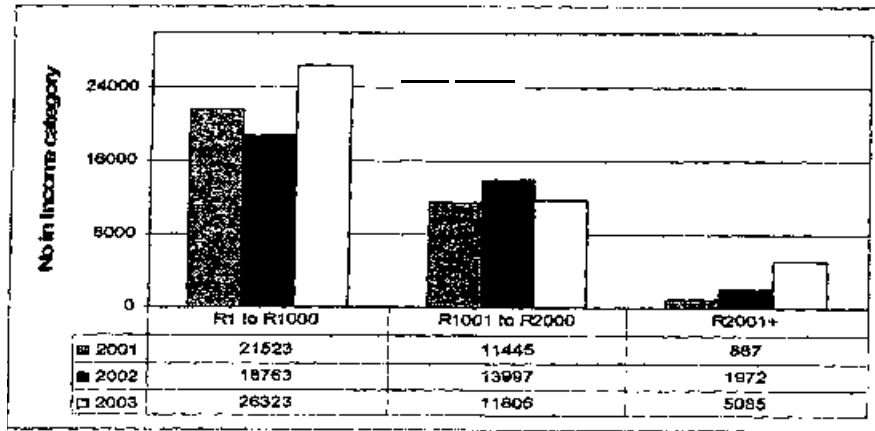
Source: LFS Sep 2001,2002,2003

Wagerates for unskilled occupations

This section provides an analysis of the distribution of monthly wages across all the sub-sectors, among unskilled employees, including labourers, cleaners, maids and so forth.

Figure 4.12 most unskilled employees receive monthly wages of **R1000** and less. At its maximum, such employees will be earning a weekly wage of **R232**, while the average is around **R116** per week. However, these actual wages are considerably above the current prescribed minima the SDs ranging from **R65** (Hotel Trade), **R81** (Catering) to **R143** (Accommodation Trade).

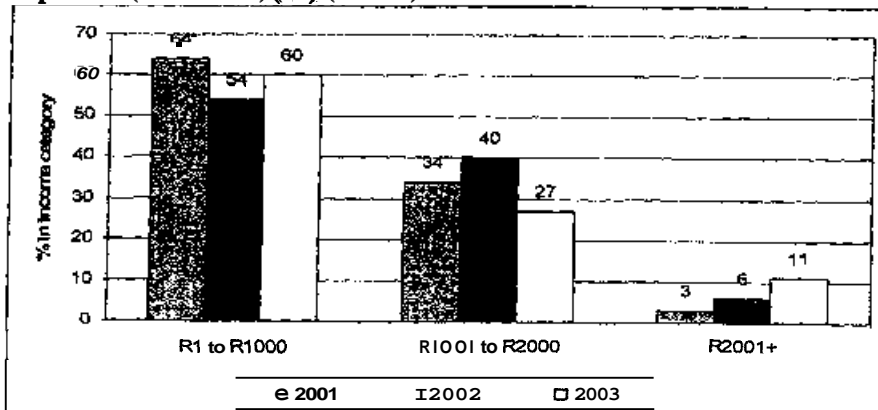
Figure 4. 12: Distribution of monthly wages in elementary occupations (2001-2003) ('000)



Source: LFS Sep 2001,2002,2003

Figure 4.13 shows that the share of those receiving the lowest wages has increased in 2003: although not to the same levels in 2001. Further, the share of those earning more (R1001-2000) has also declined in 2003. It should be noted that this interpretation should be considered within changes in the absolute number of employees for the specific year. Thus, the results suggest that the absolute increase in employment in 2003 is largely in the lowest paid category. The figures for those earning above **R2000** do not yield significant results.

Figure 4. 13: Changes in the % of employees in income categories in elementary occupations (2001-2003) (%) (Rands)

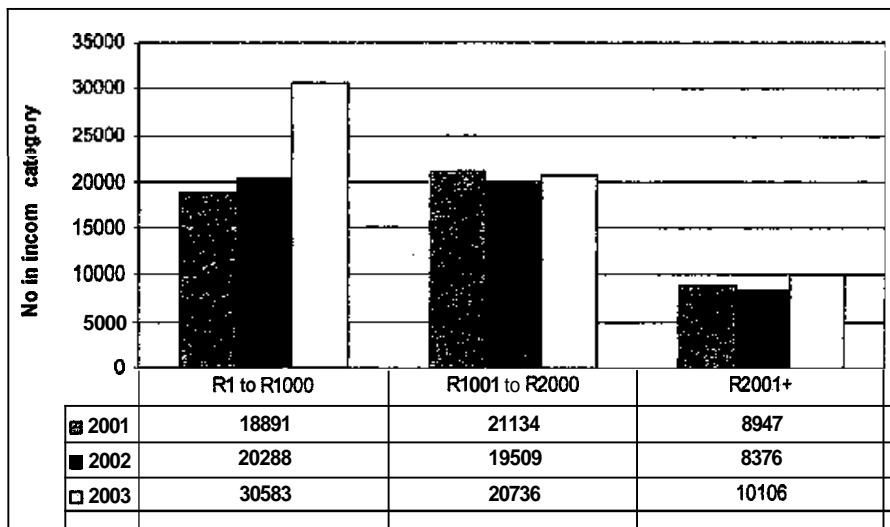


Source: LFS Sep 2001,2002,2003

Monthly wages in the Accommodation sub-sector

Figure 4.14 shows the distribution of employees across the wage categories in the accommodation sub-sector. This analysis cuts across all skill level, but excludes managerial income. It shows that overall, most employees are earning within the two lowest wage categories. This distribution is fairly evenly spread, except in 2003, where the number of those paid below R1000 increased extensively.

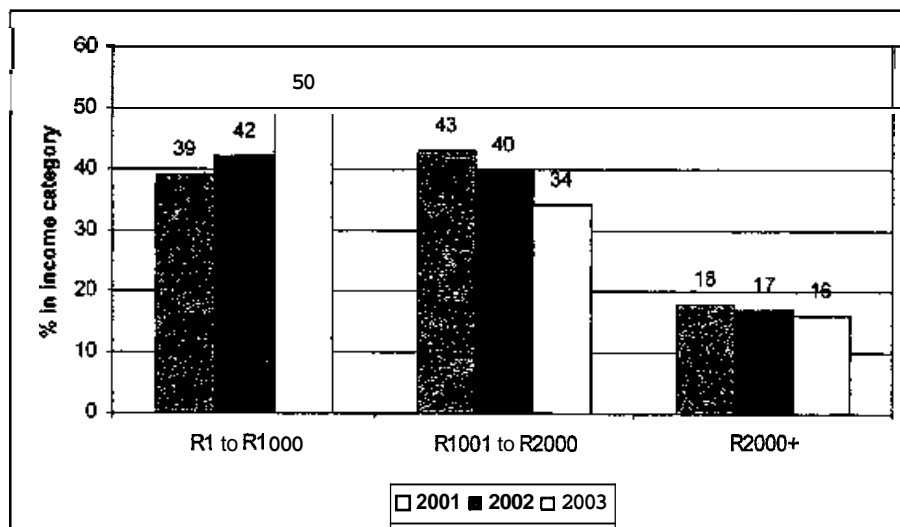
Figure 4.14: Distribution of monthly income in accommodation (2001-2003)(‘000)



Source: LFS Sep 2001,2002,2003

This shift in 2003 is further illustrated in Figure 4.15, which shows the changes in the percentage of employees across income categories over the period.

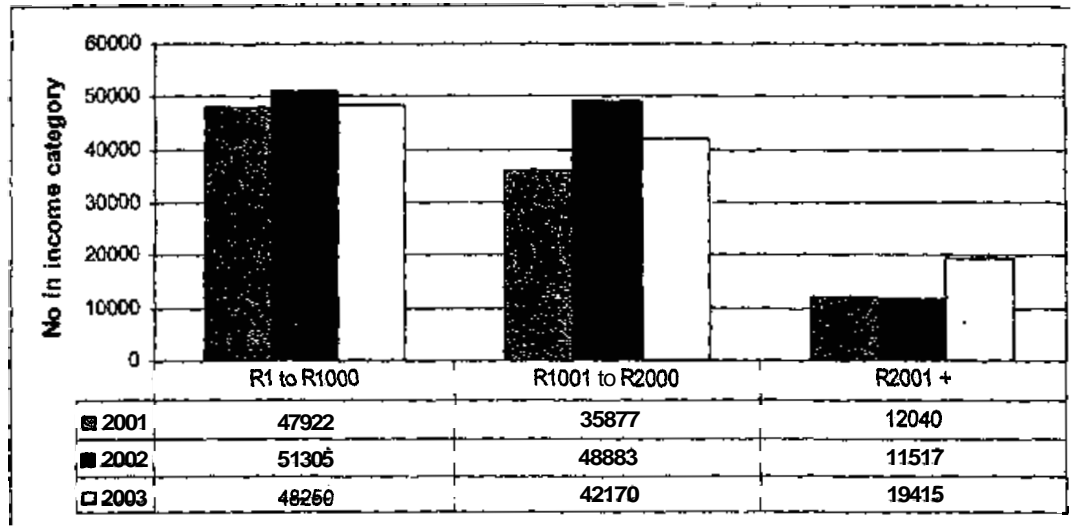
Figure 4. 15: Changes in the % of employees in income categories in accommodation (2001-2003)(%)



Monthly wages in the restaurant sub-sector

Figure 4.16 shows the distribution of monthly wages in the restaurant sub-sector. By 2003, more employees are in the lowest category (R1-1000), followed by the next highest, earning R1001- R2000 per month. Thus, the bulk of restaurant employees are in the lowest categories, and this has remained relatively constant over the period. However, the number of those earning above R2001 has increased in 2003.

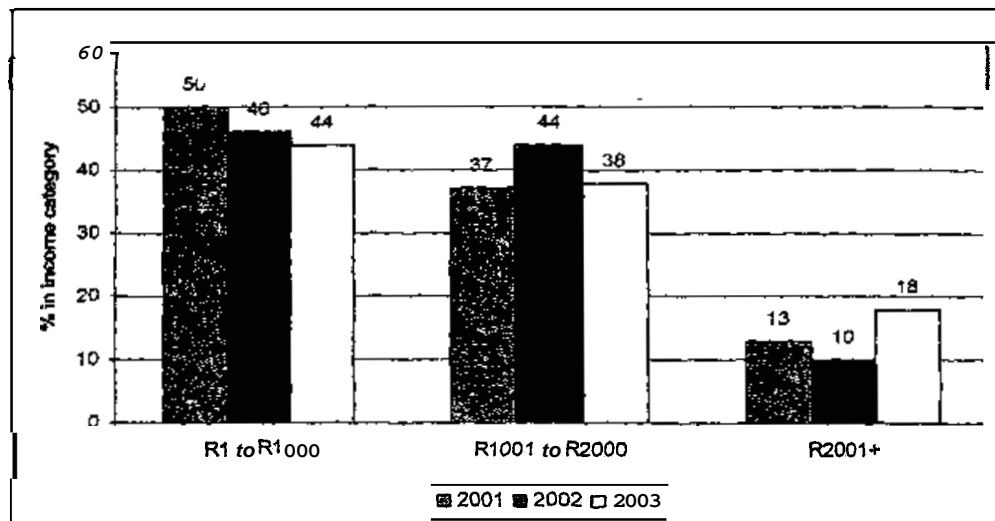
Figure 4.16: Distribution of monthly wages in restaurants(2001-2003)(‘000)



Source: LFS Sep 2001,2002,2003

Figure 4.17 further illustrates the extent to which changes are suggested in the share of employees in the different wage categories over the period.

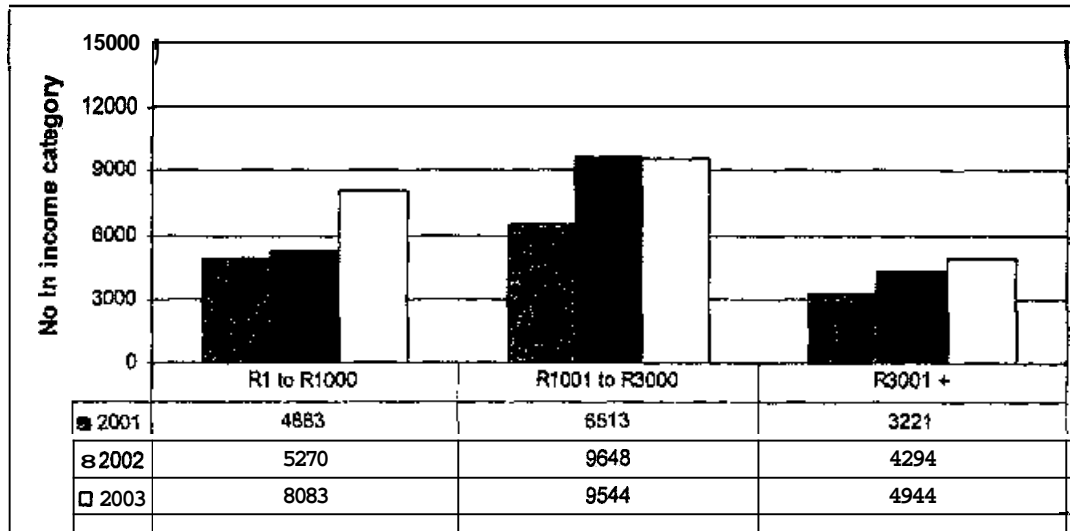
Figure 4. 17: Changes in the % of employees across income categories in restaurants (2001-2003)(%)



Monthly wages in the conservation sub-sector

As indicated previously, the results for the conservation sub-sector are for illustrative purposes only. It shows the sector has slightly more employees earning in the second highest category (R1001-3000), than in the lowest paid category, for 2003.

Figure 4.18: Distribution of monthly wages in conservation (2001-2003)(‘000)



Source: LFS Sep 2001, 2002, 2003

WORKING TIME AND TYPES OF EMPLOYMENT

The following section considers the number of hours worked, including overtime in the last 7 days for 2001-2003. The current SDs very broadly define maximum weekly working hours up to 25 hours as part-time. The BCEA define weekly working up to 45 hours as full-time. In this analysis the weekly hours reported include overtime as well, so that the LFS analysis probably overstates ordinary hours. The LFS does not provide separate data for overtime hours. Therefore, in this analysis we assume (if employers are abiding by current labour regulations) that the excess hours (above 45 hours) also include overtime. In the hospitality sector, the practice of averaging of hours also occurs, and is likely to be a factor in this analysis.

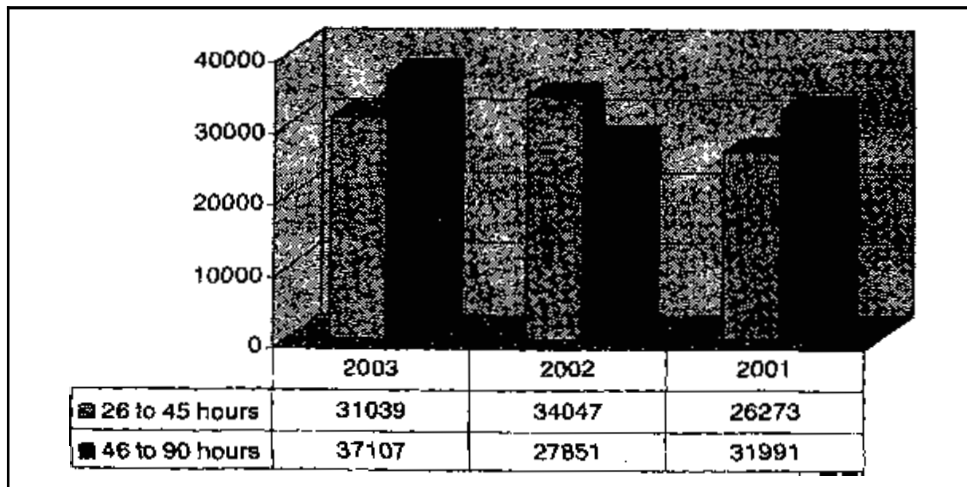
Working hours in the hospitality sector

Table 4.16 provides an overview across the 3 sub-sectors for the period. It shows that the number of employees working 1-25 hours have been declining over the period, with the largest decline in 2002. Further, the number of those working up to 45 hours has been increasing over the period. However, those working up to 90 hours form an even larger proportion, indicating that the industry is characterised by long working hours. As we assume that this category contains largely overtime hours, an analysis by sub-sector may clarify where these employees concentrated.

Table 4.16: Weekly Hours Worked in the Hospitality Industry

	2003	%	2002	%	2001	%
1 to 25 hours	10418	5	12724	6	22854	11
26 to 45 hours	109289	48	97711	44	85178	40
46 to 90 hours	107429	47	105566	48	100219	46
91 hours or more	865	0	3330	2	2878	1
Total	228000	100	219330	100	211129	100

Figure 4.19: Hours worked in Accommodation (2001–2003) (%)

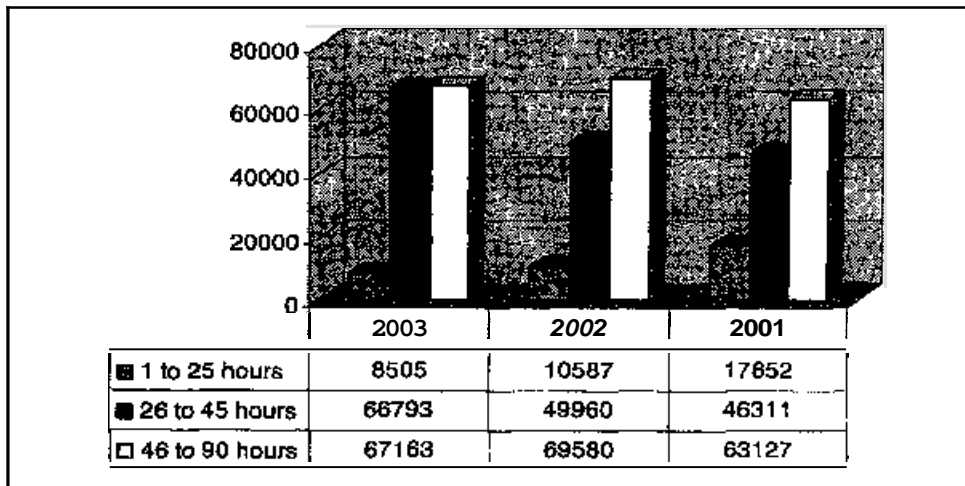


Source: LFS Sep 2001,2002,2003

Figure 5.1 indicates that the majority of employees in the accommodation sub-sector work longer than 45 hours a week. In both categories of weekly hours, the trend has been erratic. However, in 2003, the largest numbers are concentrated among those working 46-90 weekly hours. This suggests high levels of overtime hours worked per week in the accommodation sub-sector. Even if the stipulated 10 overtime hours per week (or 15 hours since the amended BCEA) are included, it is still above what is allowed.

In Figure 4.20 for the restaurant sub-sector, given the concentration of waitrons, one expects a variety of working hours' distribution. Given the small sample sizes the figures for those working 1-25 hours are not significant, but the figures for 2001 and 2002 suggest a decline in this category. This is interesting, given anecdotal evidence of increased casual and part-time employees in this sub-sector.

Figure 4.20: Hours Worked in Restaurants (2001-2003)

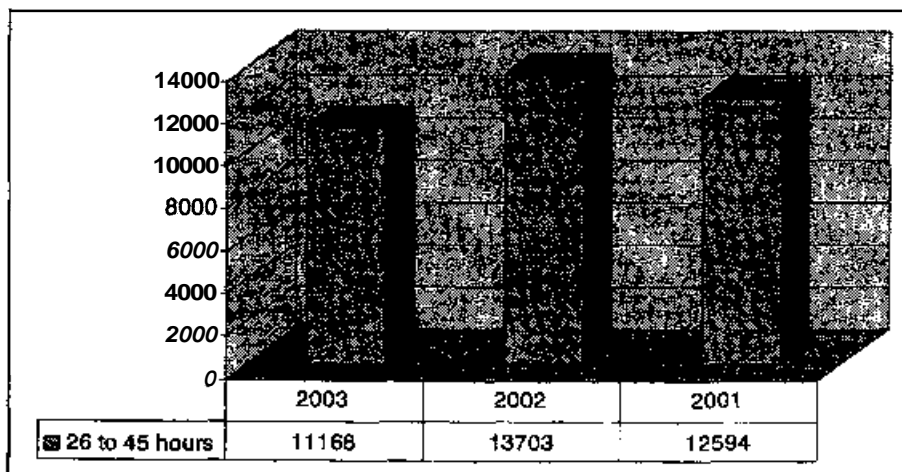


Source: LFS Sep 2001,2002,2003

However, it does show that those working full-time hours have grown at a substantial rate up to 2003. Further, those working more than 45 hours have remained substantial and steady over the period. In terms of absolute numbers, this category has been substantially larger than the other categories. By 2003, it is only slightly larger than the full-time category. Thus, there is a consolidation of the trend towards longer working hours in the sector.

The conservation sub-sector bucks the trends compared to the other 2 sub-sectors. However, the sample sizes are small, and the only results worth reporting are available for full-time hours, which shows a decline over the period.

Figure 4.21: Weekly Hours Worked in Conservation (2001-2003)('000)



Source: LFS Sep 2001,2002,2003

Types of employment

The following section reviews the effect of types of employment on weekly working hours. The LFS descriptions of types of employment are not the same as those used within the current SDs and the BCEA. Thus, the term "part-time" is not used, instead it uses "temporary" and "fixed period contract". In this analysis therefore, the LFS terms are used, and compared with the reported hours of work. This is one way in which to establish the extent to which hours of work conform to the general legal minimum requirements. In this analysis it is assumed that permanent employees work the equivalent of 45 ordinary hours per week, as per full-time employees. As an introduction, a short overview of the main results on the distribution of types of employment is provided.

Table 4.17 shows that 70% of all employment is permanent for the period. Temporary employment is reportedly second largest, and has grown over the period. At the same time, casual employment has declined from 17% in 2001 to 10% in 2003. The main limitation to the data is that the definitions are overlapping in that fixed period contracts potentially also cover both temporary and casual employment, given that all imply finite contracts, i.e. contracts with an end date. According to this definition, at least a third of all employment in the sector is non-standard or atypical. This still does not address the lack of comment or information on part-time employment though,

Table 4.17: Types of employment (2001-2003)

	2003	%	2002	%	2001	%
Permanent	158693	70	160573	72	151455	70
Contract (fixed period)	14232	6	6359	3	4148	2
Temporary	32211	14	28571	13	22505	10
Casual	22864	10	24610	11	36512	17
Total	228000	100	221532	100	215552	100

Source: LFS Sep 2001, 2002, 2003

Restaurants are reportedly the largest provider of non-standard employment, especially temporary and casual employment, as shown in Table 4.18. Such employees are likely to be more vulnerable in terms of labour standards, given the emphasis on cost saving and flexibility as the primary basis for such employment.

Table 4.18: Types of employment by sub-sector (2003)

	Permanent	Contract (fixed)	Temporary	Casual	Total
Accommodation	53825	5617	5888	3373	68703
%	78	8	9	5	100
Restaurants	92458	7493	25454	17920	143326
%	65	5	18	13	100
Conservation	12411	1122	869	1570	15972
%	78	7	6	10	100

Type of employment by weekly working hours

Figure 4.22 shows that over the period there has been an increase in the number of those working 26–45 hours, although the margin is much smaller for 2002-2003. At the same time though, permanent employees are also reporting working substantially higher number of overtime hours (46 hours or more) increasing over the period, as well. The results for 2003 and 2002 for those working 25 hours and below are not significant, but that should be expected for permanent, full-time employees. Thus, permanent employees are working substantially higher number of weekly working hours, and this applies to overtime hours as well.

Figure 4.22: Weekly Hours by Permanent Employees (2001-2003)('000)

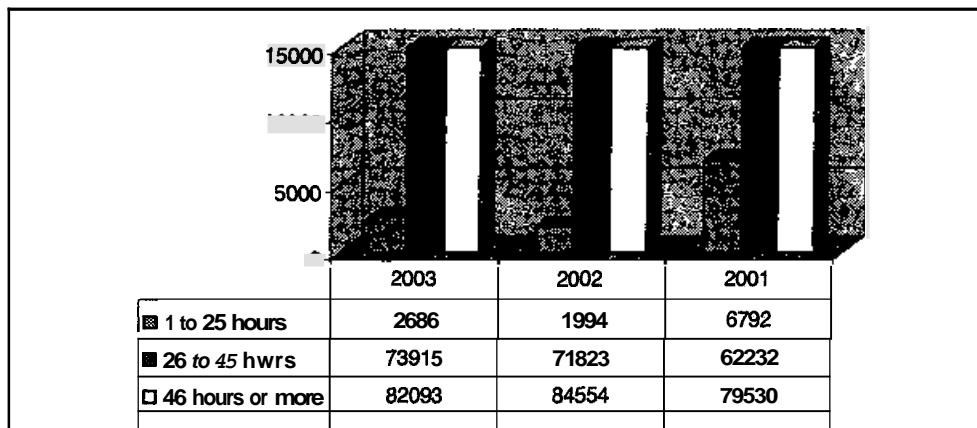
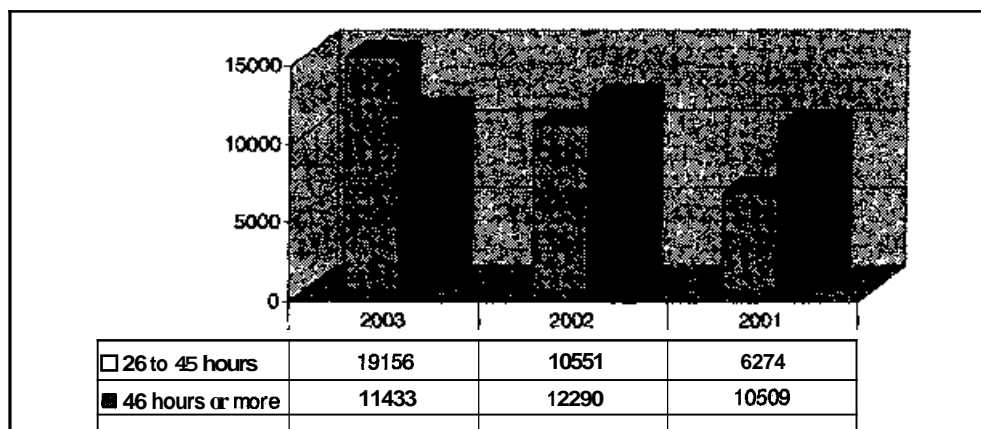


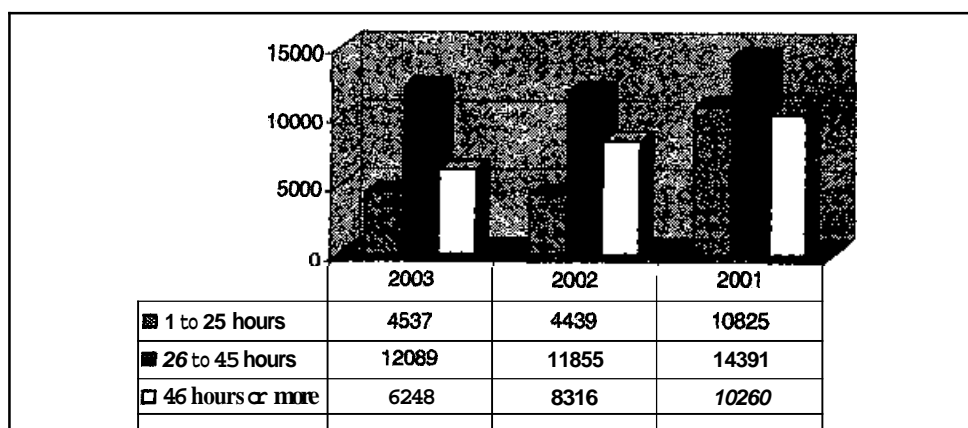
Figure 4.23: Weekly Hours by Temporary Employees (2001-2003)('000)



The number of temporary employees working 26-45 weekly hours has increased substantially, nearly doubling over the 2002-2003 (see Fig.4.23). The number of those working 46 hours or more has remained substantial, and increased over the period. Thus, temporary employees also work overtime hours, although not to the same extent as permanent, full-time employees. In regard to casual employees, while there were significant results for 2001 in the category 1-25 hours, this did not apply to the rest of the period. It is thus difficult to come to any conclusion, as to who is working in this category. However, the findings suggest that a majority of casual employees work what approximates a permanent, full-time working week,

as shown over the period. This is despite the fact that over the period there is somewhat of a decline.

Figure 4.24: Weekly Hours by Casual Employees (2001 -2003)('000)



Source: LFS Sep 2001, 2002, 2003

There are no significant results for fixed period, contract or seasonal employees. In **summary**, it appears that permanent, full-time employees seem to **bear** the brunt of long **weekly working** hours, followed by temporary employees, with substantial amounts of what appear to be overtime **hours**.

CONDITIONS OF EMPLOYMENT

The section provides an analysis of a range of conditions of employment, namely paid leave, employment contracts, UIF deductions, pension fund and medical aid contributions. Finally, levels of union membership are provided **as well**, to give an idea of the level of collective organisation in the sector.

Access to paid leave

Table 4.19 shows that a close to half of the respondents do not have **access** to paid leave. The number of those receiving leave has increased for the first 2 years, but declined by 2003. At the same time, those not receiving paid leave increased.

Table 4.19: Access to paid leave (2001-2003)

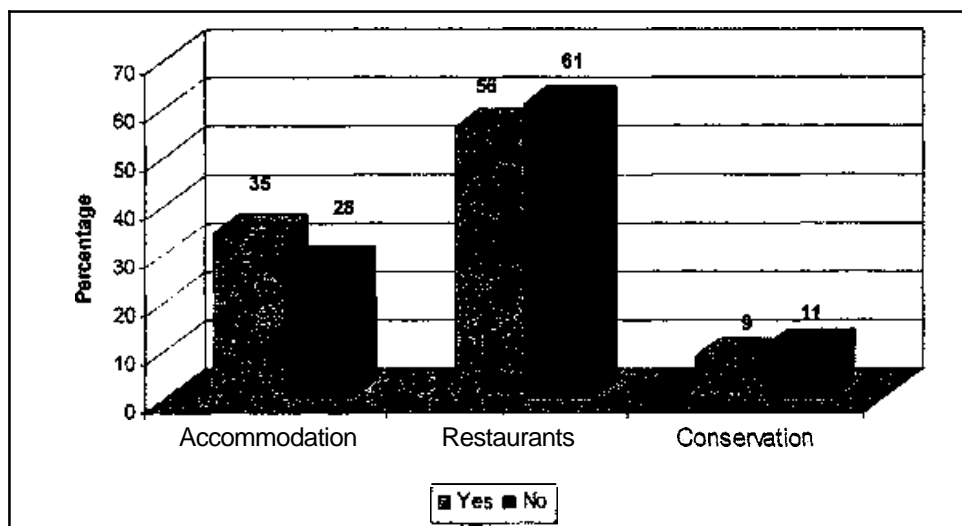
	2003	%	2002	%	2001	%
Yes	121610	51	124006	56	109426	51
No	111917	47	90385	41	100384	47
Unknown	4771	2	7141	3	5742	3
Total	238297	100	221532	100	215552	100

An analysis of the sub-sectoral distribution shows that all sub-sectors have large numbers of employees without paid leave.

	Yes	No	Unknown	Total
Accommodation	42046	31439	3657	77142
Restaurants	68291	68229	1114	137633
Conservation	11273	12249		1570
Total	121610	111917	4771	238297

Among those who indicated that they do not have access to paid leave, two thirds are in the restaurant sector, as shown in Figure 4.25. A third of the restaurant workforce is employed on a non-permanent basis, which may underpin this response. The extent to legislative provisions in regard to paid leave for such employees are adhered to, should be of concern.

Figure 4.25: Access to paid leave by sub-sector (2003) (%)



Employment contracts

Table 4.21 shows the extent to which respondents indicated that they have written contracts with their employers. It shows that written contracts are more common in 2003, than in 2001. However, more than one-third of employees still do not have written contracts.

Table 4.21: Written employment contracts in the hospitality sector (2001-2003)

	2003	%	2002	%	2001	%
Yes	148619	62	138829	63	105054	49
No	84682	36	76680	35	98965	46
Unknown	4996	2	6022	3	11534	5
Total	238297	100	221532	100	215552	100

Source: LFS Sep 2001,2002,2003

Across sub-sectors, two-thirds of those who did not have a written contract are found in the restaurant sub-sector.

Unemployment Insurance Fund deductions

Table 4.22 shows that there has been an increase over the period, where respondents indicate that UIF contributions are deducted. It is still only at 63% though.

Table 4.22: UIF deductions from employee's wages (2001-2003)

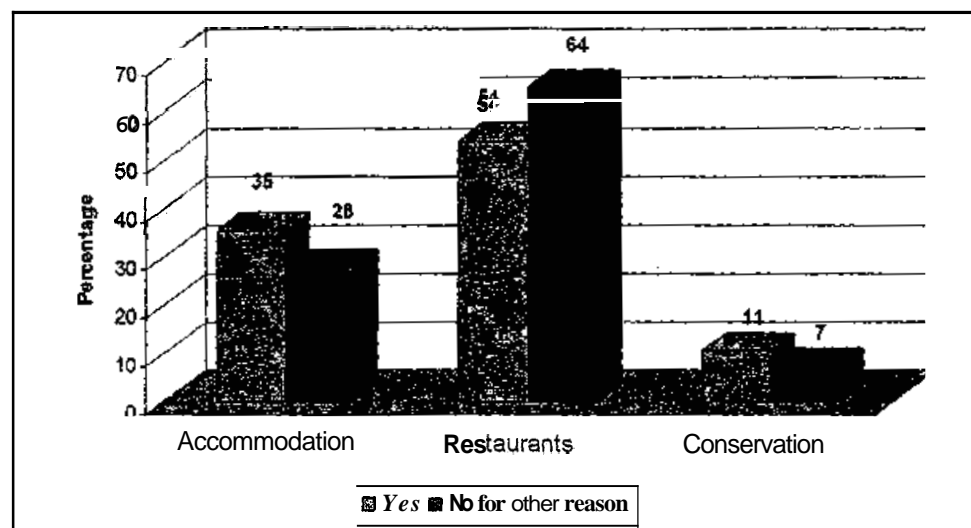
	2003	%	2002	%	2001	%
Yes	150977	63	128741	58	104732	49
No (income above UIF limit)	6302	3	7109	3	5601	3
No for other reason	77035	32	80264	36	94257	44
Unknown	3982	2	5418	2	10962	5
Total	238297	100	221532	100	215552	100

Table 4.23: UIF deductions by sub-sector (2003) ('000)

	Accommodation	Restaurants	Conservation	Total
Yes	53457	81186	16334	150977
No (income above UIF limit)	1827	3246	1229	6302
No for other reason	21468	49609	59581	77035

As shown in both Table 4.23 and Figure 4.25 the restaurant sub-sector contributes largely to the lack of UIF deductions. This is largely due to the relative size of the sub-sector. However, it is still cause for concern if employers are not abiding to this legislative requirement.

Figure 4.26: Distribution of UIF deductions by sub-sector (2003) (%)



Pension/retirement fund contributions by employers

The extent to which employers contribute towards pension or retirement funds for their employees, provide some idea of the level of social security enjoyed by employees. This relates especially to employees that are poorly paid, and may not afford long-term savings.

Table 4.24: Employer contributions to pension or retirement fund (2001-2003)

	2003	%	2002	%	2001	%
Yes	80522	34	84384	38	76698	36
No	151877	64	126891	57	129456	60
Unknown	5898	2	10256	5	9398	4
Total	238297	100	221532	100	215552	100

The table shows that about 35% of respondents report that their employers are making such contributions, over the period. The actual number has dropped by 2003, while the number of those not contributing has increased.

Medical aid or health insurance contribution/membership

The overwhelming majority of respondents report that their employers have neither made contributions to a medical benefit scheme, nor provide for membership to such a scheme. The number of those with individual coverage has declined since 2002, as well. However, there has been some improvement in the number of those with coverage for dependants as well. However, overall medical aid or health insurance is not provided for in the sector.

Table 4.25: Medical aid or health insurance contribution/membership (2001-2003)

	2003	%	2002	%	2001	%
Yes (him/herself)	14738	6	20906	9	7830	4
Yes (him/herself plus dependants)	20313	9	14438	7	11014	5
No	199551	84	177706	80	189153	88
Unknown	3695	2	8481	4	7557	4
Total	238297	100	221532	100	215552	100

Source: LFS 2001-2003

Trade union membership in the hospitality industry

Table 4.26 shows that less than 20% of the workforce is unionised. The absolute numbers in 2003 have stabilised at 2001 levels though, after a 4% decline in the previous period. The unionisation rate is below the average economy rate at 31.5% (Naledi, 2004), and just below the rate for the wholesale and retail sector at 20% in 2004. Further, the size of the non-unionised workforce has also grown in absolute numbers over the period.

Table 4.26: Trade Union Membership in the hospitality sector (2001-2003)

	2003	%	2002	%	2001	%
Yes	42299	18	35507	16	42145	20
No	189196	79	179188	81	162200	75
Unknown	6089	3	6837	3	11207	5
Total	237583	100	221532	100	215552	100

Low levels of unionisation combined with the SMME structure of the sector as whole, present major difficulties in terms of any collective bargaining processes.

POLICY IMPLICATIONS

According to the World Travel and Tourism Council (WTTTC), the South African hospitality and tourism industry has been one of the better performers in creating employment. The three sub-sectors, accommodation, restaurants and conservation analysed in this chapter, comprise the majority of all enterprises in the total hospitality and tourism industry, and thus this LFS analysis represents a fair representation of the hospitality sector.

The analysis shows that for the period under investigation, 2001-2003, the sub-sectors have grown in regard to formal sector employment. The key sub-sectors are restaurants, followed by accommodation. While the overall sample sizes are small, it is possible to derive at policy conclusions for these two sub-sectors. However, with regard to conservation, given the small sample sizes for a range of variables, it is difficult to gain a comprehensive profile of the sub-sector.

The sector is predominantly urban-based, and this substantially reduces the need for highly differentiated wage provisions based on area type. This applies particularly to the restaurant sector. The accommodation sub-sector has a growing non-urban segment, including guesthouses, guest farms and in the conservation sub-sector as well.

The sector is predominantly made up of small, very small and micro-enterprises, which contributes to careful consideration in terms of issues of affordability of wage provisions as well as improved conditions of employment. Further, the sector structure poses major challenges with regard to monitoring the implementation of new provisions. Further, the low levels of unionisation, and collective bargaining by extension reduces the possibility for internal monitoring by trade unions.

The restaurant sub-sector employs mostly semi-skilled employees, while the accommodation sub-sector has a relatively equal proportion of semi-skilled and unskilled employees. More than 50% are females, and a substantial proportion consists of African females. All of these factors confirm that the sector include among the most vulnerable labour market categories. Working hours is a sensitive and complex issue in the sector, and this analysis points toward potential non-compliance with regard to the maximum working hours. Thus, full-time employees are working substantially more than 45 hours, even with the inclusion of the stipulated 10 overtime hours per week. Thus, the regulation and monitoring of the overtime limits is an area of concern.

The evidence is not clear with regard to the extent and trends on non-standard employment. This analysis suggests that at least one-third of the workforce is in a form of non-standard or non-full-time employment, but the data does not sufficiently capture part-time employment. The analysis also points towards substantial non-compliance in regard to paid leave, in terms of the current SDs and the BCEA. Similarly, at least a third of employers may not be deducting UIF contributions.

Finally, most employees are low-paid, with a concentration in the lowest wage categories, i.e. less than R1000 and 1001 – R2000. Unskilled employees are the lowest paid, while there has been an increase in this category in the accommodation sector in 2003. On the whole these actual wages are above those stipulated in the current SDs. However, these wage levels fall below the average Household Subsistence Level (HSL) of R2130 (6 household members) and R2368 (5 household members) for 2004 (Bureau for Market Research, 2005). Given that more than 70% of the employees are in the age range, 20-39 years, most are likely to support other family members. Overall, therefore the accommodation and restaurant sub-sectors employ a majority of employees who would be regarded as vulnerable.

CONCLUSION

The results emanating from the Labour Force Survey for 2001-2003 provide a reasonable baseline analysis of the *sue* and dynamics of wages and conditions of employment in the accommodation and restaurant sub-sectors.

CHAPTER 5

Analysis of Stakeholder Views on the Hospitality Sector

INTRODUCTION

This chapter provides an overview and analysis of the views of sector stakeholders on key developments and trends in the hospitality sector, as proposed in the Department of Labour terms of reference. This is based on the analysis of interview data collected from a number of key stakeholders including industry associations, employer associations, trade unions and other industry sources. In this manner, we sought to provide a relatively balanced perspective on macro issues, as well as the current status of wages and conditions of employment and other developments in the various sub-sectors. The paper includes the following areas:

Description of the research methodology;
Proposed scope and definition;
Selected economic developments;
Employment flexibility;
Equity profile;
Conditions of employment and wages; and
Industry alignment for the purposes of an updated SD.

METHODOLOGY

The study methodology was qualitative in nature, and consisted of face-to-face interviews with selected stakeholders. The interviews ranged from 45 minutes to an hour. Various sources were consulted to establish a range of representative organisations in the various sub-sectors in order to select relevant stakeholders. The sector is still very fragmented, and information often outdated, but information from the Tourism Hospitality Education and Training Authority (THETA) sector skills plan and Internet searches were helpful in this regard. In some instances names of associations and employee or employer organisations had changed or the associations/organisations were no longer in existence and could not be traced. We used snowball sampling to extend the list of contacts by asking for referrals from those already participating. Thus, during the process of interviews stakeholders were able to provide details of other stakeholder whom they thought could provide useful inputs in this research. This approach also had limitations as many of these contacts included outdated details, or the relevant persons had left the organisation or refused to participate.

Regardless of these problems the respondents are largely representative of the various sub-sectors described in the DOL terms of reference, except for the travel, gambling and lotteries sub-sectors. Employee organisations and trade unions, whilst not necessarily representative of all occupational categories (e.g. tour guides) covered low-skilled employees, across all the sub-sectors in the hospitality and related sectors.

The interviews were based on a semi-structured interview guideline covering a number of themes. These were designed for the three groups of stakeholders, industry associations and related organisations, employer organisations and trade unions. The interviews were recorded with the consent of the interviewee then analysed based on a number of key themes.

Table 5.1 provides an overview of the range of organisations consulted in the research process.

Table 5.1: Industry stakeholders in the research process

Organisation	Sub-sector/description
Tourism Business Council SA	Umbrella body representing business sector in tourism on macro-issues; Members include trade associations and individual businesses.
THETA	Training body for all sub-sectors related to tourism and hospitality, conservation, sport and recreation.
The Federated Hospitality Associations of South Africa (FEDHASA)	Hospitality trade association including, hotels, restaurants, caterers, self-catering, time-sharing, home hosting (B&B, guesthouses), suppliers, consultants and service providers to hospitality industry; conference venues, country clubs and taverns.
National Accommodation Association	Trade association for smaller establishments- 1-30 bedroom establishments. 1500 members
Bed & Breakfast Association of South Africa (BABASA)	Mostly SMMEs including lodges, guest houses (1- 15 rooms), B&Bs (1-6 rooms) & caterers. Mostly informal and "unregistered", partnerships, and "mom and pop" shops.
National Council for Tour Guides	Represents tour guides and adventure operators (e.g. bungee jumping etc.)
National Association of Catering Employers (NACE)	Employers organisation in the catering industry In the process of re : : employers' organisation
South African Commercial and Catering Workers' Union (SACCAWU)	Trade union Hotels, restaurants, tourism, gambling. COSATU affiliate
Hotel, Liquor, Catering & Allied Workers Union (HOTELLICA)	Trade union representing hotel and catering employees. NACTU affiliate
Commercial Catering, Accommodation Workers' Union (CCRAWU)	Independent trade union- breakaway from SACCAWU Mainly hospitality sector

As illustrated in Table 5.1, these organisations represent a reasonable profile of the main sub-sectors in the targeted business activities and the scope of coverage contained in the relevant SDs under investigation by the Department of Labour. Those not covered, include gambling, lotteries **and** the travel sector. It does show that there is a fair amount of overlap between the industry or trade associations, especially those in the accommodation sub-sector. This is partly ascribed by the increased entry of new, small businesses and Black -owned, especially in the B& B sub-sector.

SCOPE AND DEFINITION OF SECTOR

The question posed to stakeholders related to how their membership defined themselves internally, and in relation to a broader sector. This inevitably resulted in a discussion of what defines hospitality organisations, as opposed to tourism organisations. On the whole though, there seems to be an agreement that the tourism sector is a “macro” description for all related sub-sectors which provide a good or service to tourists (domestic and international) to some extent. However, the sub-sectors are very differentiated as well in terms of their workforces, and thus for the purpose of a SD, the all-encompassing “tourism” description may not be appropriate at all. Thus, the rest of this section looks at whether the all-embracing “hospitality” description is more appropriate to capture the dynamics among the sub-sectors targeted by the DOL terms of reference.

The responses from business or trade associations indicate that there are potentially a number of factors to be considered in the formulation of a sector or sub-sectoral definition that is summarised as follows:

The core business activity (provision of particular goods or services);

The duration of the service provided (where appropriate);

The nature of the transaction between the clientele and the provider of the service or goods, or the manner in which the service is provided; and

The type of clientele.

An application of these factors to stakeholder types emphasises some of the complexities and overlaps among various sub-sectors.

In the accommodation sector the generic types of accommodation include hotels, bed and breakfasts, game lodges and guesthouses. Thus the core business activity is the provision of, or “sale”⁸ of short-term accommodation”. Thus, even though establishments with the same core business activity, such as accommodation, may provide differentiated services, they would still be regarded as part of the accommodation sub-sector. For example, as a result of the size of the establishments the larger ones may provide full catering facilities, whereas a B&B does not.

The duration of the core business activity, such as accommodation also has implications for the sub-sector, trade and letting of flats and accommodation (WD 477). Accommodation stakeholders argue that the letting of flats and long-term leases cannot be seen as part of the sub-sector, especially given that such leases tend to be longer than generally held in the short-term accommodation sector. Instead, they argue, such services fall within the property management industry, renting or business services sector.

A third element to be considered, relates to the manner in which the services or goods are provided. Those in both the accommodation and catering sub-sectors argue that they deliver their services in a manner “that adds value over and above the service or product” and in a “hospitable”, pleasant and convenient environment. As such those who comply with this requirement, and do not simply deliver the “service or product in exchange of currency” would fall within the hospitality sector. By definition, then those in that catering and restaurant service involved in the sale of food and beverages in a manner that adds value to their service, regard themselves as part of the hospitality sector. An example cited includes the letting of flats or rooms, which is argued does not involve a similar value add or the creation of a “hospitable” ambience as would be the case in the hotel, B&B or restaurant sub-sectors.

⁸ The term “sale” is industry jargon for the short-term rental or hiring transaction that takes place.

The catering industry (cafés⁹, coffee shops/tea rooms, restaurants, bars and industrial catering) also has a close relationship with accommodation. Thus, accommodation establishments may have restaurants either owned by the establishment itself, or operated through a franchise or through an outsourced industrial catering contract. Given this interdependent relationship both of these would be regarded as falling within the hospitality sub-sector. However, it is also argued that those that should be excluded from the hospitality sub-sector, include cafés “.. where you may not be served at all” as well as letting of flats “.. where you may talk to the agent once a month”. The latter comment is in reference to the **scope** of coverage in **WD 471**. As indicated previously, it is argued that given the limited nature of the renting transaction (exchange of money) it cannot be regarded as part of either the accommodation or hospitality sector. Also the services of cafes would fall more strictly under retail, even though they are categorised under the hospitality according to the SIC definitions.

Continuing on this theme, however, there is some concern regarding the placement of industrial catering companies. Thus, while restaurants do provide services in a so-called hospitable manner, there are some differences with regard to industrial or contract catering. The latter are generally sub-contracted to provide catering services to hospitals, educational establishments and other companies.

This relates to the final element, that is the type of clientele or consumer of goods and services. Thus, the main consumer **of** goods and services provided in the accommodation, catering and tourism sub-sectors **are** predominantly tourists, domestic and international and individuals. However, business stakeholders argue that the main clientele of **the** industrial catering sector **are** companies. It is acknowledged that the employees of these companies are provided a service, but it is done in **an** indirect manner and exclude tourists in general. For this reason, those in industrial catering argue that they should not fall within tourism or hospitality for that matter, as they provide a “support service or facilities management” role in “catering, security, cleaning and maintenance..”. However, this does not mean that it should not fall within the catering sector, as its core business activity is the same as that of other catering establishments. Whether it provides these services in the hospitable “ambience” argued for elsewhere, is up for debate. Similarly, it is argued those involved in longer term leasing of flats (WD 471) do not necessarily have tourists as their main clients’ base.

One other factor that needs to be considered, is that similar to **the** tourism description, “hospitality” also seems to be an all-embracing description. Thus, FEDHASA seems to adopt the all-embracing hospitality definition easily, especially given the heterogeneous nature and tradition of its members. However, other trade associations with mostly SMME membership, and new entrants to the industry tend to adopt a narrower definition, such as B&B, guesthouses accommodation and so forth. In the catering industry, there are a chefs’ association, restaurants’ associations etc. However, this fragmentation may not necessarily imply a disagreement with the “hospitality” description, but rather reflect the specific organisational needs that may not be addressed in a heterogeneous organisation such **as** FEDHASA.

The next section focuses on those sub-sectors that are not traditionally regarded as hospitality per se, but have always had an explicit association with the tourism industry.

The gambling and lottery sub-sector is regarded **as** a new entrant in the broader tourism sector. Thus, historically this sub-sector was only allowed in the former homelands, but prohibited in the rest of South Africa. It is regarded **as** a highly regulated sector, given the new democratic government’s efforts to facilitate its growth and development through legislation. Business activities include mainly gambling (in casinos) and the national lottery.

⁹ Cafés are not included in the DOL terms of reference or business activities for this study.

However, large hotel groups such as Sun International and Southern Sun provide a differentiated product including accommodation, gambling establishments and sporting activities, such as golf for instance. The general opinion is that gambling sub-sector is not part of hospitality, but part of tourism. However, where the core activity is a hotel, the gambling or golfing activity would not change its placement in the hospitality sector. The general opinion seems to be that gambling and lotteries is a Stand-alone sub-sector, and not **part** of the hospitality sector.

The dilemma with gambling and lotteries as a leisure activity also relates to the conservation and leisure sub-sectors. Conservation is described as “bush or safari” tourism. These include wildlife conservation, parks, game reserves, hiking, and hunting among others. Leisure on the other hand is described as including activities such as museums, cultural and historical sites. Further, *the* main client base is tourism. Thus, these two sub-sectors are not regarded as **part** of hospitality, but instead as stand-alone sub-sectors within the broader umbrella of the tourism sector. There was one view to the contrary though, who regards conservation and leisure as part of hospitality because the consumers of this service “...are made to feel at home”.

Those in the tour operator/guide sub-sector define themselves very narrowly, and tend to be one-person operators. Tourists are their main clientele, and they are closely linked to **all** of the other sub-sectors, especially accommodation, conservation and leisure as well as the travel sector.

Unfortunately, our research did not reach the travel sector stakeholders themselves, but some views were expressed as to how travel fits into the hospitality sector. The travel sub-sector is described as involved in the transportation or ferrying of “warm bodies” to tourist destinations including hotels, historical and cultural sites, leisure activities and so forth. **It** includes tour operators, tour guides, travel agencies, car rentals, and, according to some, should also include cruise liners. However, it **was** said that the latter does not see itself as part of tourism or hospitality but rather as part of transport. Similarly, South African Airways **is** also regarded as being part of tourism and travel sub-sector, as it **is** involved in **the** transportation of tourists as well.

The structuring of the trade unions do not provide much guidance on the scope of the sector, as union membership tends to cut across all of the sub-sectors.

In summary, it seems that all of the stakeholders accept that they **are** all involved in the tourism value chain, at a macro-level. However, at **an** organisational level most do not describe themselves at the macro-level, but at a narrower micro-level specific to their core business activity.

Those in the hotels, accommodation, catering and restaurants take a slightly different approach as they have a historical affinity to the hospitality sector, but can equally well describe themselves at the narrow, sub-sector level. Thus, it seems that the hospitality sector is seen as including mainly short-term accommodation establishments, restaurants and most catering establishments, given their historically interdependent relationship. This however, does not negate the separation of these **2** sub-sectors either, given that smaller establishments tend to organise themselves on a much narrower sector basis, either accommodation or catering. This relates particularly to SMMEs and those establishments by new, Black entrants to the business. Such a description is also in-line with those adopted by the **THETA** and the DEAT (to some extent) in the BEE Scorecard.

The other sub-sectors (gambling & lotteries and conservation & leisure) are newer, and do not have a similar historical association with hospitality, even though some of their business activities are hospitality-related. **As** such, they tend to describe themselves at the micro-level.

Further, these sub-sectors are also not closely linked at an organisational level, except perhaps at the TBCSA, an umbrella body established in 1996. Gambling and lotteries are regarded as a separate sub-sector, although the trade unions felt that it should form part of tourism. However, the description, travel and tourism or travel distribution systems (as described by the DEAT) collapses all those business activities involved in the transportation of tourists to tourist destinations. The latter will include some parts of conservation and leisure sites as well, such as museums and historical sites. Thus, there is some vagueness among stakeholders as to what would be the most appropriate manner in which to describe this sub-sector.

APPROACHES TO REGULATION AND COLLECTIVE BARGAINING

This section reviews the approaches by business and industry associations to regulation, especially given the patchy history of centralised bargaining in the main sub-sectors of accommodation and catering.

Regulation of the industry

Most business stakeholders express the view that the sector can “easily regulate itself”, pointing towards the existing levels of trade organisations. Thus, they argue that government should create a supportive policy environment, as opposed to a prescriptive environment for the sector. Trade unions, as is to be expected, hold a different view, pointing towards a range of issues relating to collective bargaining, as well as inconsistent application of relevant labour legislation in some sub-sectors.

One of the common complaints by business is that they are covered by a multiplicity of legislation, which creates confusion, and increases the tendency towards non-compliance. Among B&Bs and other SMMEs this is a particular complaint. Thus, the representative of an industry association feels that abiding by at least “268” different bylaws in different areas to set up a business, and other legislation, encompassing wages, the provincial liquor licensing requirements and the proposed BEE scorecard criteria, contribute to excessive start up costs. Business stakeholders argue that small and micro-business owners (guesthouses/B&Bs) do their own administrative work, and do not have the skills to keep up with the plethora of legislative provisions of the LRA, the sectoral determinations, and still do human resources, accounting and marketing.

Another area of confusion relates to the employment of domestic employees in B&Bs and guesthouses, and which of the sectoral determinations (domestic worker or accommodation) is applicable to them. Thus, given that most B&Bs operate from private homes, domestic workers generally are employed in both the business and the private home. There is a view that if the person spends more than 50 per cent of her time in the business, the new relevant sectoral determination should apply. In the absence of a new sectoral determination, employers pay such employees as if they are domestic workers. Clarity is obviously required in this regard.

Among medium and larger companies, many of their complaints relate to the piece-meal nature of the relevant wage legislation, including the existing SDs, the BC agreements, and the application of the BCEA in those areas where BCs have collapsed, as well as plant-level collective agreements. A further complicating factor is the new municipal demarcations, which are not in line with the existing SDs. Thus, examples are cited of towns who were previously covered by the relevant SD, who, given the revised demarcation, now no longer have to apply its provisions, or are covered by a different SD.

Further, some of the provisions of the wage legislation are simply outdated, and have not kept up with other legislative developments such as the BCEA. An example relates to the fact that accommodation establishments with liquor licenses fall under WD 457, whereas those

without a liquor license fall under WD 479. It appears that many employers are not even aware of these different requirements, and subsequent legislative changes (regarding liquor licensing) have rendered these provisions superfluous.

Collective bargaining

At the time of the research, the only Bargaining Councils in existence are in the restaurant and catering sub-sectors in the Pretoria and Johannesburg metropolitan areas. Other bargaining councils in Cape Town and Durban had been dissolved. Reasons forwarded for the dissolution are as follows:

The old industrial councils under the apartheid legislation did not transform themselves into bargaining councils post-1996;

Employers withdrew from the Durban BC, but no-one could state the underlying reasons ;

The Cape Town bargaining council combined accommodation, hotels and restaurants, which created confusion and contributed to its dissolution.

It appears that the current Bargaining Councils now extend their reach beyond their formal description into other provinces as well. For instance, the Pretoria BC extends north of Midrand, into parts of the North-West (Brits, Rustenburg and Swartruggens), parts of Limpopo (up to Bela Bela), and Mpumalanga (up to Witbank).

There are some efforts among stakeholders to revitalise bargaining councils. However, this is largely confined to the trade unions. Thus, CATRA (part of hotel and catering trade) is a trade union (6000 members) who indicates that it is in the process of setting up a national bargaining council. SACCAWU expresses a similar view, and also argues against a proliferation of different sectoral determinations. However, employer stakeholders regard centralised collective bargaining as one of the means to hamper growth in the industry. One view expressed from a key business stakeholder alludes to a perception that perhaps government perceives this sector as a potential job creator, and is thus not much in favour of "more restrictive laws". This is further reinforced by the outdated wage determinations. Also, it is argued that if "more negotiation is allowed", "labour [trade unions] may go for double time on Sundays and holidays, abolish split shifts".

Plant-level bargaining is the other form of collective bargaining in the sector, but none of the stakeholders could indicate the level of coverage. Much of plant-level bargaining appears to take place in the traditional sub-sectors such as hotel, accommodation and restaurants & catering. Here the main difficulties relate to the "mushrooming" of B&Bs and small and micro-businesses where it is difficult to bargain on behalf of one or two employees.

On the whole though, trade unions and business stakeholders hold very different views in regard to collective bargaining, especially at a centralised level. While the employers are in favour of a broad enabling framework within which bargaining councils and company-level bargaining may exist, trade unions are much more explicitly arguing for uniform wages and conditions of employment to be regulated at a national level. Overall, the chances of setting up a national bargaining council seem rather slim, as there is a range of organisational stakeholders on both the union and business sides. While the explicit purpose of the TBCSA for instance is for "tourism with one voice", this approach is still absent in regard to collective bargaining and wage regulation.

Approach to minimum wage regulation

Most business stakeholders would prefer if there were no wage regulation, and market regulation presided. However, there is also a sense of that wage regulation is inevitable. So, a business stakeholder felt that "...whether business may like it or not government will set minimum wages as it has done in the domestic and retail sectors".

Business stakeholders argue that much of the industry (especially in hospitality) and the larger players are already complying in terms of the BCEA requirements. This it believes should be maintained as the standard. In addition they argue that industry-specific provisions must be considered for exemption. These relate particularly to payment of double time on Sundays, provision of accommodation and split shifts (which the BCEA does not provide for). Such exemptions should be negotiated upfront with the **DOL**, where employers can state which provisions they wish to be excluded from.

A business stakeholder did express support for the establishment of bargaining councils at “..city, provincial and national level”, where necessary. However, as indicated before none of the business stakeholders necessarily indicated any intention to promote or participate in BCs. Business seems to support the continuation of the current SDs, the reason for which seems to lie in the fact that these SDs were less onerous in regard to the provisions cited earlier on regarding double time on Sundays, night work as ordinary time and split shifts or spread-overs, among others, all of which fall away under the BCEA. There is also the view that if industry-specific solutions are not found, business will find another way, such as outsourcing to reduce costs.

Business also argues that some of the large companies are already paying much better wages and have better conditions of employment, beyond current legislative provisions. However, while trade unions agree with this, they also point out that some large companies use wages paid by small companies as their benchmark. This practice, the unions argue, increases the necessity to regulate the industry in a uniform manner.

Interestingly, a business stakeholder is in favour of regulation of the industrial catering sub-sector with regard to setting minimum wages. This relates particularly to the fact that given the depressed nature of the sub-sector, many smaller companies tender for contracts on the basis of very low wages. An example is cited of a tender that was secured on the basis of paying R750 a month per cleaner, whilst a rival tender was paying R2 500 per month. This, it is argued, is a result of the absence of wage regulation and a national minimum wage will “eliminate unfair competition and exploitation of workers”.

There were other opinions expressed, especially by those in the non-hospitality related sector and **SMMEs**. For instance, those in the gambling sector expressed the view that the sector is already highly regulated. Further, its mandate is very clear in terms of employment creation and contribution to economic growth. Also, it regards itself as more advanced compared to other sectors with regard to **skills** development and employment equity. As such, the employer view is that further introductions of new legislation will dampen compliance and growth. Trade unions are of the view that these industries should be folded into the tourism sector for the purposes of wage regulation.

Those representing **SMMEs** felt that deregulation at all levels should apply. **Further**, they felt that the BCEA provisions are “blanket” in nature and most **SMMEs** cannot afford its provisions. This view was expressed despite the downward variations provided for very small and micro-enterprises in the ministerial determination for small business. These stakeholders argue that the shift work requirements in the BCEA have affected micro-businesses negatively, as there is now no “incentive to work longer hours”. Some also argue that new **Black SMMEs** are struggling compared to the rest of the sector, and that new **SD** provisions would make them even more unsustainable. This view by **SMMEs** is also partly influenced by their perception that the sector is not always widely consulted on most issues, including the accommodation grading system, wages etc. The unions on the other hand argue that while it acknowledges these difficulties, most employees in **SMMEs** are relatives of the owners and tend to be paid in kind, which is very difficult to monitor. On the whole, **SMMEs** argue that they should be excluded from wage regulatory measures altogether.

SELECTED ECONOMIC DEVELOPMENTS IN THE SECTOR

There were different interpretations of economic performance in the sector, driven by sub-sector specific dynamics, as well as lack of reliable sector statistics. The latter applies particularly to the impact of the tourism sector on Gross Domestic Product (GDP). Some of the factors that are cited include the drop-off in international arrivals since the 9/11 attacks in America, as well as growth or arrivals from the rest of the African continent. The latter is attributed in part to the establishment of the African Parliament in South Africa. Other drivers of demand include corporate and government demand for conferences and workshops.

The accommodation industry is regarded as generally more stable than other sub-sectors. Among SMMEs, occupancy levels are reported to be less stable than before. For instance, the B&Bs in the townships in some instances are cited as running at 5 percent occupancy levels. Reasons include the lack of domestic demand, and the lack of bedroom capacity as tourists tend to visit the townships in large groups. Also it is argued that while lodges cater for the "upper currency market" and may not have suffered, since 9/11 international tourism in B&Bs have "collapsed.

Furthermore, even though the rand has strengthened the hotel industry increased prices by about 30 percent in the last few years. This is a particular complaint raised by tour guides and operators, as their fortunes are reliant on the accommodation sector. Other concerns relate to the lack of marketing of the South African brand by SA Tourism.

In the industrial catering sub-sector, business argues that it is "battling" and that margins are low. Firstly, high rates of retrenchments are experienced in client companies and the reduction of the workforce in the public sector (e.g. hospitals) for instance has diminished the client base considerably. Secondly, client companies are cutting costs because of the "depressed national economy", so that " ...when they outsource, they do so at the cheapest possible wage rates". Finally, as mentioned previously there is a lot of competition in the outsourcing market particularly with companies with very low overheads.

The proposed Black Economic Empowerment Scorecard and its compliance requirements have created some debate in the sector. While larger companies do not necessarily have any difficulties, once again the small and micro-business have raised problems in terms of understanding the proposed legislation and their capacity to comply. Thus, B&Bs and guesthouses are mostly White-owned, and operate from their private homes, and foresee difficulties in selling off parts of their own home to staff for instance.

EMPLOYMENT FLEXIBILITY

The two most prominent restructuring trends in the industry raised by all stakeholders include outsourcing and franchising. It was not possible to get an estimate of the scope of these trends, but all agree that it is extensive and growing.

However, outsourcing is largely sub-sector driven. In the hotel industry the trend is apparently that bars and restaurants are increasingly being outsourced or franchised. It is mainly catering functions that are held by franchises such as Wimpy, Kentucky Fried Chicken and others. The industrial catering sector is now also moving into facilities management, providing outsourced cleaning and security services. Unions report that some large hotels are considering outsourcing bedding as well, in order to trim the permanent workforce to the minimum. This is apparently aimed at enabling business to focus on their core business and thus "... improve efficiency and profitability". Trade unions see this development as a ploy to further the exploitation of workers as it introduces casual, part-time and contract workers at a larger scale. It also inhibits effective collective bargaining.

A related trend is a shift away from permanent employment to casual, part-time and contract employment, which **is** cited by all stakeholders. This, it is argued is the result of outsourcing and franchising **as** part of a business cost saving strategy for greater competitiveness. Again, there are no statistics available on the rate of employment flexibility, but is generally estimated that less than 50 percent of labour is permanent and this percentage is continuously declining. In the tour-guiding sub-sector, there is also a high level of employment flexibility, **as** tour guides are regarded as working on a freelance basis, or as independent contractors. Given their employment status, tour guides do not receive any other benefits.

Those in the **SMMEs** sector argue that unstable occupancy level and declines in demand, have driven the trends towards casual employees, **as** there is “.. not enough work ” for permanent staff. This sector seems to increasingly use both outsourcing and labour broking to provide them with cost-effective labour. Thus, employment “agencies” similar to labour brokers are regarded as an appropriate means to distribute labour according to needs, and are apparently becoming more popular. B&Bs also cite the promulgation of the SD for domestic workers as a driver for increased casualisation and labour broking, as minimum wages make employment unaffordable. Labour broking services utilised include domestic service, laundry, gardening, carpet cleaning, windows and ironing. **Also** medium-sized companies are cited as employing minimal staff (receptionist and a chef or cook), with the rest of the workforce provided by labour brokers.

This led on to a consideration of who is responsible for securing wages **and** conditions of employment for employees in outsourced functions, and labour brokers. Mention was made of the debate **in** the National Economic Labour and Council (NEDLAC) as to whether outsourced functions should be viewed as ongoing concerns of the main company.

Also employers are of the view that franchises should be viewed as separate and independent concerns while trade unions *argue* that they should *be* seen **as** part *of* the main employer.

The main collective agreement for the Johannesburg BC holds both the labour broker and main employer as liable for workers wages and conditions employment and it argues that this has resulted in far less labour brokering. Thus, if the main employer is **party** to a bargaining council agreement or if it has been extended to it, they are liable to pay the salaries of all labour sourced from a labour broker. The labour brokers share the same responsibility as well. Thus, if one party is in breach, the other **is** liable.

The debate has also filtered into the training and development industry. A number of concerns have been raised that particularly in franchises there is resistance to provide training to employees in franchisees. Franchises that were cited **are** particularly those that operate in the townships such as **KFC**, Chicken Licken, Nandos, Grillos and so on.

The trade unions argue that the impact of outsourcing of non-core activities has led to a reduction in the wages and conditions of employment of employees in outsourced activities, in that do not only lose their benefits, but also their permanent employment status as they become casual and part-time workers.

Another form of flexibility that affects income relates to the payment of tips or “commission” in the restaurant sub-sector. Unions cited the incidence of ‘commissioned’ waitrons, whose earnings constitute solely of the tips they receive, or of a percentage of sales generated or the value of the meals served. Most do not receive a basic salary or benefits. Commissioned waitrons may be part-time, casual or contract employees, and the unions describe this trend **as** an extreme form of casualisation.

EQUITY PROFILE OF THE SECTOR

Generally stakeholders estimate that about 70 percent of the workforce is black and female, and most are concentrated at the lower end of the skills and employment hierarchy. This profile is attributed to the predominance of hospitality, the largest sub-sector (70 percent) in tourism. Thus, given the nature of jobs in accommodation and catering activities, it has a larger proportion of female labour. Small and medium sized companies predominate; pay lower wages, which tend to bring down the average wage, especially in hospitality.

Stakeholders regard skills level **as** of a predominantly elementary level, with the exception of middle and upper level management. The latter often requires tertiary education ranging from a national diploma to a bachelors degree. Management is dominated by Whites, **is** mostly male, while the rest of the industry is Black and female. However, the exception is human resource management, including industrial relations, which tend to adhere to employment equity requirements. The trade unions argue that these positions **do** not have real decision-making powers, and are of a tokenist nature. The general impression is that the implementation of employment equity is slow and skewed. However, in the restaurant sector there are reports of significant growth of Black managers, who now constitute about **50** percent of management. The reason given for this is that restaurant managers are probably easier and less expensive to train since most of the training is in-house.

In tourist guiding, tour guides are still largely white and male. The rationale **is** that tour guides operate as independent contractors and require their own transport for their jobs, which Blacks may not necessarily have access to.

Ownership is still predominantly White, although in the B&B sector there has been an increase in the number of black B&Bs in the recent past. The gaming and lotteries industries, due to the empowerment clause in the licence, employs a higher proportion of females not only at the unskilled level, but also in semi-skilled positions such **as** game controllers and marketing positions.

CONDITIONS OF EMPLOYMENT

It seems that there is general adherence to **45** working hours a week in the sector in line with the Basic Conditions of Employment Act (BCEA), even in the SMMEs. The exception is the industrial catering sub-sector that proposes a minimum of 10 hours a day including lunch and a maximum of 10 hours **for** overtime per week. The catering industry proposes 12 hours per night shift in the hospitals. In effect, the proposal amount to **72** hours a week including overtime. In other sub-sectors there **are** no proposals, except variations for micro and small enterprise.

The debate on split shifts or spread-over continues. Trade unions in the catering trade argue that employers use split shifts or spreadovers to avoid overtime pay and night shift allowance. Employers argue that the split shifts allow them to use labour **as** and when it is required in a much more efficient way. Some, however, especially in the urban areas, do not see the need for spread-overs, whereas in the rural areas they argue that where employees stay on the property, spread-overs do not disadvantage employees. This means that they can go home during the time they are not working, whereas in the urban areas they would have to wait unpaid until the next shift. Labour organisations argued that split shifts should be abolished in line with the BCEA and bargaining council agreements.

Linked to patterns of working hours is Sunday work and night shift. In the bargaining councils Sunday is taken **as** an ordinary working day and some employer organisations would **like** to see ~~it~~ retained **as** is. Others **in** the accommodation industry (*small* companies) where the BCEA applies pay time and half on Sundays. Night shift working hours are also ordinary working hours which means some employers do not pay night shift allowance. However, the

majority of employer organisations pointed out that their members do pay night shift allowance for those working between 18h:00 and 23h00. Trade unions propose transport allowance for night shift employees in the restaurant and catering industry.

WAGES

As indicated previously, the trade unions argue that there is a tendency by some large companies to use minimum wages paid by small and medium sized companies as a benchmark. At the same time, they also acknowledge that some large companies pay better salaries than small and medium sized companies. For example, in big hotels the entry-level salary is between R2000 and R2500 per month compared to R1200 (tour guides), R1350 and R1400 in the catering (including industrial catering) industry for general workers. It seems then that it is the lack of constancy among the larger employers that may be of concern.

Wage increases have been set at between 7 and 8 percent per annum within the bargaining councils in the last 2-3 years. There were some proposals for minimum wages in certain sub-sector. In the catering trade employers suggested that entry-level wage level should be kept low as employers incur ongoing expenses as they train and induct new employees for 3-4 months. They propose R1100 as an entry level for general workers and R1400 for semi-skilled employees (chef and supervisors).

Other employers see no need for the regulation of wages and they argue that many of their members in terms of compliance have moved much closer to the BCEA in terms of conditions of employment. **Also**, they argue that very few employers still pay according to the old SDs, and even if they were not paying inflationary increases, increases have kept close to the inflation rate.

It appears that where employer organisations are opposed to the idea of a minimum wage, they would prefer if it to be set as low as possible if it were to happen, They also suggest differentiation in terms of the size of the company, urban-rural divide and skills category.

INDUSTRY ALIGNMENT

This section reviews stakeholder opinions on the extent to which greater uniformity of labour standards could be achieved in the sector.

All the stakeholders agree that the sector is complex, with a high level of fragmentation. This even applies to those who argue for self-regulation. Firstly, the differences between micro, very small, small and medium sized companies and large companies need to be taken into account. Levels of income generated are said to be highly unequal, and thus questions of affordability arise. Thus, a small B&B might not be able to pay as much as a large hotel, for a cleaner for instance. Trade unions argue that differentiation should not exonerate franchises from paying minimum wages to casual employees and **from** providing training.

Secondly, the urban, peri-urban and rural divide needs to be taken into account. The proposal in this regard is that employers in the rural and peri-urban areas set wages at between 10 and 15 percent less than the urban areas. The reason for this relates to affordability, and differences in revenue. The new geographical demarcations, now based on municipal areas need to be considered, as in some towns more than one SD now applies.

Thirdly, the complexities of basing wages on occupational categories must be considered. While some suggest occupational categories as the standard, others are concerned with the multi-purpose functions that employees have in B&Bs and guesthouses. Thus, in the latter one employee tends to be a cleaner, cook and receptionist at the same time. These stakeholders argue that since the skills requirements in this sub-sector are generally low and

training provided in-house, it would make no sense to use occupational categories for pay purposes. However, there is also a suggestion that one way of circumventing this dilemma is to use generic categories based on unskilled, semi-skilled and skilled levels.

One of the key challenges facing the implementation of a standardised set of wages and conditions of employment at either sub-sectoral level or across the sub-sectors, include the likelihood that there would be compliance with the legislation. One of the historical examples includes compliance the skills levy payments to the THETA. The **THETA** reports that only 9 000 of the 40 000 leviable companies (with annual payrolls above R250 000) are paying the skills levy; and of these only 1 per cent submit a Workplace Skills **Plan** (WSP) (**THETA** interview 2005). Of course, **an** assessment of the **THETA**'s role in improving this compliance rate is also necessary, but this is clearly not an industry that is sufficiently self-regulating, **and** there are some sections that do not have a history of compliance with external requirements. **This** reiates particularly to the mushrooming of small and micro-businesses (set up at private homes) that are not necessarily registered in terms of the Company Registration Act. Finally, less than 50 per cent of SMMEs have employment contracts with their employees, as they wish to avoid paying tax.

CONCLUSION

This chapter provides an overview and analysis of views expressed by key stakeholders on the dynamics in the sector, insofar as they relate to implementing a new SD in the sector. While it is clearly a fragmented sector, there are some initial ideas in terms of definitional Scope, which need to be explored further. The proliferation of legislation (SDs particularly) is clearly an area of concern, and greater simplicity is clearly a requirement from especially the SMMEs sector. SMMEs make up a large proportion of the sector, and accommodating their varying needs will prove to be a complex task.

PART 2:
PRIMARY RESEARCH

CHAPTER 6

Enterprise Survey methodology

Introduction

This chapter describes the research methodology adopted in conducting the enterprise survey in this study. The chapter includes a description of the survey methodology, the sampling process, the development of research instruments, and feedback **from** fieldwork **as well** the development of the survey databases.

SURVEY METHODOLOGY

This section provides **an** overview of the sampling methodology and realisation, fieldwork processes and outcomes, **as well as** data capturing, cleaning and weighting.

Sampling

The starting point of the project involved the compilation of **an** extensive database **from** various sources. The database comprised 12619 businesses/organisations in the Hospitality Industry. Some of these were large, whilst some were one-person operations. The sample targeted 900 companies for surveying an employer and at least one employee respondent. Depending on the size of the company, up to three employees were interviewed **per** company. A systematic random sample was drawn using different intervals. Intuitively, bigger provinces (KZN, WC, GP) have a larger concentration of the hospitality industry pockets; consequently 150 businesses were to be surveyed **from** each, whilst **the rest** were spread across the provinces. Table 6.1 provides an overview of the sample distribution.

Province	Size of database	%	900	Sample	%
EC	294	2	21	90	10
NC	429	3	31	70	8
FS	449	4	32	70	8
KZN	1913	15	136	150	17
NW	673	5	48	70	8
GP	2456	19	175	150	17
MP	943	7	67	80	9
LP	417	3	30	70	8
Total	12619	100	900	900	100

Design of research Instruments

Two questionnaires were designed, an employer and employee questionnaire. This was done in a consultative process with the Department of Labour, and revisions were made after feedback. Both were piloted, as described later on in this section. A covering letter to be used by the fieldworkers and a consent letter for those over 18 years and between the ages 15-18 years were drawn up. The research instruments and the overall design of the survey were submitted to the HSRC ethics committees. The main requirement from the ethics committee was the consideration of young employees, 15-18 years, who in terms of ethical requirements, need to be handled with greater circumspection during such research. The research instruments are attached as appendices at the end of the report.

The Pilot

The research instrument was piloted in 20 businesses in Gauteng and Mpumalanga. The main aim of the pilot study was to test the instrument with the small group of respondents in terms of the following:

- Overall understanding of the questions,
- Correctness of the order of questions and skip patterns,
- Right phrasing of questions and answer options,
- Testing adequacy of the research instrument,
- Assessing the feasibility of the survey,
- Identifying potential logistical problems and difficulties.

Both employer and employee questionnaires took between 30-40 minutes to complete. Where problems were identified in the pilot study these were rectified and included in the fieldwork training. Note that the pilot data is not included in the final survey datasets.

Training of fieldwork supervisors and interviewers

Training was held in the four regions as follows: Pretoria (involving Gauteng, Limpopo, Mpumalanga & Free State field workers), Northern Cape, Eastern Cape and KwaZulu-Natal. Each of the 10 supervisors (one from each province, and two in KZN) worked with teams of about five fieldworkers. Fieldwork supervisors were responsible for making appointments with the sampled businesses and checking of the questionnaires before submission to the HSRC. As part of quality control, the HSRC researchers also visited different provinces to give feedback to fieldworkers, and to conduct some back checks.

Overview of Realised Sample

Table 6.2 summarises the distribution of the realised sample.

Table 6. 2: Distribution of realised sample by province (2005)

Province	Distribution of businesses by province	Employers	Employees
WC	150	127	125
EC	90	86	115
NC	70	50	95
FS	70	56	80
KZN	150	141	160
NW	70	52	45
GP	150	121	230
MP	80	79	117

LP	70	70	124
Total	900	782	1091

Total no. of EMPLOYER questionnaires received = 782

Total no. of EMPLOYEE questionnaires received =1091

Approximately 201 businesses did not complete any employees' questionnaires. Some were small businesses with no employees, whilst in other cases employers refused permission to interviewers to interview the employees. Table 6.3 summarises the distribution of companies without employee questionnaires.

Province	WC	EC	NC	FS	KZN	NW	GT	MP	LP
SAMPLE	150	90	70	70	150	70	150	80	70
COMPANIES SURVEYED	127	86	50	56	141	52	121	79	70
WITHOUT EMPLOYEE QUESTIONNAIRES	50	15	2	13	54	26	17	24	0

FEEDBACK FROM FIELDWORK PROCESS

The following provides some insight into the challenges faced during the fieldwork process, based on provincial experiences.

Gauteng

Three fieldwork companies were responsible for the collection of data in Gauteng. They were allocated between 30 and 60 businesses (tallying up to a 150) to survey. Gauteng fieldworkers experienced a lot of resistance from businesses compared to other two major provinces (i.e. KwaZulu Natal and Western Cape). Fieldworkers reported that the large number of refusals comprised those who felt that they have nothing to do with the Department of Labour. The second most mentioned reason for refusing to participate in the project related to busy schedules, especially in the case of restaurants. When fieldworkers tried to set up appointments to accommodate them, they opted for dates that fell beyond timelines of the project indicating lack of interest in the project. During the survey, some businesses stated that they did not have time because they were preparing for the Indaba conference in Durban.

Some admitted their lack of interest and requested to be excluded. It was in such cases that fieldworkers had to be issued with replacements. Throughout the country, fieldworkers reported that big businesses were not cooperative (e.g. Holiday Inns, Protea Hotel) and indicated lack of interest. In most occasions the contact person argued that the manager in charge was not available. Travel agencies often referred fieldworkers to their headquarters, where refusals were quite common.

Respondents from the B & B's and guesthouses were reportedly very uncomfortable and tense after realising that the study was commissioned by the Dept. of Labour. Some were saying 'what does the Dept. of Labour want now'. It seemed that at the time there was another study or demand of information by the Department. In some businesses (Sandton and Morningside) fieldworkers were asked to leave questionnaires for the employers to complete in their own time. However, on their return, they were told that questionnaires have been taken to the nearest police station and fieldworkers were to collect them from there. The

business contact person argued that some information was very confidential and fieldworkers had no right to inquire about such information. On the East Rand though, fieldworkers found respondents very cooperative.

Western Cape

In general, the high replacement rate was due to many contact numbers not working and some of the businesses not operating anymore. The refusal rate was not very high and there were no specific reasons mentioned, other than lack of interest in the study.

Free State

In each region, fieldworkers often started by visiting Tourism information centres to ask for further information about businesses on their lists. This did not work in Free State, as there was nobody in most of their tourism information centres. It is a known reality that in this industry many businesses tend to change contact details and even business names. Fieldworkers as a result partly dependent on such information centres for directions and information in general regarding the selected businesses. This posed a serious challenge to fieldworkers, as they had to search for companies with out of date contact numbers and establish whether the businesses ceased to exist. This involved travelling long distances and wasted effort in some cases.

Northern Cape

There was some resistance from the up-market B & B's and guesthouses in Springbok. On their first day in the area, all interviews went well, but on their return the following day there was widespread refusal. It emerged that potential respondents had a meeting the previous evening and decided not to participate in the study. Comments included among others that the labour laws are very rigid and that the Dept. of Labour "...does nothing for them". Others were seemingly fearful of providing information as they were convinced that this was a mere "...plot by the Dept. of Labour to catch them". The low response rate might also be attributed to the fact that many of the B & B's and guesthouses only operate for three months in a year during the flower season, between July and September. This is the only period when they get business and consequently afford to employ people.

North West

In this region most of the difficulties related to B & B's, guesthouses, car rentals, and travel agencies. The main hindrance was that employers withheld permission to interviews. The province has the lowest return of the employee questionnaires. On a few occasions, employers demanded to be present during the interviews with the employees. Otherwise, telephonic interviews (about 4) were held with employers, as they did not want interviewers visiting their businesses. In general, many refused during the initial telephone conversation with fieldworkers, stating that they were not interested.

Even though fieldworkers in these provinces were successful in meeting their quotas, they were also faced with the following challenges in the next 3 provinces.

Mpumalanga:

Many refusals in Nelspruit related to the sensitivity around salaries and conditions of employment. Employers would agree to participate but would claim that his/her employees were on leave. Some big businesses even claimed not to have employees or only few who were reportedly extremely busy. Family businesses run by family members were described as very 'uncooperative and unprofessional'. This was the case with unregistered businesses as well. Given the seasonality of business, some felt that many sections of the questionnaire would not apply to them, as they did not have employees at the time.

Limpopo

The study coincided with the hunting season and as a result those on game farms and reserves refused to take part. Some agreed to appointments, but changed their minds, while others were simply not interested anymore (in most cases after perusing the questionnaire).

Eastern Cape

No specific problems were reported.

KwaZulu Natal

In this case, a large number of replacements were mainly due to refusals. The Indaba conference was happening at the time and some businesses in the affluent **areas** were simply not interested in the study.

DATA CAPTURING AND CLEANING

Fieldwork supervisors from all nine provinces sent the completed questionnaires to the HSRC offices in Pretoria. This is where all the questionnaires received were counted and recorded. Questionnaires were then sent **off** to the data-capturing specialist, Maphume CC. They designed the database, captured the data **and** converted it into SPSS files. **The** SPSS files were then sent to our **data** management personnel, for editing and to ensure that it was ready for use by the client. Data cleaning and editing took longer than expected because two datasets (employer and employee) had to be cleaned, which is equivalent to two different projects.

Weighting of the Data

The sampling frame used in the DOL Hospitality survey on wages and conditions **of** employment was based on **an** establishment database developed by the HSRC for a THETA survey in 2004. This database represented the most comprehensive list of formal sector establishments available in the public domain **thus** far. **A** process of verification and crosschecking with other sources of information, such as provincial tourism departments, industry websites and organizations (including the Automobile Association, SA Tourism etc) was conducted. However, this process did not yield a significant number of new entries, resulting in 12 619 entries in the final database. Of these, a systematic random sample of 900 establishments with larger proportions **from** KZN, Western Cape and Gauteng, was drawn.

In order to develop more reliable estimates from the survey, a weighting factor needed to be adopted. However, in our opinion, the sampling frame did not represent a sufficiently reliable population total for the reasons indicated before. Further, given the state of establishment information in the public domain, the sampling frame disproportionately represented the Western Cape, even though the ranking of provinces was **more** or less correct. Also, in scoping an appropriate source to develop a weighting measure, we needed to find **a** source that most closely resemble the scope of coverage in the DOL terms of reference, and provide for a proportional distribution by province that reflect current trends.

Thus, we recommended the use of indicators on tourist volumes and expenditure on leisure tourism. These indicators were drawn from the National Survey of Domestic Tourism, conducted by the HSRC for DEAT and SA Tourism in 2001.¹⁰ **While** this survey represented the broader definition of tourism (encompassing hospitality), it also most closely resembled the scope of coverage as defined in the DOL terms of reference for this project, with some variations. Further, in that survey, the volume of domestic tourists of all types (namely leisure, **VFR** [visiting friends and relatives], religious, business and health tourism) represented actual arrivals of visitors. This was highest to KwaZulu-Natal and Gauteng. The

¹⁰ A subsequent survey in 2004 was conducted, but the data (to our knowledge) is not yet in the public domain.

expenditure indicator implied actual spending on tourism-related activities. The survey showed that this **was by** far the highest in KwaZulu-Natal and the Western Cape (see table below). Given these patterns, it would **imply** that the proportions represented in the **DOL** hospitality survey would more closely represent the reality **in the** sector.

As shown in Table 6.4, the **mean** of these two percentages (volume and expenditure) **was** then used to weight the data in the hospitality industry survey. The underlying logic was that the number of hospitality establishments (supply-side information) **would** correlate strongly **with** the volume of tourists visiting each province and the level of leisure tourism expenditure (demand-side information) in each province. Thus, even though the **DOL** hospitality survey **was** geared largely towards supply side measurement, we assumed that there would be a relationship with the demand-side, acknowledging measurement limitations on either side.

Table 6.4: Weighting procedure for the DOL hospitality survey

Province	Volume of trips	Leisure tourism expenditure	Weight
KwaZulu-Natal	19.0	32.8	25.9
Western Cape	12.5	30.5	21.5
Gauteng	19.6	7.6	13.6
Eastern Cape	12.8	12.5	12.6
Limpopo	12.9	4.2	8.6
North West	7.9	3.9	5.9
Mpumalanga	5.7	5.5	5.6
Free State	6.7	1.6	4.2
Northern Cape	2.7	1.4	2.1
	100.0	100.0	100.0

The combined measurement resulted in a proportional distribution by province that matched other studies on the sector.

Quality of the data

As to be expected, given the sensitivity of the issues under investigation, there **was** a range of questions that had a low response rate. In the employer interviews, the response rate on earnings, casual and part-time employment was **low**. **On** the other hand, in the employee interviews, one generally found a **high** response rates.

In conclusion, the data generated is of sufficient scope **and** quality to provide estimates **that** are indicative of trends and dynamics with regard to wages and conditions of employment in the sector under investigation.

CHAPTER 7

Employer survey results

INTRODUCTION

This chapter provides a descriptive analysis of the main findings on wages and conditions of employment from the employer survey. The main focus is on results for the unskilled and semi-skilled in hotels & accommodation, restaurants and travel & tourism. The first 2 sub-sectors are treated jointly as the hospitality sector for much of the analysis. Given the small sample size for travel & tourism, much of the findings are not reliable for use in policymaking. As a rule, given the small sample, and the non-response rate on certain questions, reliable estimates could not be made for certain variables. In this analysis, at a minimum 30 cases in a cell are reported as sufficient to be indicative of changes or dynamics in the sector. At times, explicit reference will be made where valid results are not obtained; in other cases the report will simply not comment on these.

PROFILE OF EMPLOYER RESPONDENTS

This section focuses on the profile of the respondents, which include managers, owners and other professionals available at the time of the interview. It shows that most respondents occupy very senior positions within these companies, and are thus able to reflect upon the issues under investigation. Just below 60% of respondents are owners, the CEO or MD, and one-third in a human resource management function. At least 9% of respondents did not specify an occupation.

Table 7.1: Respondents by occupational category (2005) (N=755)

	Frequency	Valid Percent
Owner, CEO or MD	437	58
HR. IR. Personnel. Training Director	232	31
Finance director or officer	18	2
Other	67	9
Total	755	100

Demographics of ownership

The demographic profile shows that Whites are the overwhelming majority, with very small proportions represented by other population groups. The position with regard to Coloureds and Asian is unclear given the small sample size. Africans are highly under-represented.

Table 7.2: Respondents by population group (2005) (N=778)

	Frequency	Valid Percent
African, Black	57	7
Coloured	20	3
Asian, Indian	25	3
White	677	87
Total	778	100

In terms of the sex profile, 57% of the respondents are female. They also tend to be either the owner, CEO or MD, as well as in an HR or training position, thus occupying very senior positions.

Table 7.3: Respondents by sex (2005) (N=750)

	Male	Female	Total
Owner, CEO or MD	189	247	436
%	43	57	100
HR, IR, Training Director/manager	105	126	231
%	45	55	100
Finance director or officer	6	10	16
%	38	63	100
Other	23	44	67
%	34	66	100
Total	323	427	750
%	43	57	100

Highest level of completed education

Respondents are generally well educated with a third with a tertiary qualification, and 56% with a Grade 10 and an additional qualification.

Table 7.4: Respondents by highest educational level (2005) (N=776)

	Frequency	Valid Percent
Less than Gr11/Std9	42	5
Grade 12 - Std 10	229	29
Diploma or certificate & less than Gr 12/ Std 10	50	7
Diploma or certificate & Grade 12 or Std 10	207	27
Degree/postgrad degree/diploma	236	30
Other	12	2
Total	776	100

PROFILE OF COMPANIES

This section provides an overview of the general characteristics of participating companies.

Provincial distribution

The companies in the sample are concentrated in 3 main provinces, starting off with KZN, then Western Cape and Gauteng. This pattern differs slightly in that KZN emerges as the leading province, instead of Gauteng. This difference we ascribe to the refusal rate in Gauteng, which may have affected the rankings. However, this will not significantly affect the results, as the 3 main provinces are still well represented.

Table 7.5: Provincial distribution of companies (2005) (N=782)

	Frequency	Valid %
KwaZulu Natal	203	26
Western Cape	169	22
Gauteng	106	14
Eastern Cape	99	13
Limpopo	67	9
North West	46	6
Mpumalanga	44	6
Free State	33	4
Northern Cape	16	2
Total	782	100

Seventy one percent of companies are located in and around the CBD, while an additional 16% are located on the periphery of towns and cities. This confirms other studies that the sector is overwhelmingly urban-based. However, farms represent 9% of the overall sample, the largest presence outside the urban areas. The numbers represented in other areas are too small for reliable estimates.

Table 7.6: Location of companies (2005) (N=781)

	Frequency	Valid %
Metro or town CBD	286	37
City area outside CBD, including formerly white suburbs	266	34
On highway or in area outside city or town	122	16
Farm	73	9
Rural African settlement or village	15	2
Rural area with scattered homesteads, former homeland	10	1
Formal township	3	0
Free standing informal settlement, not upgraded	3	0
Upgraded free standing informal settlement	1	0
Partly informal area in township, with shacks, backyard	1	0
Total	781	100

Type of Company

More than one third of the sector is registered as private proprietary entities, and jointly close corporation and sole operator, constitute 55% of the sector, as shown in Table 7.7. The latter is in line with the dominance of SMMEs in the sector. The public sector represents a small proportion.

	Frequency	Valid %
Private - Pty Ltd	262	34
Close corporation - CC	214	28
Sole operator	208	27
Public sector	36	5
Other	47	6
Total	769	100

Franchising

Respondents were asked whether the company is a franchise, and as shown in Table 7.8 this is not the case here. Given the small number of franchises in this survey, it is not possible to develop an overview of the workforce characteristics in such entities. As will be seen later, this finding may be attributable to the relatively small number of participating restaurants. The latter are generally well represented among franchises, as argued in Chapter 4 of this report.

Table 7.8: Franchises in the sector (2005) (N=778)

	Frequency	Valid %
Yes, a franchise	26	3
No	753	97
Total	778	100

SECTOR DEFINITIONS

One of the key questions in this investigation is to define the scope and coverage of the hospitality sector. Further to this, respondents were asked 2 questions in order to ascertain in which sector they fall. The first one relates to the main product or service provided, and secondly, a self-description where respondents would define themselves in a number of pre-defined categories. Both of these questions serve to clarify the extent to which the hospitality definitions apply to certain sub-sectors, as well as other sub-sectoral descriptions.

Table 7.9 provides an overview of responses in regard to predetermined sector descriptions. These descriptions overlap, and this was done intentionally in order to test and cross-reference the particular choices made by respondents.

Table 7.9: Reported sector definitions (2005) (N=775)

	Frequency	Valid %
Hospitality	342	44
Hotels and accommodation	148	19
Tourism	137	18
Other	53	7
Restaurants	39	5
Travel	27	3
Conservation and guiding	18	2
Letting flats or rooms	7	1
Gaming and Lotteries	5	1
Total	775	100

All of the other sector descriptions are below 10% with very **small** sample sizes. For the purpose of this report, only the unspecified “other” category as well as those explicitly **stating** that they are in the restaurant sub-sector will be further investigated. Thus, this report is not able to provide significant **results** on travel, conservation & **guiding**, letting flats or rooms and gambling & lotteries.

In order to further investigate the use of hospitality, tourism and “other” sector description, a decomposition of these descriptions **was** conducted. **This** involved comparing the main products and/or **services** and these sector descriptions.

Table 7. 10: Main product or service provided by “hospitality”, “tourism” and “other” self-descriptions (2005) ('00s) (N=341; 135; 53)

	Hospitality	Tourism	Other
Hotels and accommodation	296	53	13
Restaurants	32	0	3
Conservation and guiding	3	8	6
Tourism & Travel	3	70	8
Other	7	4	9
Informal sector	0	0	14
Total	341	135	53

Table 7.10 shows that the overwhelming **majority** of those in the “hospitality” descriptions provide products and **services** related to the hotels **and** accommodation sub-sector. In fact, the number of those using the “hospitality” description (**296**) is twice the number who uses the narrower definition, hotels **and** accommodation (148) [see Table 7.9]. **Thus**, there seems to be a preference to be described as hospitality.

On the other hand, in the restaurant sub-sector, there does not seem to be a preference for either description, as the numbers are fairly similar, 32 and 39 respectively. From these results, one may conclude that these 2 sub-sectors, but especially hotels & accommodation, form the core of the hospitality sector.

Further, with regard to the tourism description, while the hotels & accommodation sub-sector also report themselves to fall within the sector, it is "tourism and travel services" that associate mostly with this description. Thus, travel and tourism companies do not seem to identify with the "hospitality" definition at all. With regard to the "other" unspecified category, the numbers are very small, but it is clear that those in the informal sector or unregistered SMMEs are likely to fall within this category.

The following table shows an overview of the distribution across the sub-sectors. It is based on the Standard Industry Classification code obtained through responses to "main product or service provided". It closely resembles the DOL terms of reference, while also indicating how business themselves define their sub-sectors. In this case we have chosen to analyse hotels & accommodation and restaurants separately.

Table 7. 11: Distribution of sub-sectors – main products or services provided (2005) (N=782)

	Frequency	Valid %
Hotels & Accommodation	523	67
Restaurants & Catering	80	10
Tourism & Travel	107	14
Gambling & Lotteries	3	0
Conservation & Guiding	34	4
Other	34	4
Total	782	100

Given their dominance in the sample, the only sub-sectors that will be further investigated are hotels and accommodation, restaurants, and tourism & travel.

The sectoral determination will apply to private sector employees only. Thus, Table 7.12 shows that the sector by private sector companies. The conservation & guiding sub-sector is predominantly in the public sector, but due to the small sample it is not possible to comment on the size of the private sector. Thus, this table is purely illustrative. One of the reasons for the relatively small size of the conservation and guiding section is that the fieldwork was done during winter, and the hunting season resulted in reluctance by business to permit interviews.

Table 7.12: Distribution of sub-sectors by type of company (2005) (N=769)

	Private (Pty) Ltd	Close corporation	Sole operator	Public sector	Other	Total
Hotels & Accommodation	174	136	169	9	27	515
Restaurants & Catering	30	30	15	1	4	80
Tourism & Travel	42	33	13	9	7	104
Gambling & Lotteries	2	1	0	0	0	3
Conservation & Guiding	7	8	4	13	2	34
Other	7	7	8	4	7	33
Total	262	215	209	36	47	769

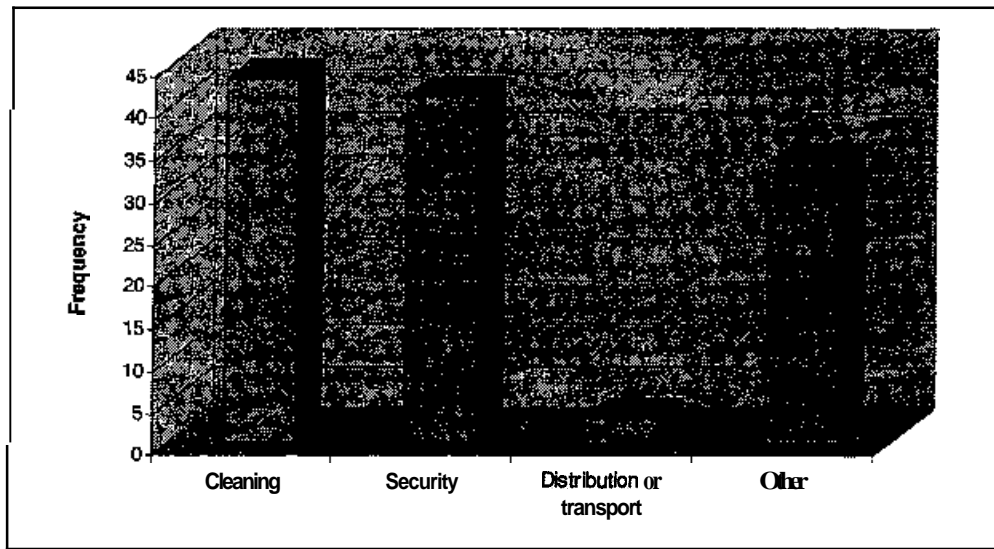
The distribution of the main sub-sectors by location confirms the general idea that the sector is concentrated in the urban areas, for all the main sub-sectors. This is overwhelmingly so for

Table 7.15: Outsourcing of any part of business by sub-sector (2005)

	Yes	No	Total
Hospitality	146	440	586
%	25	75	100
Tourism & Travel	34	70	104
%	33	67	100

Figure 7.1 provides an overview of the areas, which are generally outsourced, including cleaning, security and an unspecified category. The low level of outsourcing may partly be related to the dominance of micro and small enterprises. Thus, reported practices of outsourcing tends to occur in larger companies, who wish to focus on their core activities, as discussed in another chapter.

Figure 7.1: Types of outsourced business activities in hospitality (2005)



Labour Broking

Then with regard to labour broking, almost of all of the respondents reported that they do not use labour brokers. Again this is surprising as it contradicts what is generally perceived to be a common practice in the hospitality sector. However, the response rate on all these questions was good, and there does not seem to have been a bias against answering these 2 questions.

Table 7.16: Use of labour brokers (2005)

	Yes	No	Don't know	Total
Hospitality	55	532	4	587
%	9	91	1	100
Tourism & Travel	6	98	0	104
%	6	94	0	100

		Male	Female	Total
African	Count	3816	37301	7546
	%			69
Coloured	Count	3771	616	993
	%			9
Indian	Count	2591	154	413
	%			4
White	Count	9751	1087	2062
	%			19
Total	Count	5427	5587	11014
	%	49	51	100

Skills Profile

This section profiles the workforce by skills, sex and population group, in the main sub-sectors including hospitality and T&T. Table 7.20 shows that while Africans still dominate semi-skilled and unskilled occupations compared to Whites, Africans comprise a larger number of **skilled** personnel. African females also feature significantly in all of these occupational categories. The **only** significant number of learners are found among Africans, thus it is not clear the extent to which there is a **shift** towards learners in the workforce.

Table 7. 20: Reported Workforce profile by skill level, population group and sex in Hospitality and Travel & Tourism (2005) (N=711)('000)

	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
Highly skilled	154	148	49	42	17	16	283	274
Skilled	401	420	76	153	71	50	263	370
Semi-skilled	975	1136	92	208	72	67	157	244
Unskilled	1639	1763	79	161	94	8	37	36
Learners	90	112	5	8	0	7	26	34
Total	3259	3579	301	573	253	148	765	958

Figure 7.2 on the next page provides another **look** at this distribution across skill and population group.

Figure 7. 2: Reported Workforce profile by skill level and population group in Hospitality and Travel & Tourism (2005) (N=711)(%)

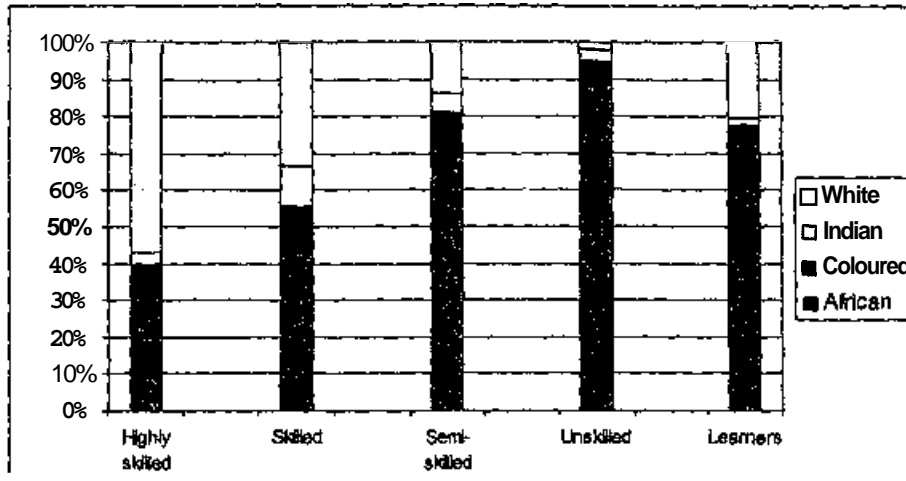
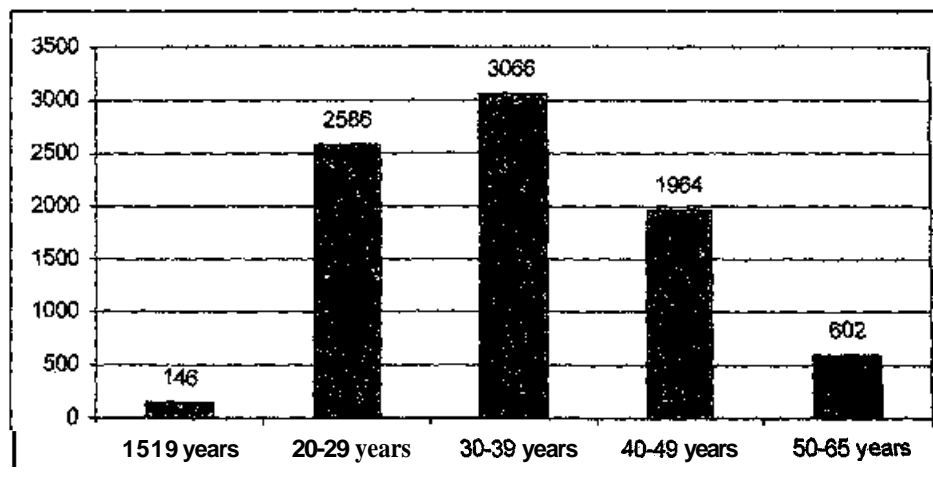


Figure 7.3 illustrates the age profile in hospitality and travel and tourism. It shows that most employees are in the age group 20-49 years

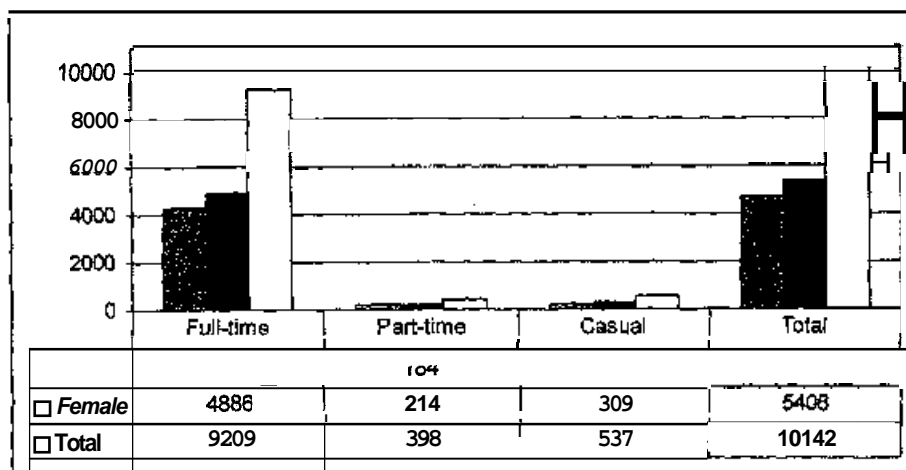
Figure 7.3: Full-time employees by age category (2005) (N=710)(“000)



Types of Employment

Figure 7.4 shows that employer respondents report that the majority of employees are full-time. The reported number of part-time and casual employees is very low. This may be due to under-reporting of non-fulltime employees by respondents.

Figure 7. 4: Number of employees by type of employment and sex in Hospitality and Travel & Tourism (2005) (N=710)(‘000)



Employers were then asked to estimate the average percentage of different types of employment at the end of 1999 and 2004. The intention was to estimate the extent to which there may have been a change in the share of fulltime, part-time, casuals and learners. As shown in Table 7.21, the average share of employment has remained very similar over the period. The exception is that the average share of learners has increased from 2% to 7%. The response rate for the different types of employment differed dramatically, especially for the non-full-time employment, and should be taken into consideration, as possibly indicating a response bias.

Table 7. 21: Changes in types of employment in hospitality: end 1994 and end 2004 (2005)

	1999		2004	
	Mean	N	Mean	N
Fulltime	85%	315	86%	512
Part-time	29%	86	30%	148
Casuals	20%	83	20%	127
Learners	2%	38	7%	70

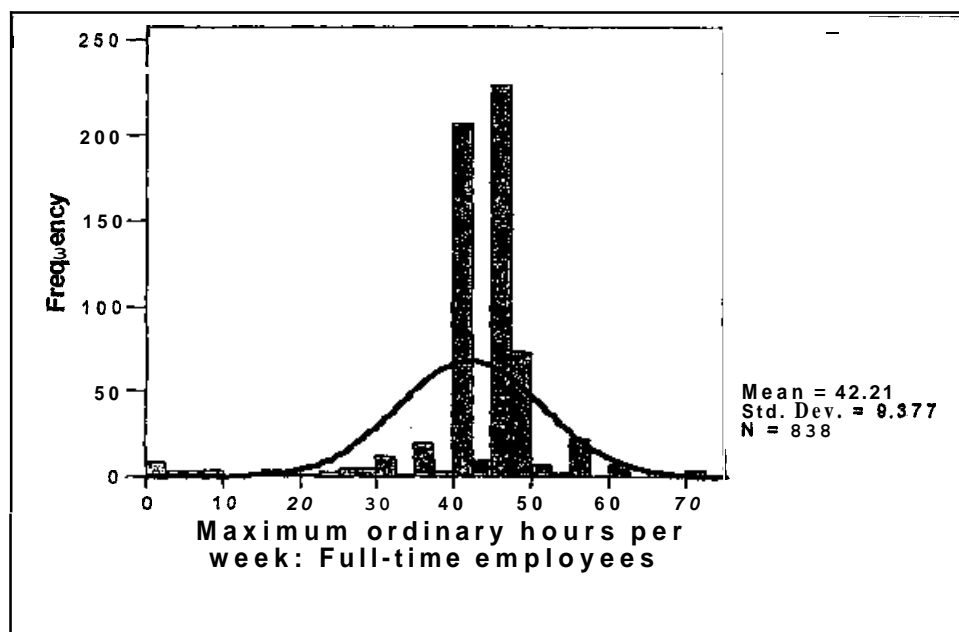
Conditions of Employment

This section provides an overview of legislated conditions of employment, including working time, paid leave and public holidays.

Ordinary Hours of Work

Employers were asked the maximum number of weekly hours for full-time, part-time and casual employees. The response rate by employers was relatively good for full-time employees, but poorer in other categories. Figure 7.5 illustrates the distribution of weekly hours for full-time employees. It shows that there is a concentration of average weekly hours at 42 and 45 hours per week, as shown by the peaked distribution. There is not significant variation in the reported average weekly number of ordinary hours in the hospitality and T&T sub-sectors. This is in-line with the BCEA, and will be compared with reports by employees. It also shows that employers have shifted downwards, even though all the existing SDs under investigation in this sector provide for more than 45 ordinary hours per week.

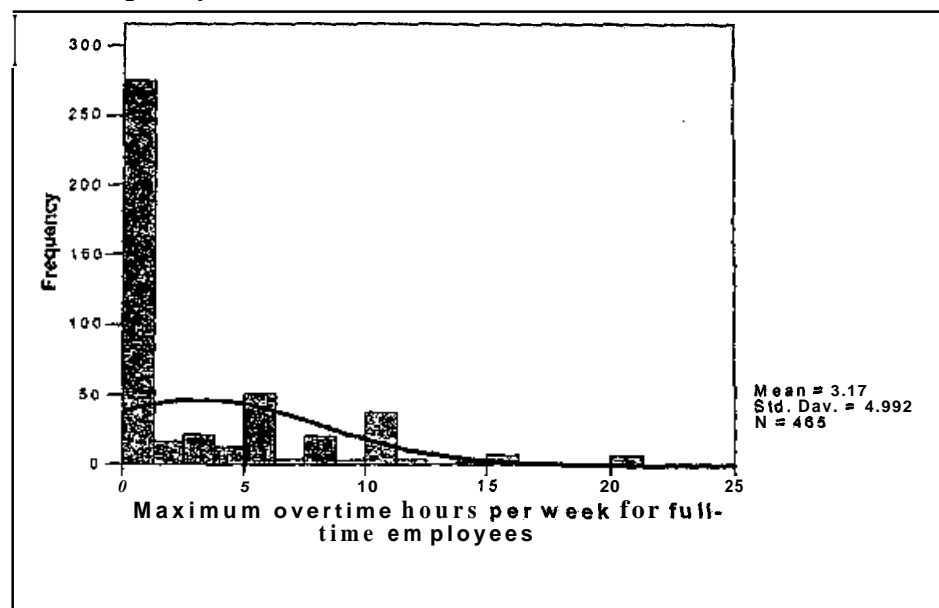
Figure 7.5: Distribution of maximum ordinary hours per week for full-time employees in the hospitality and T& T sub-sector (N=638)



Overtime hours of Work

The **maximum** number of overtime hours is currently at 10 hours, **as per the BCEA**. More employers reported **weekly** overtime hours for full-time than other employees. As shown in **Figure 7.6**, the average number of overtime hours is 3 hours.

Figure 7.6: Distribution of maximum overtime hours per week for full-time employees in the hospitality and T& T sub-sector (N=465)



The figure suggests that there is fair extent of variation in terms of the distribution of overtime hours. However, the distribution is positively skewed, indicating that overtime hours are concentrated at the lower end.

Table 7.22 provides a summary of average ordinary and overtime hours in the hospitality sector. It echoes the findings outlined before. Part-time employees are reportedly working an average 17 hours per week, and casuals work 16 hours. The low median in the case of the latter shows a preponderance of even lower ordinary hours for work or casuals. Overtime hours are consistently low.

	Ordinary hours			Overtime hours		
	Mean	Median	N	Mean	Median	N
Casual	16	0	191	3	0	45
Part-time	17	15	183	3	0	54
Full-time	43	45	540	3	0	398

Overtime Rate of Pay

Table 7.23 shows that while the largest percentage of respondents reported paying one-and-half time the normal rate for overtime, at least a quarter is paying double time. Of concern is that 16% reported not paying a premium on overtime.

Table 7. 23: Distribution of overtime rate of pay in hospitality and T&T sub-sectors (2005)(N=478)

	Frequency	Valid %
One- and third	44	9
One- and half	2161	45
Doubletime	1201	25
Ordinary rate	78	16
Don't know	20	4
Total	478	100

Table 7.24: Paid leave by sub-sector (2005)

	Hospitality			Travel & Tourism		
	Mean	Median	N	Mean	Median	N
Annual leave(days)	20	21	554	21	21	93
Sick leave(days)	14	12	508	15	12	86
Family responsibility(days)	3	3	426	4	3	76
Maternity leave(weeks)	11	12	437	12	12	79
Paternity leave (days)	3	0	290	3	1	59

Paid Public Holidays

The average number of public holidays is 12 days.

	Mean	Median	N
Hospitality	11	12	481
Tourism & Travel	12	12	86

	Hospitality	%	Tourism & Travel	%
Very often	235	41	15	16
Sometimes	242	43	49	52
Not often	33	6	7	7
Never	58	10	24	25
Total	568	100	95	100

Table 7.27 shows that 51% of employers will give time off in lieu of working on a public holiday.

Table 7.27: Time off in lieu of work on public holidays (2005)

	Yes	No	Total
Hospitality	268	260	528
%	51	49	100
Tourism & Travel	47	36	83
%	57	43	100

EMPLOYMENT BENEFITS

This section focuses on employment benefits that are more indicative of the level of social security provided at company level. It also provides an additional element to the understanding of relative vulnerability of the workforce.

Employer contributions to medical aid/insurance benefi

Table 7.28 shows that as expected that most employers do not make contributions to medical aid or insurance schemes on behalf of their employees. In hospitality, at least 19% contribute to their full-time employees, while other categories of work are not covered. In tourism and travel 40% of companies make contributions.

Table 7. 28: Employer contributions to medical aid /insurance fund by type of employment (2005)

	Yes	No	Total
Full-time			
Hospitality	106	448	554
%	19	81	100
Tourism & Travel	40	61	101
%	40	60	100
Part-time			
Hospitality	7	261	268
%	3	97	100
Tourism & Travel	3	56	59
%	5	95	100
Hospitality	1	257	258
%	0	100	100
Tourism & Travel	0	55	55
%	0	100	100

Employer contributions to company retirement fund

A slightly higher percentage contributes to retirement funds, but it is still at very low levels.

Table 7.29: Employer contributions to retirement funds by employment type (2005)

Hospitality	129	419	548
%	24	76	100
Tourism & Travel	41	59	100
%	41	59	100
Part-time			
Hospitality	3	266	269
%	1	99	100
Tourism & Travel	3	53	56
%	5	95	100
Casual			
Hospitality	31	256	259
%	1	99	100
Tourism & Travel	3	52	55
%	5	95	100

COLLECTIVE BARGAINING

This section summarises the status regarding presence of trade unions and bargaining council membership.

Table 7.30: Recognised trade union at the workplace (2005)

	Yes	No	No response	Total
Hospitality	88	483	8	579
%	15	83	1	100
Tourism & Travel	9	93	3	105
%	9	89	3	100

belongs to a bargaining council.

	Yes	No	Noresponse	Total
Hospitality	64	480	8	552
%	12	87	1	100
Tourism & Travel	17	87	1	105
%	16	83	1	100

EARNINGS

Employers were asked to report on minimum and maximum weekly wages by skill categories, for full-time, part-time and **casual** employees. This report reflects the results for semi-skilled (service and sales employees) and unskilled employees where the response rate is deemed sufficient. Given the sensitivity of the wage issue, the response rate for questions on full-time employee wages was 42%, and just more **than** half of the sample did not provide a response. The response rate on information for part-time and casual employees was very low, and very limited results are provided.

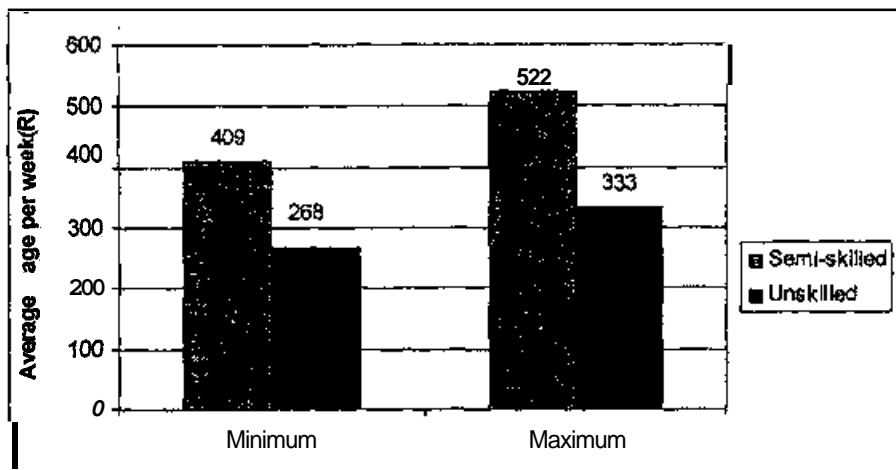
In this analysis, the findings are firstly reported separately for hotels & accommodation, restaurants and T&T, in order to **see** the separate effects. As noted **earlier** on, **the** sample sizes are particularly small for restaurants, and in this case should be seen **as** for illustrative purposes alone. Then follows an analysis of the hospitality sector, which **will** remain the focus in the recommendations. In most cases, the mean average and medians **are** provided. **Mean** wages are used to illustrate average weekly wages. While outliers may skew mean figures, we have attempted to correct for that effect.

Mean weekly wages for fulltime employees

Figure 7.7, Figure 7.8 and Figure 7.9 illustrate the mean minimum and maximum for semi-skilled and unskilled employees in hotels, restaurants and travel & tourism. These are **actual** wages reported by employers.

In the hotel & accommodation sector unskilled employees are reportedly **earning** between R268 and R333 per week; monthly figures range **from** R1152 to R1413. The **margin** between minimum and maximum is at 24%. Semi-skilled wages range from R 409 to R522; monthly figures range **from** R1758 to R1413. The difference between minimum **and** **maximums** is at 28%. Both unskilled and semi-skilled earn less than R 1500 per month.

Figure 7. 7: Mean minimum and maximum weekly wages by skill in hotels and accommodation(2005) (Rands) ('00)(N=215; 291; 213; 278)



In the restaurant sub-sector, unskilled employers have higher rates than hotels & accommodation, at R308 and R405. The difference between the minimum and maximum wage for semi-skilled is very large, at 59%. Thus, there is a much wider range of wages paid in the restaurant sector. However, it must be noted that these figures are illustrative given the small cell counts.

Figure 7. 8: Mean minimum and maximum weekly wages by skill in restaurant and catering (2005) (Rands) ('00)(N=43; 42; 44; 43)

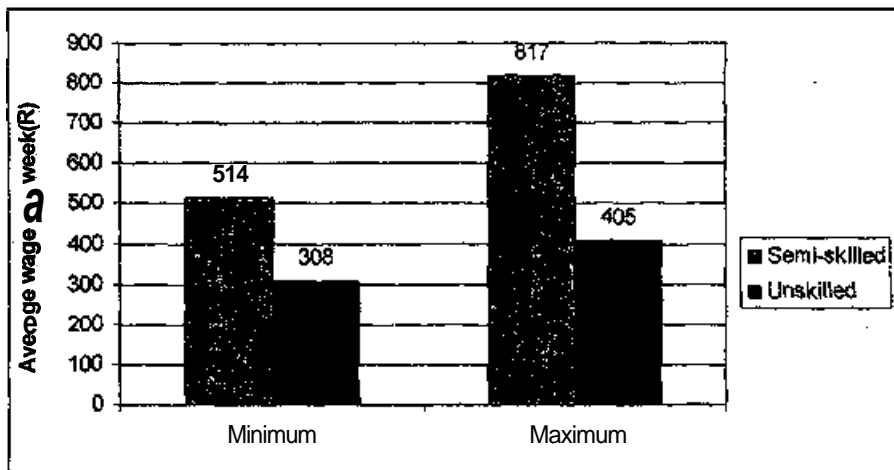
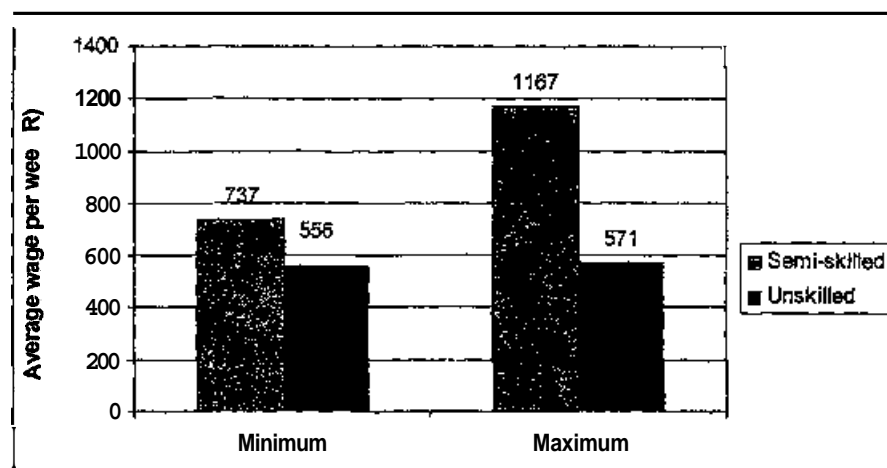


Figure 7.9: Mean minimum and maximum weekly wages by skill in travel & tourism (2005) (Rands) ('00) (N=42;35;42;35)



The travel & tourism sector **starts off** at a much higher base than the other 2 sub-sectors. However, there is virtually no difference between the minimum and **maximum** wages paid to unskilled employees, at R556 and **R571** respectively; monthly wage at R 2390. Semi-skilled wages also show a much wider gap between minimum and maximum, at R767 and R1137; monthly wages range from R3300 and R4900. Also note the small **cell** counts for this analysis.

These results show **that**, noting the limitations of the data, there is greater **similarity** between wages earned in the hotel & accommodation and restaurant sub-sector, and they are **at much** lower average levels than in travel & tourism. While the average monthly wages in travel & tourism are not high in themselves, it may be argued that these employees experience relatively lower levels of wage vulnerability.

The following 2 tables **focus** on the hospitality sub-sector. It outlines the mean and median weekly wages at minimum and maximum level **for** unskilled and semi-skilled employees by a range of key variables.

Table 7.32: Unskilled weekly wages- Minimum and Maximum by various factors (2005) Mean; Median) (Rands)

	Minimum			Maximum		
	Mean	Median	N	Mean	Median	N
Average	273	231	334	343	287	321
Western Cape	270	277	62	394	375	60
KZN	233	230	73	314	275	73
Gauteng	360	277	47	506	386	44
Eastern Cape	291	220	46	265	220	42
Micro	247	220	165	319	275	156
Very small	279	250	56	369	277	55
Small	303	241	100	350	300	98
Metro area	256	222	126	343	278	123
City area, suburbs	290	277	91	389	324	86
On highway /outside city/town	286	220	68	314	277	65
Farm	238	236	39	238	250	38

Table 7.32 shows that, with the exception of Gauteng, provincial wages at the minimum are in line with the average wage. At both minimum and maximum the province has the highest wage at R360 and R506 respectively. In regard to the enterprise size, micro enterprises pay about 81% of the highest wage (small enterprise) at the mean minimum, and 91% at the mean maximum.

This differential remains at 91% of the median wage at minimum and maximum. Due to the small number of medium-sized companies in the sample it is not possible to draw conclusions regarding their role in determining wage levels. However, it is evident from employers' self-reported wage levels, that micro-enterprises and very small employers do not pay wages that are considerably below the rest of the sector.

In terms of the impact of location on wage differentials, the lowest wages are paid on farms, taking into consideration the small number of farms in the survey. Surprisingly, the second lowest minimum wage is paid in the metropolitan areas (both mean and median). At the maximum, metro areas fall behind the suburban areas at R343 (mean) and R278 (median). On the whole though, the urban areas do not display large differentials, especially at the minimum.

Table 7. 33: Semi-skilled weekly wages- Minimum and Maximum by various factors (2005) (Mean; Median) (Rands)

	Minimum			Maximum		
	Mean	Median	N	Mean	Median	N
Average	427	315	257	573	416	257
Western Cape	439	360	42	610	525	48
KZN	389	323	52	554	405	55
Gauteng	557	435	46	811	635	42
Eastern Cape	348	278	39	428	350	40
Micro	381	300	88	449	350	90
Very small	434	318	54	628	381	53
Small	438	327	98	628	460	97
Metro area	423	309	82	574	450	83
City area, suburbs	424	300	96	583	400	95
On highway /outside city,town	388	323	47	555	410	46

Provincial distribution plays a key differentiating role with regard to semi-skilled wages as shown in Table 7.33 at both the minimum and maximum. However, given the small sample sizes, this should be regarded with some caution. Once again, wage levels increase with increasing enterprise size. However, at the minimum micro enterprises pay 87% to 91% of the highest wage; it is only at the maximum that the differential declines to between 71% and 76%.

In terms of location, average wages are in line with the overall average at both the minimum and maximum.

Mean weekly wages for part-time employees in the hotel industry

The current SDs provides that part-time employee earn at least 60-75% of the comparable prescribed wage for full-time employees in the hotel and accommodation SDs respectively. Table 7.34 shows that semi-skilled part-timers earn at slightly lower rates (59%-57%) at the minimum and maximum; while unskilled part-timers earn 76%-77% of the full-time wages. While practically important, this finding should be regarded with caution, as the number of responses for part-times wages was much smaller than that for full-time wages. Only 72 respondents answered these questions.

Table 7.34: Mean part-time wages as a % of full-time wages in hospitality (2005)

	Minimum	% of FT wage	Maximum	% of FT wage
Semi-skilled	250	59%	3251	57%
Unskilled	207	76%	264	77%

Given the extremely low response rate on casual wages no findings are reported. Employer responses with regard to what would constitute a “fair” minimum wage across skill level are presented at the end of Chapter 8 as a comparative analysis.

CONCLUSION

This chapter provides a descriptive analysis of the main findings on wages and conditions of employment based on employer data. It shows that the hospitality sub-sector description has resonance in the hotel, accommodation and restaurant sector. Due to data limitations, it is not possible to comment conclusively on the other sub-sectors under investigation. Based on limited information from the travel & tourism sector, it is not immediately evident that the workforce has high levels of vulnerability. With regard to general conditions of employment ordinary hours of work are moving in line with the BCEA provisions, as well as leave provisions, even among small, micro and very small enterprises. Overtime hours reported are remarkably low, while little information is forthcoming about the level of non-standard employment such as casuals and part-time employees. The reported average monthly wage at unskilled level is below R1500, while at semi-skilled level it is below R2000, consolidating the view that the hospitality sub-sector is a low earning sector. Finally, micro and very small enterprises do not pay significantly different wages from small companies. The urban-rural differential is negated by the overwhelmingly urbanised nature of the sector.

CHAPTER 8

Employee survey results

INTRODUCTION

This chapter provides a descriptive analysis of the main findings from the employee survey. The focus is primarily on semi-skilled and unskilled employees in the 4 main sub-sectors of hotels & accommodation, restaurants, travel & tourism and conservation & guiding. However, the results for the last 2 sub-sectors are presented at a highly aggregate level, given the small sample size. Hotels, accommodation and restaurants are combined into the hospitality sector, as the number of restaurants is considerably smaller compared to the employer survey. Approximately 201 companies do not have employee questionnaires, and the restaurant sector is especially prominent in this regard.

The survey did capture data about skill categories¹¹ other than semi-skilled and unskilled, including skilled trades and associate professionals and management. This phenomenon was particularly prevalent in the travel & tourism sub-sector. However, the numbers are small, and results will not be presented.

Further, the occupational classification is based on the Standard Occupation Classification codes, and used the THETA categorisation as a particular reference in regard to practices in the sector. However, the THETA occupational classification differs in some respect to the official code list released by StatsSA. For instance, waiters according to THETA SSP 2000 are listed as labourers, whereas the SOC codes define them as semi-skilled service workers. In these cases, this report uses the official SOC code. Further, occupational description offered by respondents were often vague, too generic, and difficult to place, even after re-investigating the questionnaires and drawing comparable information from other variables such as education and income. Thus, sometimes judgement calls had to be made, as to what would be the most appropriate placement options.

The quality of the data is good, and employee responses on most of the questions were sufficient. The response rates tend to vary on certain questions, such as income related questions. The fieldwork team had no refusals from employees to participate in the survey.

Finally, at the end of this chapter a comparative analysis of employee and employer results on weekly wages is provided, as an introduction to Chapter 9 on Recommendations.

PROFILE OF EMPLOYEE RESPONDENTS

This section starts off with an overview of the overall demographic and skills profile of the entire respondent population. This is then followed by a specific focus on the targeted sub-sectors and skill levels. As indicated previously, inclusion and discussion in the findings depends upon the extent to which there are sufficient cases available for analysis.

As indicated in the survey methodology chapter, there are no employee questionnaires for 201 companies. This chapter thus represents the findings from employees in 581 companies, representing 1087 employees.

¹¹ This occurred largely due to fieldworker error as they were specifically instructed to exclude managerial staff from the interviews. This seemed to have been re-interpreted in the field to include skilled associate professionals, craft and trade-related occupations.

Demographic *profile*

Table 8.1 shows that the employee respondents are predominantly African, followed by Coloureds. It is overwhelmingly female at **73%**. This proportional difference between males and females is larger than indicated in other studies, referred to in another chapter in this report. According to these studies females constitute just over half of the workforce. The respondent population is fairly evenly spread among young adults, as more than 80% is aged between 20 and 49 years. There is a significant number of those aged **50-65** years, while the proportion of 15-19 year employee is insignificantly small. It is therefore not possible to comment on the extent of youth employment.

The provincial distribution follows a similar pattern as that of the employer survey, dominated by KZN, followed by the Western Cape and Gauteng. These are the largest tourism centres in the country and absorb most of the hotel and accommodation sector, as well as restaurants.

Table 8. 1: Employee respondent profile by population group, sex, age group and highest level of completed education (2005)(’00)(%)

	Frequency	Valid %
African	711	66
Coloured	206	19
Asian or Indian	25	2
White	138	13
Total N	1080	100
Male	290	27
Female	780	73
Total N	1070	100
15-19 years	18	2
20-29 years	352	33
30-39 years	336	31
40-49 years	249	23
50-65 years	118	11
more than 65 years	6	1
Total N	1079	100
Up to Grade 11/ Std 9	623	57
Grade 12 - Std 10	224	21
Diploma or certificate & less than Gr12/ Std 10	66	6
Diploma or certificate & Gr 12/ Std 10	126	12
Degree, postgraduate degree or diploma	46	4
Total N	1086	100

In terms of the highest levels of completed education, **57%** of the respondents have less than Std 10 or Grade 12. Just more than 20% have completed Grade 12, and 12% have a post-Grade 12 diploma. Thus, the overall level of completed education is low, and **4%** have tertiary education. This points to low pre-labour market skills endowment, resulting in greater occupational crowding in low-skilled jobs. The presence of tertiary level educated respondents may be attributed to fieldworker error, but also the fact that many small accommodation establishments also rope in family and friends in conducting their business. The focus in the survey was on employees below managerial levels.

The question on urban-rural distribution was not asked in the employee survey. However, the concentration of urban-based enterprises as found in the employer survey applies in this case as well, as employees are based in companies where employer interviews took place.

Sub-sector and skill profiles

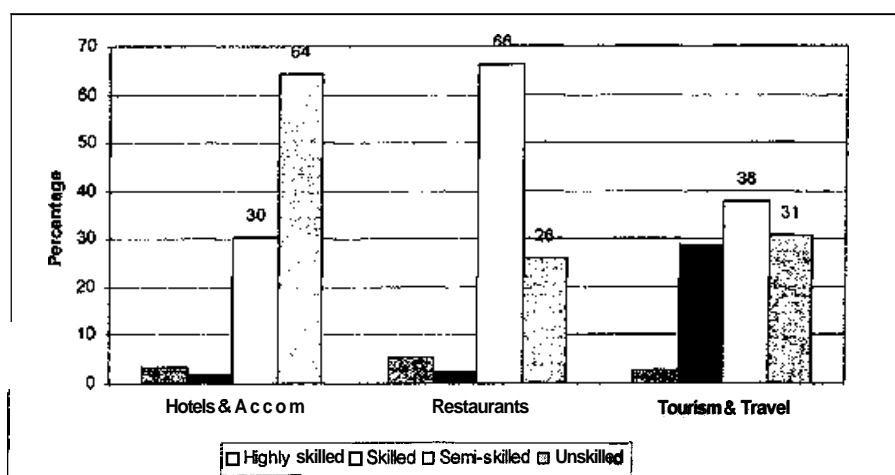
Table 8.2 summarises the sub-sector and skills profile of all employee respondents. It is evident from these results that skills decomposition is mostly possible for semi-skilled and unskilled employees within the hotels & accommodation and restaurant sub-sectors. The other sub-sectors have a very few cases, which makes it impossible to attain reliable results.

Table 8.2: Distribution of skills by main sub-sector (2005) ('00) (%)

	Highly skilled	Skilled	Semi-skilled	Unskilled	Total
Hotels & Accom	25	15	227	481	748
% within industry	3	2	30	64	100
Restaurants	7	3	84	33	127
% within industry	6	2	66	26	100
Tourism & Travel	3	32	42	34	111
% within industry	3	29	38	31	100
Gambling & Lotteries	0	4	2	0	6
% within industry	0	67	33	0	100
Conservation & Guiding	7	7	26	7	47
% within industry	15	15	55	15	100
Other	0	5	26	15	46
% within industry	0	11	57	33	100
Total	42	66	407	570	1085

The hotels & accommodation sub-sector is dominated by the unskilled, and a third consists of semi-skilled employees. The restaurant sub-sector has a smaller sample size, and the proportions are dissimilar, in that more than two-thirds consist of semi-skilled employees. The number of unskilled employees is very small, and cannot be regarded as conclusive of trends in the sub-sector. In tourism and travel about 38% consist of semi-skilled employees, and 31% are unskilled. The extent to which skilled employees were captured in the travel & tourism sub-sector is indicative of their relative concentration in this sector. This sub-sector has a slightly higher concentration of Whites to Africans, especially in skilled occupations such as travel consultants and car rental agents (THETA 2004). Figure 8.1 represents the percentage distribution of skills across sub-sectors for the 3 main sub-sectors.

Figure 8.1: Skills profile across all sub-sectors (2005) (%)



PROFILE OF HOSPITALITY SUB-SECTOR

Figure 8.1 is a good starting point for the rest of the analysis focusing on the 2 main sub-sectors, among the semi-skilled and the unskilled. Hotels & accommodation and restaurant sub-sectors are combined into hospitality for the purpose of this analysis.

Demographic profile

As shown in Table 8.3 just under one-third of semi-skilled employees is African, followed Coloureds and Whites at 21% and 20% respectively. The number of Whites is largely explained by the dominance of service employees, including waiters, secretarial and other clerical employees among the semi-skilled. On the other hand, there is an insignificant number of Whites among the unskilled, a category which is overwhelmingly dominated by Africans, then followed by Coloureds. This pattern can be explained by the concentration of cleaners and chambermaids in the hotels and accommodation sub-sector.

Table 8.3: Population Group by skill (2005)

		<i>African</i>	<i>Coloured</i>	<i>Asian/Indian</i>	<i>White</i>	<i>Total</i>
Semi-skilled	Count	176	66	7	62	311
	%	57	21	2	20	100
Unskilled	Count	396	102	2	9	509
	%	78	20	0	2	100

Table 8.4 shows that females constitute just fewer than 70% of the sub-sector among the semi-skilled, and 80% among the unskilled. This pattern reflects the overall low status of female employees in the sector. It must also be noted that the high number of females in the survey may to some extent skew the results. However, the preponderance of females in low skilled occupations, especially in the hotel and accommodation sub-sector have been confirmed elsewhere. Thus, we believe that the effect of female preponderance is not likely to create bias in the results.

Table 8.4: Sex by skill (2005)

		Male	Female	Total
Semi-skilled	Count	95	212	307
	%	31	69	100
Unskilled	Count	102	399	501
	%	20	80	100

		15-19	20-29	30-39	40-49	50-65	>65	Total
Semi-skilled	Count	7	128	87	59	19	4	304
	%	2	42	29	19	6	1	100
Unskilled	Count	4	108	181	136	78	2	509
	%	1	21	36	27	15	0	100

Table 8.5 shows that both semi-skilled and unskilled employees are concentrated in the prime working age categories, 20-49 years. The semi-skilled employees are younger, in that 42% are in the age category 20-29 years, followed by those aged 30-39 years (29%). Among the unskilled, employees are slightly older, in that 36% are 30-39 years followed by those aged

40-49 years. Those aged 20-29 years constitutes 21% of the unskilled. Older employees aged 50-65 years also form a significant proportion of unskilled employees.

The age-skill profile is partly explained by the education characteristics of the sample population. Thus, among the unskilled, 79% have up to Grade 11/Std 9, including those with no schooling, primary and incomplete high schooling. Older employees are more likely to have lower levels of education, which contributes to low skill endowment. On the other hand, among the semi-skilled a larger percentage (27%) have Std 10/Grade 12, even though 42% still have less than Std10/Grade 12. Also among the semi-skilled 18% have a post-Gr12 diploma or certificate.

Table 8.6: Highest level of completed education by skill level (2005)

	Semi-skilled		Unskilled	
	Count	%	Count	%
Up to Grade 11/ Std 9	131	42	404	79
Grade 12 - Std 10	85	27	68	13
Diploma or certificate & less than Gr 12/ Std 10	27	9	22	4
Diploma or certificate with Grade 12 or Std 10	55	18	16	3
Degree, postgraduate degree or diploma	12	4	2	0
Total	310	100	512	100

When asked if they are currently studying, most respondents indicated that they are not. This question was elicited by anecdotal evidence that a large proportion of casual and temporary employees in the sector are students, either full-time or part-time. However, the findings here are largely explained by the fact that most respondents are working on a full-time basis, and are concentrated in hotel and accommodation.

Table 8.7: Currently studying by skill level (2005)

	Yes, full-time	Yes, part-time	No	Total
Semi-skilled	4	23	282	309
%	1	7	91	100
Unskilled	0	9	499	508
%	0	2	98	100

Types of employment

In this section the focus is on the length of industry and company experience, as well as the type of employment, whether full-time, part-time or casual. Table 8.8 shows that the largest percentage of semi-skilled employees has between 2-5 years of company experience, as well as industry experience. Further, a third of the semi-skilled also has long-term industry experience (9 years and more). This pattern suggests that there is a fair degree of experience and stability among the semi-skilled at both company and industry level.

A similar finding can be made for the unskilled, as a large proportion of these employees have experience above 2 years in the industry and current company. Further, employees tend to remain in the sector; especially as a higher percentage (22%-31%) have industry experience above 9 years, compared to company experience (14%-23%). The stability of the workforce may be attributable to a lack of job choices, given low skill endowments.

Table 8. 8: Years of experience in current company and industry (2005)

	Up to one year	2-5 years	6-8 years	9 years +	Total
Company experience					
Semi-skilled	63	129	36	67	295
%	21	44	12	23	100
Unskilled	92	273	67	68	500
%	18	55	13	14	100
Industry experience					
Semi-skilled	45	92	44	82	263
%	17	35	17	31	100
Unskilled	94	161	70	90	415
%	23	39	17	22	100

Most employees indicate that they **are** employed on a full-time basis as shown in Table 8.9 and at least 7% of the unskilled work part-time. The **rest** of the estimates are not reliable. This finding will be cross-referenced with the maximum number of weekly ordinary hours.

Table 8.9: Types of employment in hospitality by skill (2005)

		Fulltime	Part-time	Casual	Other	Total
Semi-skilled	Count	292	7	12	0	311
	% within occup	94	2	4	0	100
Unskilled	Count	457	37	15	2	511
	% within occup	89	7	3	0	100

Given the small number of part-timers recorded in the survey, the next table only relates to those who answered that they work full-time. The category part-time is based on a **maximum** of 25 ordinary hours of work per week.

Table 8. 10: Fulltime employees by maximum ordinary hours per week by skill in hospitality (2005)

Fulltime		1-25 hours	26-45 hours	>45 hours	Total
Semi-skilled	Count	2	164	126	292
	% within occup	1	56	43	100
Unskilled	Count	14	313	130	457
	% within occup	3	68	28	100

Among the full-time semi-skilled, 56% works 26-45 hours in line with the maximum ordinary hours prescribed in BCEA regulations. Among the full-time unskilled, 68% work **26-45** hours. However, the second largest group of full-time employees **work** a maximum number of ordinary hours of more **than** 45 hours per week, ranging between 28% and 43% of unskilled and semi-skilled employees, respectively. The extent to which this finding is in-line with the BCEA regulation may relate to the number of overtime hours worked per **week**.

Next we look at the length of the working week and maximum ordinary **per week** to further explore working time arrangements. This sector is well **known** for operating on the basis of a working week longer than **5** days.

		1-5 days pw	>-6 days pw	Total
1-25 hours	Unskilled	40	1	41
	%	98	2	100
26-45 hours	Semi-skilled	77	99	176
	%	44	56	100
	Unskilled	202	128	330
	%	61	39	100
>46 hours	Semi-skilled	8	122	130
	%	6	94	100
	Unskilled	12	127	139
	%	9	91	100

Table 8.11 shows that it is only among the unskilled that the maximum ordinary hours per week range between 1-25 hours, working between 1-5 days per week. These could potentially include part-time employees. There are very few part-time employees recorded in the survey, but it is probably among the unskilled that these categories of work may be found.

Among those working between 26-45 hours, 56% and 39% (semi-skilled and unskilled respectively) work longer than 5 days per week. Thus, the maximum ordinary hours per week are inline with the BCEA. However, among those working 46 hours and more per week, the overwhelming majority (both semi-skilled and unskilled) work 6 days and more. Thus, the maximum number of ordinary hours a week exceeds the stipulated 45 hours in the BCEA, for a longer (more than 5 days) working week. This highlights the problem in the sub-sector regarding the need for a 24/7 operating schedule. The problem relates especially to semi- and unskilled employees as illustrated here.

When asked whether they wished to work more hours, more than 70% of semi-skilled and unskilled employees, working either up to 45 hours or more, did not wish to change current working hours. The percentage drops to 50% for semi-skilled working more than 45 hours per week.

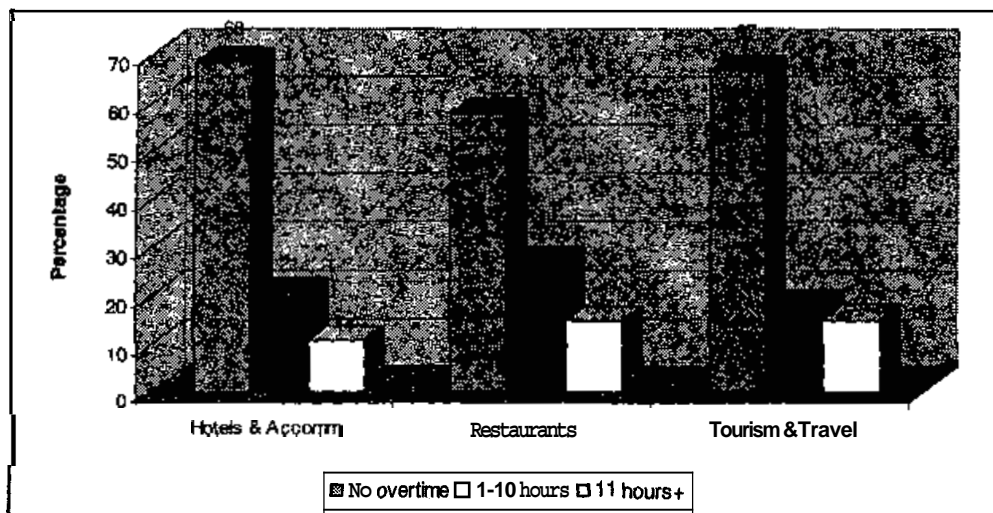
Table 8.12: Wanting to work more hours by skill and ordinary hours (2005)
Overtime hours of Work

		More hours	Less hours	No change	Don't know	Total
26-45 hours	Semi-skilled	24	13	133	6	176
	%	14	7	76	3	100
	Unskilled	25	34	254	17	330
	%	8	10	77	5	100
>45 hours	Semi-skilled	22	39	65	3	129
	%	17	30	50	2	100
	Unskilled	20	19	100	1	140
	%	14	14	71	1	100

When asked how many overtime hours they worked in the past week, more than two-thirds of respondents indicated that they had not worked any overtime. In the hospitality sub-sector, on average only 22% worked up to 10 hours, and 11% worked more than 11 hours. This is quite surprising as the expectations were that more respondents would be working overtime. However, this coincides with the employer results that also show low levels of overtime hours. Note that, except for hotels and accommodation (and when combined with restaurants), the rest of the table on overtime worked does not generate reliable estimates.

Table 8.13: Overtime hours in the past week (2005)

	No overtime	1-10 hours	11 hours+	Total
Hotels & Accommodation	435	132	69	636
%	68	21	11	100
Restaurants	62	29	16	107
%	58	27	15	100
Tourism & Travel	62	17	14	93
%	67	18	15	100



Overtime rate & pay

Most respondents did not know what rate is applicable for overtime. On the whole though, it seems that there is wide spectrum of overtime rates of pay. Just over a quarter said they do not receive a premium for overtime. This is higher than the comparable rate for employers (16%), while 11% said that they received double time. Only 21% of respondents said that they received one and one half, the BCEA rate. When considering the fact that most respondents indicated that they do not work overtime, it is perhaps understandable that they do not know about the rate itself.

	Frequency	Valid Percent
Don't know	230	34
Ordinary rate	174	26
One- and half	140	21
Double time	75	11
One- and third	56	8
Total	676	100

Sunday Work

Sunday work is a sensitive issue in the sector, and relates to what is argued to be operational requirement for greater flexibility.

Figure 8.3: Requirement to work on Sundays (2005)

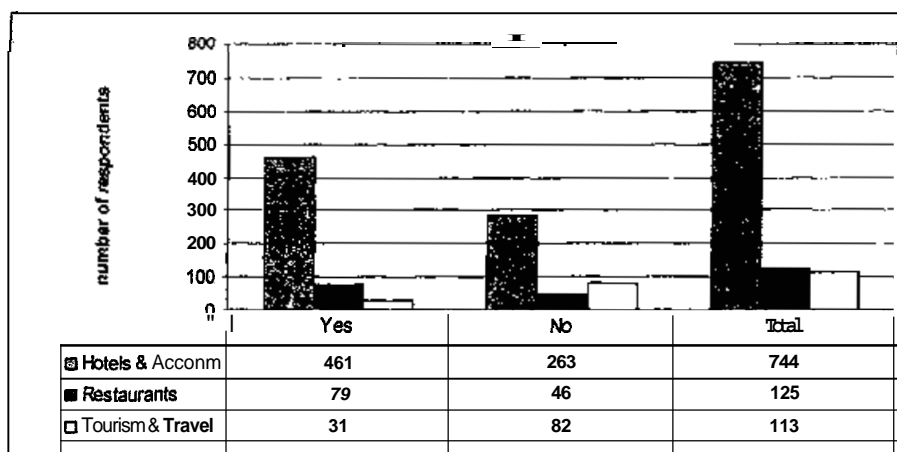


Figure 8.3 shows that up to two thirds of respondents in the hotels and accommodation as well as restaurants sub-sectors are required to work on Sundays. This echoes other findings in terms of the 24/7 operational requirements in these sub-sectors. However, it seems that in the T&T sub-sector Sunday work is not a requirement.

The rate of pay for Sunday work is quite a sensitive issue in the sector, especially since the hospitality sector was exempted from paying double time as per the BCEA requirements. Table 8.15 shows that in the hospitality sector, 43% of respondents are paid the ordinary rate for Sunday work. Thus, Sunday work is regarded as a normal day. However, at least 20% are paying double time, in line with the BCEA.

Table 8.15: Rate of pay for work on Sundays in hospitality (2005)

	Frequency	Valid Percent
Ordinary rate	231	43
Double time	106	20
None	68	13
Don't know	60	11
One- and half	44	8
One- and third	21	4
Total	530	100

In the hospitality sector, the majority of respondents indicated that they do not get time off in lieu of pay for Sunday work. Presumably this would include those who answered that they do not receive extra pay for Sunday work.

Table 8.16: Time off in lieu of pay for Sunday work in hospitality (2005)

	Frequency	Valid Percent
Yes, get time off in lieu of pay	229	49
No	236	51
Total	465	100

Figure 8.4 suggests that there is not a huge demand for employees to do night work. This applies especially to hotels & accommodation.

Figure 8.4: Night work by sub-sector (2005) ('00)

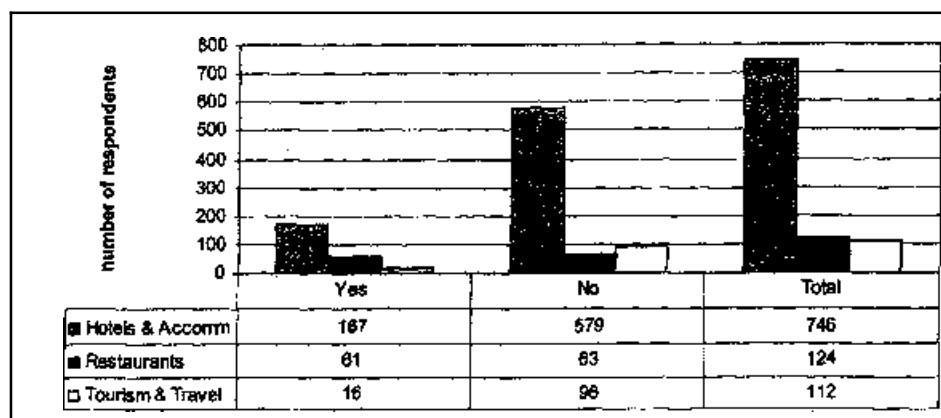


Figure 8.4 shows that respondents working in restaurants are equally split between those who do, and those who do not work at night.

In hospitality, 37 % of respondents reported that a cash (shift) allowance is received, while 28% report that transport or a transport allowance is received. The BCEA makes provision for a night shift allowance and transport.

Table 8.17: Compensation for night work in hospitality (2005)

	Yes	NO	Total
Cash allowance	80	134	214
%	37	63	100
Transport allowance	59	152	211
%	28	72	100

Public holidays

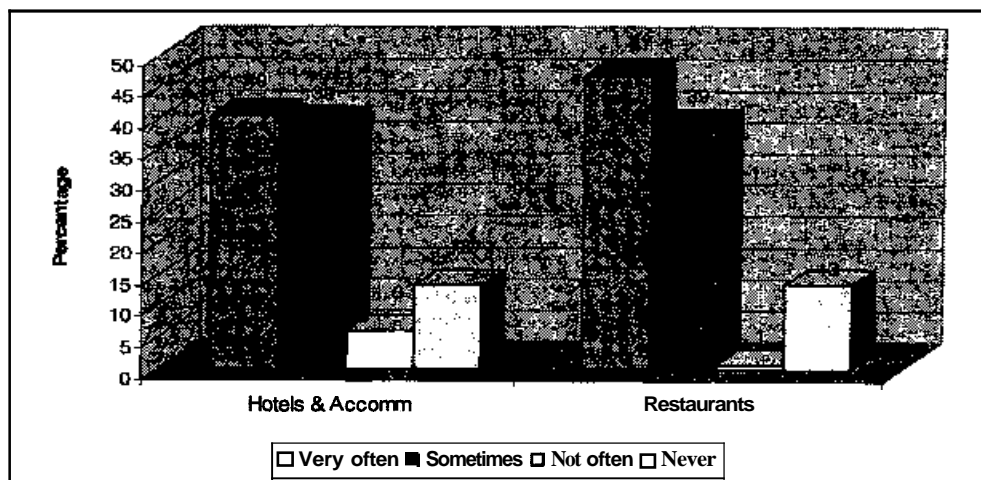
Table 8.18 shows that about 79% of the hospitality sub-sector requires employees to work sometimes and very often on public holidays. As is the case with regard to work on Sunday, this finding reiterates the fact that the sub-sector requires flexible working hours. In tourism and travel half of employees report that they are never required to work on a public holiday.

Table 8.18: Requirement to work on public holidays by sub-sector (2005)

	Very often	Sometimes	Not often	Never	Total
Hotels & Accommodation	301	293	45	99	746
%	40	39	6	13	100
Restaurants	59	49	1	17	126
%	47	39	1	13	100
Tourism & Travel	18	33	5	56	112
%	16	29	4	50	100

Figure 8.5 is another illustration of the distribution of work on public holidays by sub-sector, where there are reliable results.

Figure 8.5: Requirement to work on public holidays by sub-sector (2005)



In terms of compensation for work on public holidays, in the hospitality sub-sector, **40%** of employees report that they are paid double time. This is in line with the **BCEA** provisions. However, **34%** of respondents do not receive a premium for working on a public holiday. This is clearly in contravention of the current legislation. Once again, quite a number of respondents were not aware which provisions applied to them, while at least 10% receive a rate of one and one half.

Table 8.19: Compensation for work on public holidays in hospitality (2005)

	Frequency	Valid Percent
Double time	285	40
Ordinary rate	248	34
Don't know	89	12
One- and half	70	10
One- and third	28	4
Total	719	100

Table 8.20 suggests that time off may be regarded as a form of compensation for work on a public holiday. However, only 38% of respondents reported this.

Table 8.20: Day off in lieu of pay for work on public holidays in hospitality (Z00S)

	Frequency	Valid Percent
Yes	283	38
No	458	62
Total	741	100

CONDITIONS OF EMPLOYMENT

This section reviews conditions of employment, including employment contract, receipt of pay slips, paid leave allocations and UIF deductions, that are regulated by legislative provisions. Please note that the law only requires employment particulars, and not employment contracts.

Employment Contract

Written employment contracts are common across all the sub-sectors, but the lowest in restaurants at 52%. Verbal contracts still constitute more than a third of arrangements between employees and employers. This practice constitutes a breach of the BCEA requirements for written particulars regarding the employment details. Verbal contracts are **not** necessarily illegal, but the burden of proof is much heavier on the employee to prove its contents should a dispute arise. In the hotel & accommodation sub-sector quite a few respondents do not **know** what the nature of arrangements are, which indicate to an extent that employees may not have sufficient information as to their rights.

Table 8.21: Types of employment contracts by sub-sector (2005)

	Written contract	Verbal contract	Don't know	Total
Hotels & Accom	461	227	42	730
%	63	31	6	100
Restaurants	63	48	11	122
%	52	39	9	100
Tourism & Travel	81	27	5	113
%	72	24	4	100

The BCEA requires that details of remuneration be provided to the employee. The overwhelming majority of respondents reported that **they** received **payslips**, while close to a third indicated the lack thereof.

Table 8.22: Receipt of regular payslips by sub-sector (2005)

	Yes	No	Total
Hotels & Accom	529	213	742
%	71	29	100
Restaurants	90	36	126
%	71	29	100
Tourism & Travel	87	21	108
%	81	19	100

Paid Leave

The BCEA provides for a range of paid leave allocations, and this section reviews the state of play in that regard. Table 8.23 provides a summary of the average (mean and **median**) number of days or weeks for each type of leave. The BCEA provides for 21 days consecutive days' annual leave. Among both the semi-skilled and unskilled, the average (mean) number of days was 20 and the median was 21 days. Similarly for sick leave the average (mean) was 12 and the median was 11 and the median 12. This implies that there are respondents in the sample that get less than the prescribed 21 days, or in the case of sick leave, get less than 12 days.

The average (mean) family responsibility leave is 3 days, and so is the median. The ministerial determination of small business provides for downward variation on family responsibility leave, subject to a collective agreement in companies employing less than 10 employees. The overwhelming majority of companies in this survey also fall within this category yet seem not to have taken advantage of this provision.

Table 8.23: Average number of paid leave days in the hospitality sector (2005)

	Mean	Median	N
Paid annual leave (days)			
Semi-skilled	20	21	277
Unskilled	19	21	438
Paid sick leave(days)			
Semi-skilled	11	12	230
Unskilled	11	12	340
Family responsibility leave (days)			
Semi-skilled	3	3	188
Unskilled	3	3	302
Paid maternity leave (weeks)			
Semi-skilled	10	12	175
Unskilled	9	12	276
Paid paternity leave (days)			
Semi-skilled	2	0	125
Unskilled	2	0	175

The UIF Act regulates the deduction of Unemployment Insurance Fund contributions from the employees' pay. The overwhelming majority of employees confirm such deductions. However, at least in the hotel and accommodation sub-sector, 15 % report that this is not being done, while 6% do not know whether it happens. Lack of knowledge regarding employees' rights also seems to play a role in regard to deductions of UIF contributions.

Table 8.24: UIF deductions (2005)

	Yes	No	Dont know	Total
Hotels & Accommm	585	112	44	741
%	79	15	6	100
Restaurants	97	20	8	125
%	78	16	6	100
Tourism & Travel	99	12	1	112
%	88	11	1	100

OTHER EMPLOYMENT BENEFITS

This section reviews benefits that are not required by labour legislation, but provide an indication of the level of social security enjoyed by employees at the workplace. The focus is on employee membership of pensiodretirement funds and medical aid/health insurance benefits and in addition, trade union membership.

Table 8.25: Employee membership of a pension/retirement fund

	Yes	No	Total
Hotels & Accommod	157	570	727
%	22	78	100
Restaurants	27	93	120
%	23	77	100
Tourism & Travel	34	75	109
%	31	69	100

Table 8.25 shows that only 22% of those in hotels and accommodation pay towards a retirement fund, while the majority do not. This is not a **surprising** finding taken into consideration the dominance of SMMEs in all of the sub-sectors, where affordability of premium would be a major consideration. **Also**, the age profile of these employees indicates that they are mostly young, and may not regard this as important as yet. However, those in their thirties and forties have much less time left to commence long-term savings for retirement. Figure 8.6 illustrates the distribution of retirement fund membership by sub-sector.

Figure 8.6: Distribution of membership to a retirement fund by sub-sector (2005)

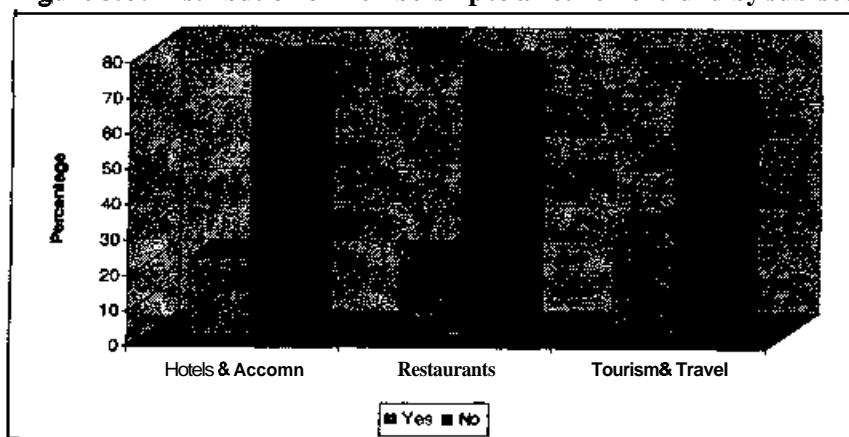


Table 8.26: Employee membership of medical aid/health insurance (2005)

	Yes	No	Total
Hotels & Accommod	82	663	750
%	11	88	100
Restaurants	18	107	125
%	14	86	100
Tourism & Travel	36	76	112
%	32	68	100

The situation is even bleaker with regard to membership of a medical aid or health insurance scheme. Thus, an even higher proportion of those respondents do not have medical cover

when compared to pension cover. This is not surprising either, as the cost of health insurance is generally very high, and with the advent of HIV/AIDS the premiums have become even more unaffordable for the average worker.

Figure 8. 7: Distribution of membership to medical aid/health insurance by sub-sector (2005)

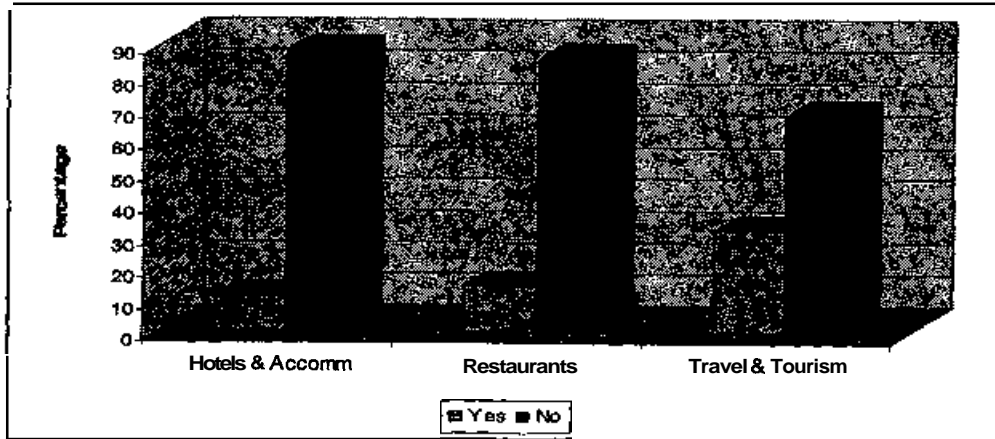
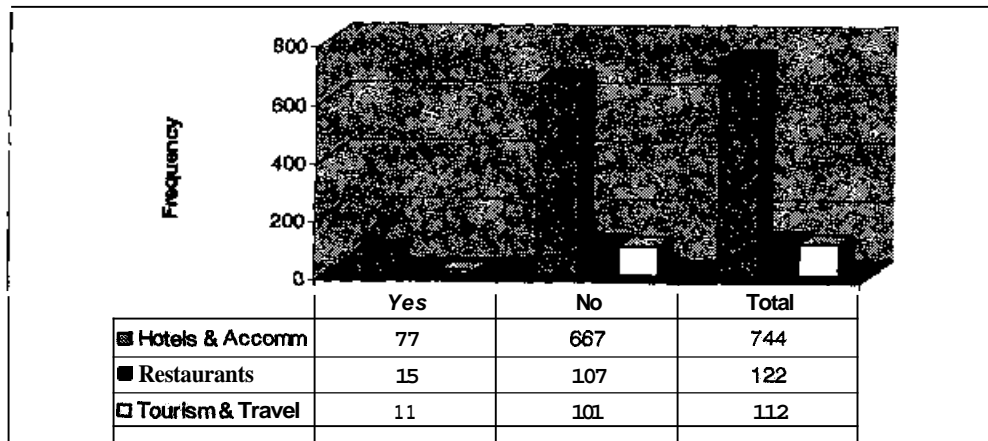


Figure 8.8: Trade Union Membership (2005)



Trade union membership is not a benefit as such, but it does provide some indication of the level of collective organisation among employees to protect and extend workplace rights and **conditions** of employment. However, all of the sub-sectors are highly non-unionised, **ranging** from **85% - 90%** of respondents. Of concern is that most respondents are full-time employees, the key recruitment constituency for most trade unions and where they **are** best organised. However, other factors such as the SMME structure of the sector also contribute to low levels of unionisation as well.

SOCIO-ECONOMIC CIRCUMSTANCES

The survey also focused on a set of questions to assess general socio-economic circumstances of employees. These relate to the number of financial dependents, perception of changes in wages and conditions of employment, as well as any reports of retrenchments at their place of work.

Financial Dependents

Both semi-skilled and unskilled respondents indicated that they have dependents that are reliant upon their (respondents) wages, ranging from 71% to 89%.

		Yes	No	Total
Semi-skilled	Count	221	88	310
	%	71	28	100
Unskilled	Count	453	57	510
	%	89	11	100

When asked how many financial dependents they support financially, the average (mean) and median is the same at 3 persons.

of financial dependent of hospitality employees (2005)

	Mean	Median	N
Semi-skilled	3	3	212
Unskilled	3	3	409

Both semi-skilled and unskilled respondents felt that there has been no change in regard to their ordinary hours of work since their employment at the company. At least 24% in both skill categories reported that they perceived an improvement, as illustrated in Table 8.29.

Table 8.29: Perceptions of improvement in ordinary hours of work (2005)

	Semi-skilled	%	Unskilled	%
Improved	74	24	122	24
Stayed the same	217	70	369	72
Gotten worse	15	5	16	3
Don't know	2	1	5	1
Total	308	100	512	100

On the other hand, their perceptions regarding wages are very different, as illustrated in Table 8.30. Thus, between 65% and 71% of semi-skilled and unskilled respectively, felt that wages have improved. Those who felt that it had stayed the same ranged from 25% - 30%. However, improvements in wages are also affected by increases in the years of experience. Thus, it is possible that respondents may be reflecting on wage improvements based on years of experience in the company. Further, given the high levels of non-unionisation wage improvements related to collective bargaining must be excluded for most respondents as well.

Table 8.30: Perceptions on improvement in wages in hospitality (2005)

	Semi-skilled	%	Unskilled	%
Improved	202	65	382	71
Stayed the same	92	30	129	25
Gotten worse	10	3	11	2
Do not know	5	2	9	2
Total	309	100	511	100

Retrenchments

It is only in the hotel and accommodation sub-sector that retrenchments have been reported, since the time of employment. However, this was reported by a relatively small percentage of respondents in that sector. This is a positive indicator of employment stability in that sector.

Table 8.31: Reports of retrenchments since time of employment (2005)

	Yes	No	Dont know	Total
Hotels & Accommm	101	574	78	753
%	13	76	10	100
Restaurants	23	88	15	126
%	18	70	12	100
Tourism & Travel	11	91	11	113
%	10	81	10	100

EARNINGS IN THE HOSPITALITY SECTOR

Respondents were asked a series of questions related to earnings, including their current weekly wages, what they would regard as a "fair" wage, an indication as to what percentage of cash, tips, commission and in kind payments constitute in their wage. Weekly wages are reported as mean and median amounts.

Gross weekly wage

The following is based on gross weekly wages before taxes and other deductions. Table 8.32 provides an overview of average weekly wages in the hospitality sector for fulltime and part-time for the semi-skilled and unskilled. Part-time wages are also provided, but for illustrative purposes only given the small numbers. It shows that on average semi-skilled employees receive R471 per week, and a median of R357. Unskilled employees report an average of R298, and a median of R254 per week. Part-time unskilled employees report an average of R174 and a median wage of R150 per week. The levels of wages reported here show that hospitality employees are very low earners, with mean monthly wages ranging from R1281 to R2025 for unskilled and semi-skilled employees.

Table 8.32: Average mean and median weekly wages by skill in hospitality sector (2005)

		Mean	Median	N	Std. Deviation
Fulltime	Semi-skilled	471	357	286	322
	Unskilled	298	254	450	185
Part-time	Unskilled	174	150	37	106

The following table provides a comparative overview of mean and median weekly wage by a range of factors for fulltime, semi-skilled and unskilled respondents.

Table 8. 33: Profile of average weekly wages for semi-skilled employees in hospitality (2005)

	Mean	Median	N
Male	478	351	93
Female	468	358	189
African	371	323	167
Coloured	537	399	60
White	692	646	51
20-29 years	508	400	119
30-39 years	455	394	78
40-49 years	499	335	56
Up to Grade 11/ Std 9	365	309	122
Grade 12 = Std 10	427	348	77
Diploma or certificate & Gr 12	697	577	50
WC	612	451	67
EC	307	277	38
KZN	380	323	65
GP	539	416	38
Up to one year work experience	431	367	50
2-5 years	505	393	122
6-8 years	476	370	36
9 years more	482	350	63

Table 8.33 shows that male and female wages are quite similar, and in line with the overall average at both the mean and the median. The weekly wages for Africans are substantially lower than the other groups, and also not in line with the average for semi-skilled employees. Increased levels of completed education result in improved returns, as the mean wage at a post-school qualification is at **R697** (mean) and **R577** at the median. As expected, the Western Cape and Gauteng have the highest wages at both the mean and median. Provincial differences are evident in that Eastern Cape wages are at least half of the highest wage in the Western Cape. The relationship between age and wages is not clear, as the wage differential between the youngest and oldest is insignificant. This may relate to lower levels of education among older employees, as argued elsewhere. Finally, those with **2-5** years of work experience earn the highest wage, **R505** and **R393** at the mean and median. Additional **years** of experience do not appear to yield better returns, but remain in line with the overall average for the semi-skilled.

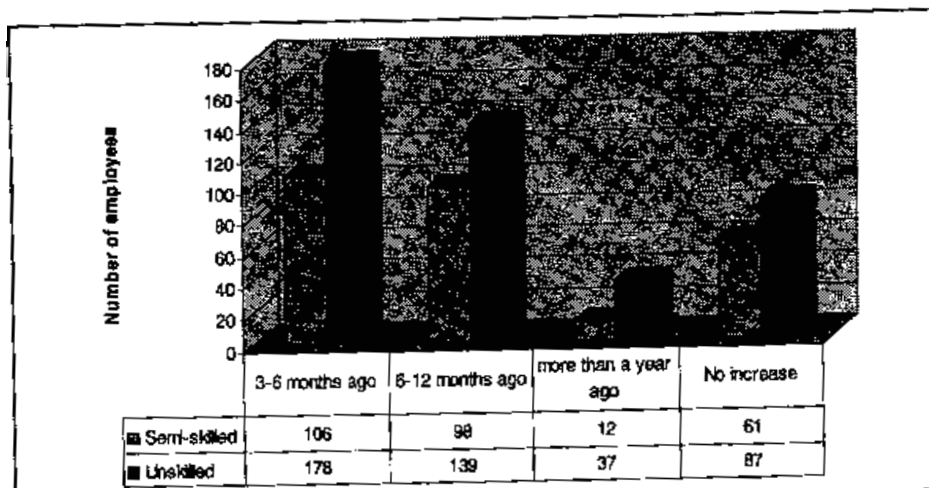
Table 8.34 shows that for the unskilled, female and male wages are in line with the average of **R298** (mean) and **R254** (median). Once again though Africans **earn** about 80% of the Coloured wage. In terms of age, most age groups earn close to the average, with the exception of those in the **50-65** year group. Grade 10 yields the highest return to education. Those in the Western Cape earn 10% to **55%** more than other provinces. The returns to increased years of experience are positive for the unskilled, resulting in higher wages from **6** years onwards. However, more than 9 years of experience do not appear to yield further returns.

Table 8. 34: Profile of average weekly wages for unskilled employees in hospitality (2005)

	Mean	Median	N
Male	305	276	83
Female	298	250	355
African	278	221	351
Coloured	349	300	88
20-29 years	253	231	89
30-39 years	309	254	166
40-49 years	279	231	124
50-55 years	361	279	65
Grade 12	289	245	300
Grade 11	330	277	58
Diploma or certificate with/without Gr 12 or Std 10	304	278	30
WC	167	322	97
EC	259	250	65
KZN	332	277	97
NW	221	215	30
GP	332	300	52
LP	203	185	60
Up to one year work experience in company	259	236	78
2-5 years	321	277	63
6-8 years	328	321	65
9 years & more			

Respondents were asked when last they received an increase in wages. As shown in Figure 8.9 most had an increase quite recently about 3-6 months ago. Just over 30% got an increase 6-12 months ago, while at least 20% got no increase.

Figure 8.9: Last wage increase received in hospitality (2005)



Decomposition of gross weekly wage

Respondents were asked what constitutes their regular wages in terms of the proportion of cash, tips, and commission and in kind payments. The overwhelming majority indicated that cash constitutes 100% of their wages. An additional 15% reported that they receive more than 50% in cash. About 57% indicated that tips constitute less than 50% of their wages. Overall, then most people received cash. The relatively small size of the restaurant sector, where tips may play a prominent role in wages, should be taken into consideration. Other types of payment had very low response rates.

Table 8.35: Composition of the weekly/monthly wage in hospitality(2005)

	Cash		Tips	
	Frequency	Valid %	Frequency	Valid %
100%	651	78	5	2
50%	7	1	6	2
More than 50%	120	14	13	5
Less than 50%	12	1	151	57
Dont know	47	6	91	34
Total	837	100	266	100

When asked about in kind payments, most people initially indicated that they do not know of any such payment. However, when probed about specific types of in-kind payments, the response rate improved. The most frequently reported in kind payment is meals or meal vouchers. Transport and housing assistance or payment follow, but constitute very small shares of overall in kind payments. Table 8.36 and Table 8.37 review the distribution of in kind payments by skill level in the hospitality sector.

Table 8.36: Meals, subsidised transport and housing among the unskilled in hospitality (2005)

	Unskilled		%
	Yes	No	
Meals/voucher	Yes	295	59
	No	204	41
	Total	499	100
Transport	Yes	124	25
	No	375	75
	Total	499	100
Housing	Yes	90	18
	No	398	82
	Total	488	100

Table 8.37: Meals, subsidised transport and housing among semi-skilled in hospitality (2005)

	Semi-skilled		%
	Yes	No	
Meals/voucher	Yes	203	68
	No	96	32
	Total	299	100
Transport	Yes	80	27
	No	217	73
	Total	297	100
Housing	Yes	56	19
	No	234	81
	Total	290	100

COMPARISON OF WAGES: EMPLOYEE AND EMPLOYER SURVEYS

In this section, comparisons are drawn between reported weekly wages by employers and employees. Through this comparison it is hoped to form an idea of what the agreed market rate is for full-time semi-skilled and unskilled employees. The only reliable estimates that are common to both the employee and employer respondents are in the hospitality sector, combining hotel & accommodation and restaurants. This analysis also reviews what weekly wage each would regard as "fair" an indication of the proposed minimum in the sector.

Regional/provincial differentiation of wages

Both surveys asked respondents whether minimum wages be differentiated based on provincial or regional differences. Table 8.38 shows that employers and employees have diametrically opposed views on the issue. Thus, while employers are in favour of differentiated wage levels, employees are opposed to it. Currently, wages are differentiated based on magisterial districts, which in turn derives from differentiated economic performance levels.

Table 8.38: Different wage rates for different provinces/regions (2005)

	Yes	No	Don't know	Total
Employers	374	157	63	594
%	63	26	11	100
Employees (semi & unskilled)	177	464	107	748
%	23	62	14	100

Wage differentials

The employer survey captured sufficient data to calculate wage differentials in the hospitality sub sector, using skilled wages as the base wage. Table 8.39 shows that at the minimum, semi-skilled employees earn on average 51% of the reported skilled wage, and declines even further at the maximum wage. The unskilled earn on average 32% of the skilled wage, and this declines to 27% at the maximum wage. At the median, unskilled employees earn between 39% and 36% of the skilled median. Thus, it is evident that unskilled employees in the hospitality sector are low earners. While the differential for semi-skilled employees is relatively smaller, this group are also low earners.

	Minimum		Maximum	
	Mean %	median %	Mean %	median %
Semi-skilled	51%	53%	46%	52%
Unskilled	32%	39%	27%	36%

Comparison of actual and "fair" wages

The indication of 'Yair' wages by both employers and employees is an approximation of the expectations of both parties. On the one hand it **points** towards what business may be able to afford in order to remain viable; on the other hand it may refer to what employees perceived as appropriate to maintain a reasonable standard of living.

Table 8.40 summarises these comparison for semi-skilled employees in the hospitality sector.

Table 8. 40: Comparison of actual and "fair" minima proposed by employer and employees- semi- skilled (2005)

	Mean	Median	N
Employers			
Current wage	427	315	257
"Fair" wage	566	400	301
% increase	32%	27%	
Employees			
Current wage	471	357	286
"Fair" wage	656	577	277
% increase	39%	62%	

It shows that the employees generally report higher actual average wages, as well as proposals on a "fair" wage, at both the mean and the median. Thus, at the mean wage employee expectation of a "fair" wage is considerably larger than the differences in actual or current wages. Thus, employees argue for an increase of 39% whereas employers are at 32%. It is interesting however that despite this relative difference, there seems to be an alignment of thinking that an adjustment of this magnitude is necessary. At the median however the relative difference is huge, in that it would require a 62% adjustment to attain the employees' "fair" wage.

Table 8.41 summarises the comparison for unskilled employees in the hospitality sector.

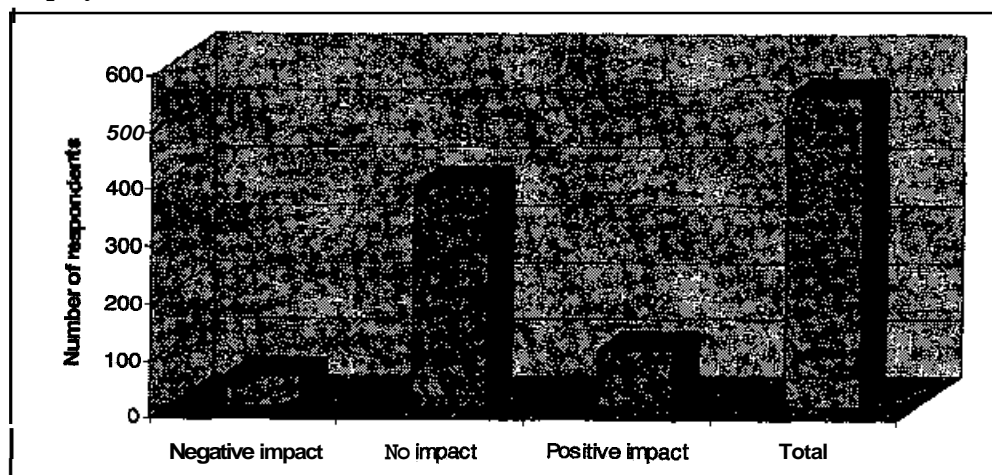
Table 8. 41: Comparison of actual and “fair” minima proposed by employer and employees- unskilled (2005)

	Mean	Median	N
Current wage	273	231	334
“Fair” wage	349	292	408
% increase	28%	26%	
Employees			
Current wage	2981	254	450
“Fair” waae	410	346	436
% increase	38%	36%	

As indicated previously, employees report higher average wages than employers. This may be attributable to the inclusion of additional payments such bonuses, overtime pay and so forth in their calculations, Employers also envisage smaller increases than in the case of semi-skilled employees.

Employers were asked what the potential impact of their proposed “fair” minimum wages would be on employment levels. The results suggest a neutral position, as most felt that it would have no impact. Those who felt that it would have a negative impact, constitutes the smallest number of respondents. Thus, it appears that their proposed minima would fall within their range of affordability.

Figure 8. 10: Employers’ perceptions of potential impact of a “fair” wage on employment levels (2005)



The minima proposed by both employers and employees at the mean level would be regarded as beyond the scope of most employers, and the size of the increase is simply not realistic. It is therefore more feasible to adjust minima at the median level. The median “fair” minima proposed by employers represent a more modest amount than that proposed by employees as illustrated in Table 8.40 and Table 8.41. Thus, at unskilled level, the median of R 292 (R1256 monthly rate) and at the semi-skilled level R400 (R1720 monthly rate) is a more conservative approach to the setting of the minima. However, these minima are close to the lowest minima set in collective bargaining processes.

The **LFS** survey analysis shows that most unskilled employees earn below R 1000 while semi-skilled employees earn below R2000. Further, for 2004 the Household Subsistence Level (HSL) was R 2 368 (for a **5** member low to middle income household) and R2130 (for a 6-member low-income household). This implies that hospitality employees earn below what is required to fulfil the primary subsistence **needs**. The survey has also shown that on average hospitality employees (unskilled and semi-skilled) financially support **3** people beside themselves. Thus, an adjustment in the minima for hospitality employees will improve the lives of **3** other people. The adjustment will increase unskilled wages to above R1000, even though it will not as yet bring semi-skilled wages above R2000.

CONCLUSION

This chapter provides a descriptive analysis of wages and conditions of employment based on employee survey data. **As** indicated in the previous chapter the findings suggest that there **is** some alignment with BCEA provisions especially with regard to leave. However, it does appear that those working 6-day weeks may be working ordinary hours **in** excess of the **BCEA** maximum of 45 hours. Overtime hours are remarkably low, echoing similar findings in the employer survey. It appears that the approach to payment for work on public holidays and Sunday work remain areas of contention.

The study does not confirm anecdotal evidence regarding atypical employment, which may partly be attributed to the low levels of participation by such employees. It echoes a similar trend in that employers' response rates were also very low in this regard. It is therefore still an area to be investigated further. Despite being a non-unionised sector, employees report receiving wage increases. However, the low level of average wages confirms the overall vulnerability of the predominantly Black female workforce. Finally, one of the key concerns arising from this chapter is the lack of knowledge expressed by employees on issues regarding their rights and conditions of employment.

PART 3
RECOMMENDATIONS

CHAPTER 9

Recommendations

INTRODUCTION

The next section provides a summary of the main recommendations based on research findings in the afore-going chapters. It follows largely the format suggested in the BCEA in terms of the main areas of determination. Finally, in terms of Section 54(1) of the BCEA, for selected clauses, a series of possible implications are set out, arising from the implementation of these recommendations in a new Sectoral Determination in the Hospitality sector.

SCOPE OF APPLICATION

Definition and scope of the sector

The evidence shows that the main sub-sectors that are regarded as "hospitality" by industry stakeholders and reflected in the survey results include hotels & accommodation and restaurants. The definition has historical application among key stakeholders and there is supply-side data available that will facilitate the monitoring and updating of the sectoral determination. Further, general conditions of employment and wage levels are similar,

The remainder of the sub-sectors under investigation, including Tourism & Travel, Conservation & Guiding and Gambling & Lotteries more specifically relate to the tourism sector as a whole. Further, this study has not been able to yield sufficient information regarding the vulnerability of their employees. However, there is some initial evidence that these sub-sectors contain larger proportions of skilled employees, with higher levels of education. This is particularly the case with travel & tourism with a large proportion of skilled employees, while in conservation & guiding there may be pockets of semi-skilled employees that may be more vulnerable. Gambling & lotteries is a very small sub-sector and is concentrated in a small group of large enterprises, which may be more amenable to unionisation. Further, the skill level in this sub-sector is generally high.

Recommendation:

It is recommended that three of the four sectoral determinations covered by the Department of Labour be combined into the hospitality sector, namely **WD 457**: Hotel trade, certain areas, **WD 461**: Catering trade, certain areas, and **WD 479**: Accommodation establishment trade, certain areas. Other business activities include:

- Hotels and restaurants;
- Provision of short-stay accommodation;
- Restaurants, including bars, canteens, and other catering services including food preparation and beverage services.
- Industrial catering and other catering services

The recommendation with regard to industrial catering is based on the fact that its core business function is the provision of food and refreshments, a function that is key to all hospitality establishments. Leaving it outside of the ambit of the determination may contribute to further delays in updating conditions of employment.

In regard to the Wage Determination **477**: The Trade of Letting of Flats or Rooms, Certain Areas the recommendation is that this sub-sector not be included in the rest of the hospitality sector. Industry stakeholders argue that it falls within the business services and property management sub-sector. Thus, estate agencies form a large proportion of the sector, and

generally have very little connection to the hotels and accommodation sub-sectors. Further, the research survey failed to gather any substantive information on the sector, even though it was included. If necessary, a separate investigation, including estate agencies, may have to be conducted.

Geographical demarcation

The sector is primarily urban-based, concentrated particularly in the metropolitan areas, and on the periphery of the metropolitan areas, towns and cities. Those in the rural areas are generally small pockets of highly urbanised activities such as guest farms, hunting lodges and so forth. As such the clear rural-urban divide does not apply, in terms of activities in rural villages.

The research investigation found that differentiation of wages based on magisterial districts have not been consistently applied in the current SDs. The SDs are applicable across all the metropolitan areas and other urban areas (or then called magisterial districts), with some variations within the SDs. However, it is not always clear what underpinned such differentiation. Further, stakeholders raised concerns about the plethora of legislative provisions to be dealt and thus simplicity is a key issue in enhancing implementation and compliance.

Recommendation:

The new sectoral determination should apply to all of South Africa.

Occupational classification

The current range of detailed occupational categories as provided for in the SDs is lengthy and unwieldy. It also acts as a barrier to speedier updates and adjustments due to the scope of information required.

Recommendation:

The sectoral determination should include 2 main occupational classifications to be based on the broad unskilled and semi-skilled categories and the SOC codes as the basis for allocation. Thus, unskilled employees will include labourer and related workers. Semi-skilled occupations will include service, shop and market workers, and clerks. Managerial staff is excluded. Since the advent of the National Skills Development Strategy there is increased knowledge and practice regarding the SOC classifications.

Updating of sectoral determinations

The report shows that wage levels and conditions of employment in the SDs have not kept up with the cost of living. Further, other legislative provisions have superseded its provisions in the interim, such as the BCEA. It is also noted that it is costly to conduct these investigations on an annual basis.

One of the key problems encountered in this investigation was the lack of sub-industry level data from StatsSA. This relates to the availability of data that allows for the tracking of output, employment and wage trends in these sub-sectors. Thus, the lack of availability of data at the 5digit SIC level is a major constraint, and there are no credible alternatives available, in terms of primary survey data. The establishment of an accommodation survey may address some of these concerns.

Recommendation:

It is recommended that an across the board percentage increase be set for up to three years based on the annual inflation rate and an additional 1%. This will apply to all employees in the sector who earn above the national minimum at unskilled and semi-skilled level.

In the interim, bi-annual reviews of conditions of employment and wages based on secondary data should be conducted for a review in the third year. The above the inflation rate increase is based on the fact that in the last 2-3 years, regional bargaining council agreements and other organised employees have been able to secure such increases, given improvements in general business conditions. This will also ensure that employees' wages keep up with the cost of living. Business stakeholders indicate that in general wage increases have been in line with the inflation rate.

Overlaps with the Domestic Employees wage determination

During the investigation one of the issues that arose was the dual role of domestic workers in B&Bs, as they are employed in both the private home and the business. It appears that where this occurs that employers are opting to apply the domestic workers' determination.

The recommendation is that the provisions of the hospitality sectoral determination should apply, as the household has effectively been turned into a private business.

Exemptions for micro- and very small enterprises.

The current SDs provide for the phasing in of updated wage levels in the first 12 months of the enterprise' existence. However, they do not provide for exemptions in the case of those employing less than 10 employees (micro and very small). The sector is largely made up of enterprises smaller than 50 employees, and a particular concentration of those employing less than 10 employees. The latter is already exempted from certain provisions or allowed to negotiate downward variation relating to overtime hours, overtime rate of pay, family responsibility leave and the averaging of hours.

MINIMUM WAGE LEVELS

It is recommended that a national minimum wage be implemented. It will be applicable at two skill levels, for the unskilled (labourers) and the semi-skilled (service and clerical workers). The key rationale is that this approach would obviate the need to engage in complicated processes to update wages for a range of occupational categories from time to time.

Also the investigation has shown that the vast majority of employees fall within these two categories of skill. It will simplify implementation and deal with employers' frustration related to the plethora of legislative provisions regarding employment.

Further, it is proposed that the national minimum wage apply irrespective of geographical location. This is largely because the sector is predominantly urban-based and therefore the differences in terms of affordability may not be as stark as that between urban and rural. Where establishments are based in the rural areas, such as guest farms, it is proposed that they apply the 10% deduction as applicable to companies employing fewer than 10 employees.

The proposed minimum levels are based on a comparative analysis of minimum wage levels in the organised sector, including the Bargaining Councils, as well as actual and proposed minimums and maximums reported by employer and employee respondents in the survey. The LFS analysis generally confirms that unskilled employees earn at and below R1000, while average semi-skilled wages are at, and below R 2000. The proposed minima include the "fair" minimum at the median as proposed by employers for the unskilled and the semi-skilled. It is at this level that employers in the survey indicate that it will have no effect or a positive effect on levels of employment. The effect of the proposed adjustment will be to bring the unskilled minimum above R1000 even if not above R2000 at semi-skilled level,

	Weekly (Rands)	Monthly (Rands)
Unskilled	R292	1256
Semi-skilled	R400	1 720

Companies employing less than 10 employees

The study has shown that micro and very small companies dominate the industry. Therefore it is particularly difficult to create blanket exemptions for this category, as that may amount to exempting most of the sector. Further it would preclude up to 60% of the sector workforce from improved labour standards. It is therefore proposed that the new SD does not supersede the variations contained in the Ministerial Determination for small business. Very small and micro enterprises may reduce the prescribed wage by 10% in the first 6 months of the SD, after which it reverts to the prescribed rate. The research has shown that on average, micro enterprises pay up to 91% of the highest wage.

Payment of casual and part-time employees

The current SDs stipulate that casual employees receive the prescribed rate plus a percentage; part-time employees receive up to 75% of the full-time wage. The secondary research has shown that cost-reduction is a key incentive in the employment of non-full-time employees. One may then interpret the differentiated wages for casuals and part-timers as an incentive for companies to employ fewer staff on a full-time basis. The recommendation is aimed at retaining the cost advantage to employers, but also to provide greater returns to employees working on insecure terms and conditions of employment.

Recommendation:

It is proposed that part-time employees receive 80% of the prescribed wage and casual workers receive one and one half of the prescribed wages.

PAYMENT IN KIND

Provision of meals or vouchers

The practice of deducting amounts from employees' wages for meals taken at the employee's place of work is provided for in the current sectoral determinations, with limits placed on the proportion of wages that may be deducted for meals. The survey shows that the most frequently reported in kind payment is free meals or vouchers. The Bargaining council in Pretoria also provides for free meals or the equivalent in cash.

The current BCEA does not provide for the deduction of monies related to meals and/or accommodation.

Recommendation:

It is recommended that every employee may receive free of charge those meals that fall within their working hours in addition to the wages prescribed for such employee. Where meals are not provided, the equivalent value shall be given as a cash allowance.

WORKING TIME

Ordinary Hours of work

The research shows that the sector is already in line with the provisions of the **BCEA** in terms of a 45-hour working week, even where the working week is longer than 5 days.

Recommendation:

It is recommended that the sectoral determination be aligned with the **BCEA** provision on ordinary hours of work.

Overtime hours of work

The study has generated contradictory results, in that the secondary data points towards high levels overtime in excess of the 55 hours (45 ordinary hours and 10 overtime hours) permitted by the **BCEA**. However, the survey results suggest low levels of overtime hours from both employers and employees.

Recommendation:

It is proposed that the **BCEA** provisions regarding overtime and payment of overtime should apply to the new SD.

The variation on overtime hours up to 15 hours and overtime rates for companies employing less than 10 employees cover those in the hospitality sector as well.

Averaging of the hours of work

Recommendation:

It is proposed that the **BCEA** provisions regarding the averaging of hours should apply to the new SD. However, it is proposed that that the provision be varied to provide for a 6-day week, given the current operational requirements in the sector.

The variation provided for those employing less than 10 employees in regard to the averaging of hours of work will apply, as per the Ministerial Determination :small business.

Meal intervals

It is recommended that the sectoral determination be aligned with the **BCEA** provision of a meal interval every 5 hours of at least one continuous hour.

Night work

The survey indicates that night work (after 18h00 and 06h00) is prevalent among restaurant employees especially. However, a very small proportion receives a night shift allowance and /or transport or allowance as the sector treats night work as ordinary hours. However, the sector is predominantly female, and therefore night work presents a particular threat in terms of safe and secure transport.

Recommendation:

It is proposed that the **BCEA** provisions should apply regarding the payment of a night shift allowance, or a reduction in working hours, and the provision of transport or a transport allowance.

Spread over

The issue of spread over is quite a sensitive issue in the sector, especially in the hotel and accommodation sub-sector and areas where staff do not live on the premises. One view was

that split shifts is to the greater disadvantage of urban employees who may not live close to their place of employment and spend the time unpaid until the start of the next shift. The trade unions argue that spread over is used to avoid paying shift allowance and overtime pay. The current SDs allow for spreadovers at the minimum 10 hours per day (including ordinary hours and overtime) and at the maximum 14 hours.

Recommendation:

The recommendation is that a schedule be put into place to phase out spread over in line with the BCEA, over the next 3 years. Thus in the first year the spread over shall be limited to 12 hours (where accommodation is provided), and this shall include ordinary hours, overtime and meal intervals; where accommodation is not provided it shall be limited to 10 hours per day. In the second year, spread over is limited to 10 hours per day (where accommodation is provided). In the third year it is recommended that the sectoral determination be aligned with the BCEA provisions in terms of daily rest and weekly rest period.

Payment for work on Sundays

Work on Sundays and public holidays has become common practice in the sector. Employers strongly indicate that Sundays and public holidays be treated as an ordinary day. The hospitality sector already enjoys an exemption from the payment of double time for work on Sundays. The survey shows that employees are paid at the ordinary rate, and do not have the option of time off either.

The current WD 461 and WD 479 provides for a combination of time off or additional pay when working for longer or equal to 4 hours.

Recommendation:

In light of the exemption, it is recommended that no changes be made. However, it is clear from the survey findings that a variety of rates are being paid. The DOL should commit itself to monitor that the exemption from double time does not result in Sunday being treated as an ordinary day.

Payment for work on public holidays

The survey shows that it has virtually become a requirement to work on public holidays. A variety of rates are being paid, as well as ordinary rates.

Recommendation:

It is recommended that the sectoral determination be aligned to BCEA provision regarding payment on public holidays.

LEAVE

Annual Leave

The survey shows that on average employees are receiving paid annual leave of 21 days. Thus, the recommendation is that the BCEA provision should apply in terms of 21 paid leave days.

Sick Leave

The survey shows that on average employees are receiving paid sick leave of 12 days per annum. Thus, the recommendation is that the hospitality determination should align itself with the BCEA provisions.

Family Responsibility Leave

The survey shows that on average employees are receiving paid family responsibility leave of 3 days per annum, irrespective of company size.

Recommendation:

Thus, the recommendation is that the hospitality determination should align itself with the BCEA provision. The variation contained in the Ministerial Determination for companies employing less than 10 employees would still be applicable to the majority of companies under the new SD.

Maternity Leave

The survey shows that maternity leave is on average 3 months (11-12 weeks) long, but it is not clear how it is paid. This is shorter than the 4 months envisaged by the BCEA, but the current SDs do not make provision at all in a sector dominated by women who are in their prime reproductive years.

Recommendation:

It is recommended that the BCEA provision with regard to maternity leave be included in the new SD.

PARTICULARS OF EMPLOYMENT AND REMUNERATION*Written particulars of employment*

The survey shows that up to one third of employees have a verbal contract or cannot account for contractual arrangements between themselves and their employer.

Recommendation:

The recommendation is that the BCEA provision be applicable. The BCEA exemption regarding companies employing less than 5 employees and employees working less than 24 hours per month would still apply.

Information about remuneration

The survey shows that in the hotel and accommodation sub-sector that at least one-third of employees do not receive a payslip, or the equivalent stating the details of remuneration when it is paid.

Recommendation:

It is recommended that the sectoral determination be aligned with the BCEA provision.

Informing employees of their rights

The BCEA currently requires that an employer must display in its workplace a statement that describes the employee's rights under the Act.

The recommendation is that the employer must display at its workplace, a statement in the prescribed form of the employee's rights under the Sectoral Determination in the official languages that are spoken in the workplace.

Employees in accommodation provided by the employer

The current SDs provide for the deductions from the employee's wages for accommodation at the place of work, up to 8% of wages or it is left open to interpretation. In practice this has meant that employees are expected to work split shifts on an unpaid basis, yet also pay for the

accommodation provided to enable them to work a split shift. The current **BCEA** does not speak to the issues of deductions for accommodation.

Recommendation:

Where accommodation **is** provided it should be subject to a written agreement, stipulating the agreed rates for accommodation. No employee should be forced to accept an offer of accommodation. Deductions for accommodation should not constitute more than **8%** of the employees' wage.

TERMINATION OF EMPLOYMENT

It is recommended that the Sectoral Determination be aligned to the **BCEA**.

SEVERANCE PAY

It is recommended that the Sectoral Determination be aligned to the **BCEA**.

CERTIFICATE OF SERVICE

It **is** recommended that the Sectoral Determination be aligned to the **BCEA**.

ENFORCEMENT

One of the key concerns arising from the study is the apparent lack of knowledge expressed by some employee respondents on overtime rates of pay for instance. Further, companies are paying variable rates on legislative provisions; this will not be picked **up** in the absence of improved monitoring and enforcement.

IMPLICATIONS OF THESE RECOMMENDATIONS IN TERMS OF SECTION 54(1) OF THE BCEA

The implementation of the proposed national minima at unskilled and semi-skilled level will have a series of implications. However, it **is** very difficult to anticipate what the overall effect will be on employment, as the effect will only be visible in the longer term.

The ability of employers to carry on their business successfully

The minimum national minima are based on the average median wage proposed by employer respondents in the survey. It is at this level that respondents reported that the "fair" minimum would have a neutral effect. It is also close to the lowest minima attained through collective bargaining.

The operation of small, medium and micro-enterprises

The survey has shown that very small and **micro** enterprises pay up to 10% less than small companies. Given the concentration of these companies **in** the sector, it is impossible to exempt them all, **as** it will imply that most workers in the sector will not be covered. It is for this reason that the 10% deduction rule in the first **6** months after promulgation of the minimum is proposed.

The cost of living

The annual increase of all wages above the national minimum by the applicable **annual** inflation rate plus an additional one percent will begin to address the concern that those earnings at the lower receive below the cost of living increases, thus further reducing their standards of living.

The alleviation of poverty

The national minimum proposed will still not bring the wages of the most vulnerable in the sector above the **HSL** of R2130 for low-income households. This is a long-term process and cannot be addressed overnight by a wage adjustment only. However, the survey has shown that hospitality employees on average have 3 financial dependents. This means that an adjustment in the minima will impact on the lives of people other than the employees themselves,

The likely impact of any proposed condition of employment on current employment or the creation of employment

It has been shown that employers have been moving closer to the provisions of the BCEA for some time now. Therefore, many of the conditions are already in place in most companies; in others it will be a new set of conditions of employment. However, hospitality employers already enjoy a series of exemptions, such as non-payment of double time for work on a Sunday; very small and micro enterprises are exempted from a number of provisions in the BCEA.

The possible impact of any proposed conditions of employment on the health, safety and welfare of employees

The proposed conditions of employment will greatly enhance improvements in the general health and welfare of the most vulnerable in the sector.

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APPENDIX 1: EXAMPLES OF SACCAWU COLLECTIVE *BARGAINING* AGREEMENTS (LRS DATABASE)(2003)

Company	Working hours	Implementation date	% Increase	Minimum weekly wage (Rands)	Number of workers
Garden Grove retirement complex	45	1 July 2003	13.7	381.06	24
Johnnic entertainment	45	1 April 2003	8.5	501.15	29
LSG Sky Chefs Durban		1 April 2003	9.3	323.09	29
Old Halliwell country club	45	1 Oct 2003	7	175.45	20
Pizza Hut	45	1 March 2003	10	297.00	15
Rawdons restaurants	45	1 Sept 2003	11	230.94	35
Shiver Sands					
Springbok Foods	45	1 April 2003	10.9	360.00	17
Drakensberg gardens, golf and leisure resort	45	1 April 2003	11	230.94	88
Tropicana Hotel	46	1 March 2003	9.2	438.10	30
Wimpy Blue Lagoon	45	01 Feb 2003	10.9	281.75	16