

## Labour: Wages rates - Civil engineering industry P0282

August 1996

Embargo: 11:00

Date: 28 November 1996

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**INCREASE IN WAGE RATES OF THE CIVIL ENGINEERING**

## **INDUSTRY CONTINUES**

The actual wage rate index showed an annual increase of 13,5% for "all workers" in the civil engineering industry for the period August 1995 to August 1996. The wage rate index for "all workers" increased from 162,3 in August 1995 to 184,2 in August 1996. The largest annual national increase of 14,1% (from 147,4 to 168,2) recorded for "artisans" was marginally greater than the annual national increase of 13,5% (from 164,1 to 186,2) recorded for "other workers". With regard to "artisans", the largest annual increase in the wage rate indices occurred in the rural areas of Natal, namely 29,9% (from 143,2 to 186,0). By contrast, the largest annual decrease in the wage rate indices for the same category occurred in the rural areas of Eastern Cape, namely 24,3% (from 148,0 to 112,0). This decrease can mainly be ascribed to a large decrease in the wage rate indices between the quarters February 1996 and May 1996. Reasons associated with this decrease are newly appointed workers being paid lower wage rates as well as the conclusion of contracts where workers were paid higher wage rates.

## **EXPLANATORY NOTES**

1. Data in respect of average wages in the civil engineering industry are based on a sample survey. The survey covers private contractors in general civil engineering, road building, marine works, tunnelling and special concrete works.
2. The category "other workers" for the wage rate indices is compiled by combining the average wages of motor vehicle drivers, plant operators, construction hands and labourers. The category "all workers" combines the average wages of all five (5) occupational groups.
3. Areas

The areas shown in the tables are as specified by SAFCEC for contract purposes.

4. On request of SAFCEC, the method used to calculate the indices was investigated

and it was decided to implement a new method of calculation as from August 1994. The method with which the best results were achieved is an adaption of the Laspeyres chain index. This implies the calculation of the percentage change in comparable units (respondent, occupation, area) in both periods.

The geometric average of these changes is then used in the calculation of the indices. From this follows that the completion of existing contracts or the beginning of new contracts in a specific area will not exert as great an influence on the indices for that area as it did in the past. The method for the calculation of the average wage per hour of the occupational groups according to area, however, remained the same. The information of all the respondents in the survey for that area is used in the calculation of the relevant average wage per hour. The change in the average wages per hour will thus not necessarily be the same as that of the indices.

5. Where the number of respondents for a specific occupation and area is not sufficient, information in respect of wages and indices is shown as "not available". This information is however still used in the calculation of the weighted average wage rate index of the areas.

6. (i) Plant operators

- include operators of power-driven cranes, hoists, piling rigs, shovels, excavators, mixers, graders, loaders, pavers, rollers, scrapers, dozers, dumpers, tractors, crushers and other similar plant machinery.

(ii) Construction hands (semi-skilled workers)

- include shuttering workers, concretors, drilling workers, grouting workers, indunas, steel fixing workers, scaffolding workers and other similar workers.

7. Wages and indices refer to remuneration of production workers for ordinary hours worked and exclude all allowances and bonuses.

8. Symbols used:

\* = Revised

.. = Information not available

## 9. Important

SAFCEC requested that contractors use the CPI as measure of wage fluctuations and that the use of the wage rate indices be discontinued. The wage rate indices should therefore not be utilised for contract price adjustment purposes in the case of "new" contracts, since the calculation of these indices is to be terminated following the November 1996 indices.

Table 1 - Average wage per hour

Year and month	Area								
	Western Cape urban area	Western Cape rural area	Eastern Cape urban area	Eastern Cape rural area	Natal urban area	Natal rural area	Tvl, Free State and Northern Cape urban area	Tvl, Free State and Northern Cape rural area	Former Self-governing territories
	R	R	R	R	R	R	R	R	R
1. Artisans									
1995 - Aug.	12,58	..	9,09	8,20 1/	9,12	9,56	15,60	16,42	..
Nov.	12,20	..	8,92	8,20 1/	8,92	9,57	14,74	18,51	..
1996 - Feb.	13,40	..	9,52	8,20 1/	9,21	9,95	15,11	17,61	..
Mei/May	14,31	..	9,71	8,20 1/	9,54	11,92	15,58	17,93	..
Aug.	13,92	..	9,56	8,20 1/	9,62	14,98	16,49	18,97	..
2. Motor vehicle drivers									
1995 - Aug.	8,10	..	7,01	6,13	6,96	6,00	7,12	6,81	..
Nov.	8,13	..	6,84	6,18	7,22	6,30	7,15	7,07	..
1996 - Feb.	8,30	..	6,98	6,27	7,10	6,71	7,12	6,90	..
Mei/May	8,70	..	6,93	6,01	7,16	6,61	7,91	7,34	..
Aug.	8,59	..	6,75	5,67	7,89	6,82	8,28	7,72	..
3. Plant operators									
1995 - Aug.	8,39	..	6,76	6,25	5,12	5,75	7,13	6,93	..
Nov.	8,33	..	6,94	6,65	5,22	6,50	7,22	7,26	..

1996 - Feb.	8,56	..	6,93	6,92	6,15	6,49	7,52	7,25	..
Mei/May	8,58	..	6,99	7,09	6,99*	6,62	8,00	7,69	..
Aug.	9,16	..	6,79	7,64	7,05	6,64	6,09	6,93	..
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4. Construction hands					4. Construction hands				
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1995 - Aug.	7,90	..	8,92	6,01	6,27	6,35	6,68	5,18	..
Nov.	8,05	..	7,67	6,08	6,64	6,19	6,81	5,40	..
1996 - Feb.	7,79	..	7,55	6,33	6,58	6,11	6,78	5,89	..
Mei/May	7,81	..	8,34	7,10	6,52	5,97	7,14	5,85*	..
Aug.	8,77	..	10,22	7,10	6,80	6,03	7,14	5,90	..
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5. Labourers					5. Labourers				
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1995 - Aug.	5,64	..	5,71	3,53	4,74	3,50	4,31	3,51	..
Nov.	5,62	..	5,64	3,78	4,88	3,45	4,26	3,71	..
1996 - Feb.	5,62	..	5,80	3,61	4,85	3,67	4,48	3,76	..
Mei/May	5,79	..	5,72	3,48	4,92	3,88	4,61	4,02*	..
Aug.	5,80	..	5,95	3,34	4,71	4,02	4,61	3,90	..
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1/ On request of SAFCEC the average wage per hour is repeated									

**Table 2 - Wage rate indices**

Base  
1990 = 100

Year and month	Area									
	Western Cape urban area	Western Cape rural area	Eastern Cape urban area	Eastern Cape rural area	Natal urban area	Natal rural area	Tvl, Free State and Northern Cape urban area	Tvl, Free State and Northern Cape rural area	Former Self-governing territories	Weighted average
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1. Artisans										
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1995 - Aug.	216,4	..	100,5	148,0	130,4	143,2	164,3	121,6	..	147,4
Nov.	221,0	..	100,6	147,3	133,3	151,3	163,6	121,9	..	148,5
1996 - Feb.	230,8	..	106,0	148,2	133,8	153,2	167,1	123,3	..	152,0
Mei/May	241,8	..	110,5	112,7	129,3	176,5	191,2	129,6	..	166,8
Aug.	243,0	..	109,9	112,0	128,4	186,0	187,9	143,5	..	168,2
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2. Other workers										
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1995 - Aug.	221,3	..	184,5	161,0	169,6	176,6	171,6	135,8	..	164,1
Nov.	222,6	..	191,0	167,1	174,0	186,1	173,9	138,7	..	167,0
1996 - Feb.	224,7	..	191,2	170,8	177,5	191,9	177,7	144,5	..	170,6
Mei/May	232,4	..	194,3	161,8	181,8	193,3	197,5	151,4	..	183,4

Aug.	237,6	..	199,3	164,5	183,7	195,6	197,2	165,1	..	186,2
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3. All workers										
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1995 - Aug.	220,7	..	170,5	158,8	188,9	143,2	173,0	132,6	..	162,3
Nov.	222,4	..	175,9	163,8	193,6	151,0	175,0	135,2	..	165,0
1996 - Feb.	225,4	..	177,0	167,0	197,0	155,4	178,8	140,5	..	168,5
Mei/May	233,5	..	180,3	153,6	199,8	158,4	199,4	147,3	..	181,6
Aug.	238,3	..	184,3	155,7	201,3	161,0	198,7	160,8	..	184,2
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The wage rate indices should not be utilised for contract price adjustment purposes in the case of "new" contracts, since the calculation of these indices is to be terminated by November 1996.