



02 June 2014

**TO: All ITC-SA Members**

**National Communiqué No 028**

Dear All,

Economically speaking:

Although Statistics SA does not release the detail of the demand-side of GDP (Gross Domestic Product), the 1st Quarter 2014 figures point to the likelihood that real Household Sector Disposable Income growth slowed further early in 2014.

In nominal terms, on a year-on-year basis, GDP grew by 7.9% in the 1st quarter. This was marginally better than the 7.7% growth for the final quarter of 2013, but this reflects a mild rise in inflation rather than any real year-on-year growth acceleration, and it was not enough to stall the slowing trend in year-on-year growth in the total domestic wage bill.

The total Domestic Wage Bill growth grew by 7.2% year-on-year in nominal terms; down from a previous quarter's 8.5%; and this was the 3rd consecutive quarter of reported slow growth in this key driver of overall Household Sector Disposable Income.

Looking forward, it is possible that an ultimate solution to the Mining Sector strike could arrest this slowing wage bill growth trend. However, the challenge may be more broad-based, with the pedestrian economic growth rate of the past 5 years or so having shrunk the Gross Operating Surplus of the economy relative to GDP, while the wage bill portion has gradually expanded since around 2008/9. In 2008, the Wage Bill measured 48.9% of GVA (Gross Value Added), and by 2013 this percentage had risen to 52%. (Extract from article by John Loos-FNB)

The reality that however prevails, is that we the taxpayers have to fight the battle of ever rising costs and have to try and stretch our rand to meet all our financial obligations. At the ITC-SA this is not different than anywhere else, and at the Board Meeting of 29 May 2014, an escalation proposal was tabled by the Deputy Chairman, supported by all the System Directors on the Board, and duly approved by the Board. The proposal was that the ITC-SA needs to review its income streams and membership contributions. The Board noted that no escalation adjustments have been made in the past five years, and approved the escalation of costs in regards to the ITC-SA Basic and Intermediate Courses, and the Fabricator Membership contribution effective 01 July 2014. Increases in the other membership categories may be considered at the next Board Meeting.

Both the enrolment fees for the Basic and Intermediate Courses will be increased by R500.00, and the Fabricator Membership fee will be increased by R45.00. The increase will take effect on the 01<sup>st</sup> of July 2014, and will support the national ITC-SA activities in representing its membership in meetings with stakeholders as well as contribute towards marketing and promotion of the activities of its membership.

Best Regards

*Lyndsay Cotton*  
**Chairman (ITC-SA)**

**Directors:**

L.J. Cotton (Chairman)  
E. Piyackis\* (Deputy Chairman)  
F.C. Wagenaar (Executive Officer)  
R.C. Adams, N.A. Lawrence, E.I. Smook, P. de Villiers  
C.D. Hobson, F. Smit, M.G. Ferreirinha, W.J. Slabbert  
A.W.J. Pretorius, H. Horn, K.L. Leokana, G.C. de Jager  
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