SMALL businesses in the metal and engineering sector will continue with their lockouts of workers and have no intentions of addressing their concerns over the negative implications of the new wage increases.

The National Employers' Association (Nesacal), which represents mainly large companies in the sector, said that while it agrees with demands of the workers, it cannot afford the increases.

Nesacal is a rival of the Steel and Engineering Industries Federation (Feelnex), which represents mainly large companies in the sector.

Sefile said this week agreed to annual wage increases of 10% for workers in the metal and engineering sector, ending a one-month strike by the National Union of Metalworker of South Africa.

The lockout of Nesacal employees illustrates the current tug-of-war between metal and engineering businesses face with wage increases.

For example, mining councils where large businesses dominate have already imposed increases and can outbid rivals by agreeing to wage increases that are higher than those for small competitors.

All is not lost, however, as while all agree that this current agreement will do nothing to address the needs of small metal and engineering sector, some say it was a "bad good result," said Herman Mashaba, entrepreneur and former mayor of Johannesburg.

"The steel industry battle by the Free Market Finance and the extension of bargaining to cover small companies is a great victory for nonmembers unchanged.

"It is a good sign," the chief partner at Cowen Harper Attorneys, which represents metal and engineering sector, had to ask whether small employers would be willing to accept the same increases as major employers.

Many bargaining councils allow for more flexibility, for example granting increases to businesses in small and medium-sized enterprises, based on company size. The metal and engineering sector seeks flexibility," said Harper.

"It is not in the interests of the industry to close down small businesses, and it is not in the interests of the LRA (Labour Relations Act) for central bargaining to lead to companies closing down.

While the Metal and Engineering Industries Bargaining Council does not allow nonmembers, it allows 15 large Sefile members to set a "floor" for negotiations with ArcelorMittal, to negotiate with nonmembers unchanged.

While companies can apply for exemptions, they have to prove that they cannot afford the increases, so it will be a long road down to qualify, and it takes a long time to get the answers from the exemption committee of the council.

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