

SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

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30 July 2020

To: All Municipal Managers
Human Resource Directors

The Parties:

SALGA	Mr. X George	(012) 369-8001
SAMWU	Mr. K Ramotlou	Per Email
IMATU	Mr. J Koen	(012) 460-8444

And To:

Regional Secretaries:		
Gauteng/Johannesburg/Tshwane Division	Ms. E. Sekgweleo	(012) 665 1014
Eastern Cape Division	Mr. C Gqeke	(041) 581-3648
KwaZulu-Natal/eThekweni Division	Mr. V. Nzuza	(031) 201 9752
Western Cape/ Cape Metro Division	Mrs. W Brink	(021) 917 1145
Northern Cape/Free State Division	Mr. T Mqobongo	(053) 831-3608
North West/Mpumalanga/Limpopo Division	Ms. N Hlangwani	(012) 342-7015

CIRCULAR 10/2020

SALARY AND WAGE INCREASE FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

1. The SALGBC circular 2/2020 dated 6 March 2020, regarding the above matter refers. In that circular the SALGBC advised municipalities that the applicable increase, for the 2020/2021 financial year, is 6,25% and requested municipalities to implement same.
2. This circular seeks to clarify the status of the SALGBC circular 2/2020 as well as the letter from National Treasury dated 23 July 2020, entitled "Implementation of Local Government Salary Increases", in which National Treasury requested municipalities not to implement the salary increases.
3. Municipalities are advised that, on 28 July 2020, the SALGBC addressed a letter to National Treasury advising that the SALGBC circular 2/2020 stands and remains unchanged and valid and binding and that municipalities shall implement the 6.25% wage increase for the 2020/2021 financial year. National Treasury has also been informed that a number of municipalities have applied for exemption. This letter is attached hereto.

Status of Salary and Wage Increase for the 2020/2021 Financial Year

4. **Municipalities are hereby advised that the Salary and Wage Collective Agreement, remains valid and binding. Municipalities must implement and apply the 6,25% wage increase, unless the municipality has applied for or has been granted an exemption in line with Clause 11 of the Salary and Wage Collective Agreement.**

Background

5. On 10 May 2020, National Treasury addressed a letter to SALGA, wherein National Treasury requested the parties to the SALGBC to review and moderate the salary and wage increase for the current financial year. SALGA subsequently tabled the letter at the Executive Committee. On 17 June 2020, the Executive Committee discussed the National Treasury letter and received a presentation from National Treasury.
6. The parties to the SALGBC subsequently resolved as follows:
 - a. **The status quo in respect of salary increases for the 2020/2021 financial year shall stand.**
 - b. **SALGBC Circular 2/2020, issued on 6 March 2020, as approved by the Executive Committee on 4 March 2020, to be read with the Salary and Wage Collective Agreement, which outlines the salary and wage increases 2020/2021 financial year shall remain in place.**
 - c. This matter shall be further discussed at the special Executive Committee, to be convened, after the Minister of Finance, present the budget on 24 June 2020. The parties have recorded their initial positions as stated above.
 - d. The parties will consider the National Treasury presentation within their structures and revert with their final positions to the next special Executive Committee meeting.
7. This matter was again further discussed at the Executive Committee on 30 June 2020 where SALGA submitted four proposals to the trade unions. Both SAMWU and IMATU undertook to engage their respective structures and formally revert on the SALGA proposals.
8. IMATU on 14 July 2020, and SAMWU on 23 July 2020 at the Executive Committee, rejected any review of the Salary and Wage Collective Agreement and the four proposals made by SALGA.
9. Subsequently, a letter from National Treasury, dated 23 July 2020, entitled "Implementation of Local Government Salary Increases" was circulated all municipalities. This letter was not sanctioned by any of the parties to the SALGBC.

Exemptions

10. It must be noted that the SALGBC has, over the years, in its various Salary and Wage Collective Agreements, provided for an exemption procedure so that any municipality that is unable to implement the agreed salary and wage increase, may apply for an exemption.



11. For the current financial year, the SALGBC has received 12 exemption applications. These applications are heard by an independent arbitrator, who constitutes the National Exemption Committee. Some of these exemptions have commenced and remain partially heard, whilst others, received in the last week, shall be scheduled in due course.

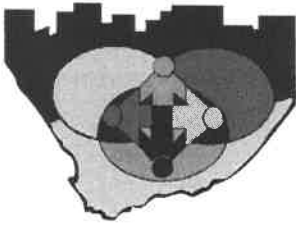
Collective Bargaining in Local Government

12. The parties to the SALGBC are **SALGA**, the employer body on the one hand, and **SAMWU and IMATU**, the two trade union parties, on the other hand. It must be noted that National Treasury is neither a party nor a signatory to the Salary and Wage Collective Agreement.
13. The bargaining partners have gone through some hard years and some good years since 2001, in regulating the conditions of service, wages etc. The parties acknowledge that this is a difficult matter presented by National Treasury during this COVID-19 pandemic. Cognizance must however be taken of the relative industrial peace in the sector since 2012, notwithstanding the various other challenges faced by the bargaining partners. SALGA's proposal to review the salary increase has been presented to the trade unions and duly considered. This proposal was not accepted by the trade unions. Therefore, municipalities **must implement the 6,25 % increase**, unless they have been granted an exemption as outlined above.
14. We trust that this circular will assist municipalities in implementing the **6,25% salary increase** and complying with the Salary and Wage Collective Agreement unless there is an impending exemption application.

Yours faithfully



SS GOVENDER
GENERAL SECRETARY



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28 July 2020

Mr Jan Hatting
Chief Director: Local Government Budget Analysis
Intergovernmental Relations
National Treasury

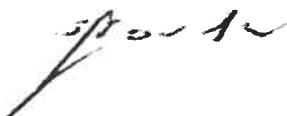
Sir,

Implementation of the Multi - Year Salary and Wage Collective Agreement (2018- 2020)

1. The above matter refers.
2. The letter from Treasury to SALGA was first presented to the trade union parties at the Executive Committee on 29 May 2020. At this meeting, the Executive Committee resolved that Treasury be allowed to make a presentation to the Executive Committee. The SALGBC accordingly sent an invitation to Treasury.
3. Upon receiving the National Treasury presentation on 17 June 2020, the SALGBC parties agreed to await the Minister of Finance's Supplementary Budget Speech, where after they would consider the matter at a meeting on 30 June 2020, specifically convened to engage on the matter. The Executive Committee, at this meeting, resolved as follows:
 - a. The status quo in respect of salary increases for the 2020/2021 financial year shall stand.
 - b. SALGBC Circular 2/2020, issued on 6 March 2020, as approved by the Executive Committee on 4 March 2020, to be read with the Salary and Wage Collective Agreement, which outlines the salary and wage increases 2020/2021 financial year shall remain in place.
 - c. This matter shall be further discussed at the special Executive Committee, to be convened, after the Minister of Finance, present the budget on 24 June 2020. The parties have recorded their initial positions as stated above.
 - d. The parties will consider the Treasury presentation within their structures and revert with their final positions to the next special Executive Committee meeting.
4. Such meeting was duly convened on 30 June 2020 and on the day of the meeting SALGA submitted the attached proposal for consideration by the union parties.
5. The trade union parties expressed their formal position on the matter for the record of the meeting and also requested to take SALGA's salary increase review proposals back to their decision – making structures for a mandate and then revert to the SALGBC and formally present their mandated positions.

6. IMATU submitted their formal rejection of SALGA's review proposals via a formal letter on 14 July 2020 and SAMWU followed suit at the SALGBC EXCO meeting of 23 July 2020.
7. The implications of the rejection of SALGA's review proposals are that the terms of the multi – year agreement remain unchanged and the SALGBC Circular No. 2/2020, sent to municipalities on 6 March 2020, stands and remains valid. This means that all municipalities will implement the 6,25% salary increase for the 2020/2021 financial year.
8. The exception to this standing position is in relation to municipalities who have applied for exemption as per clause 11 of the Salary and Wage Collective Agreement. For the record, 12 municipalities have submitted individual exemption applications to the SALGBC. They are as follows:
 - a. Knysna Municipality
 - b. Kannaland Municipality
 - c. Swartland Municipality
 - d. Theewaterskloof Municipality
 - e. Drakenstein Municipality
 - f. Prins Albert Municipality
 - g. Ekurhuleni Metro
 - h. Inkosi Langibalele Municipality
 - i. Sedibeng District Municipality
 - j. Mogale City Local Municipality
 - k. Namakhoi Local Municipality
9. It must be noted that the SALGBC is responsible for the administration of the exemption process.
10. Some of these applications have commenced and are partially heard. Some exemption applications have not yet been processed due to them having not complied with some procedural requirements of the collective agreement.

Yours faithfully



SS GOVENDER
GENERAL SECRETARY

*Copied To: Ms. N Ngqaleni – National Treasury
The CEO – SALGA : Mr X George
General Secretary SAMWU : Mr K Ramotlou
General Secretary IMATU : Mr J Koen
Executive Committee : SALGBC*