

CIRCULAR 22 / 2018

FROM : CHIEF EXECUTIVE OFFICER

TO : ALL EXECUTIVE MAYORS / MAYORS
ALL MUNICIPAL/ CITY MANAGERS

DATE : 29 JUNE 2018

UPDATE ON THE LATEST REGARDING SALARIES AND WAGE DISPUTE

Our **Circular 20/2018** dated the **08 June 2018** in the above regard bears reference.

In the afore-stated Circular we informed all municipalities about the deadlock that ensued at the salary negotiations following the “rejection” of the Facilitator Proposal (FP) by the South African Municipal Workers’ Union (SAMWU). Subsequent to that, the Independent Municipal and Allied Trade Union (IMATU) was the first to declare the dispute on the 08 June 2018. In their papers, IMATU sought the “**adoption of the Facilitator Proposal**” as their **relief**. The Conciliation of the IMATU dispute was then set down for the 28 June 2018. SAMWU also referred its separate dispute on the 20 June 2018 and it is scheduled for “conciliation” on the **16 July 2018**.

At the Conciliation process of the IMATU dispute on the 28 June 2018, SALGA maintained its conditional acceptance of the Facilitator Proposal which is subject to all parties accepting same. However, SAMWU remained adamant that their decision to “**reject**” the FP stands. As no settlement could be reached, the Conciliator had no other option but to issue the **certificate of non-resolution**. The latter Certificate has now entitled IMATU to escalate its dispute to “**arbitration**”. It must be recalled that in terms of the SALGA Bargaining Strategy, SALGA NEC approved “**interest arbitration**” as a dispute resolution option. As IMATU immediately filed its arbitration referral documents on the same day, the matter is scheduled to take place on the **23 July 2018**.

In essence the **Facilitator Proposal (FP)** which **SAMWU** rejected inter alia provides for the following:

- ❖ ***An across the board 7% salary & wage increase with effect from 1 July 2018.***
- ❖ ***Employees who earn a basic salary of R9000.00 per month or less shall receive a further 0.5% increase with effect from 1 January 2019.***
- ❖ ***The minimum wage, the homeowner's allowance, and the medical aid employer***

contribution will be adjusted by the percentage of salary increases for the 3-year duration of the salary and wage agreement.

- ❖ **The Non-Pensionable Allowance for the GAP market employees will remain unchanged from its current level of R350 and will only be adjusted in year two (2) and year three (3) of the agreement by the same percentage as the salary and wage increase applicable for those years.**

The delays regarding these salary negotiations will adversely affect our employees in the local government sector. Firstly, as the dispute resolution processes will be taking place during July month, which is the first month of the new financial year for municipalities, it is very unlikely that our employees shall receive any increases at the end of July unless an amicable solution emerges during the 16 July conciliation process. Secondly, the 2015/ 2018 Salary and Wage Collective Agreement **lapses on the 30 June 2018**. In terms of **Clause 10.3** of the latter collective agreement, the gap market employees were entitled to receive the “**non-pensionable housing allowance**” of **R 350.00** per month which would be increased by the same percentage of the cost of living adjustment in the outer years and **for the duration of the same collective agreement**. This then implies that those employees who have been receiving this benefit, which is currently at about **R 398.30 per month**, will no longer receive it as the collective agreement that regulated it will have lapsed. Thus, municipalities are hereby urged to ensure that they **discontinue** this benefit with effect from 01 July 2018 as municipalities may attract audit queries in the year under review should they continue this non-pensionable housing allowance.

SALGA anxiously awaits the speedy finalisation of the disputes in this matter and trusts that a mutually beneficial solution shall be found. We would like to re-emphasize that the contents of this Circular should be brought to the attention of all employees within the municipality as it is within their right to understand these developments and the implications of whatever action they might be persuaded to participate in.

SALGA remains committed to the finalisation of this process in a manner that promotes the continued stability and sustainability of the sector.

It is trusted that you will find the above in order. For any enquires, do not hesitate to contact our **Mr. Zwe Ndlala on Tel: 012 369 8000** and/or via e mail on zndlala@salga.org.za

Yours Sincerely,

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