Media Statement

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Local Government Salary And Wage Negotiations

SALGA Tables New Offer Of 5.9% Year-On-Year Inflation

The South African Government Association (SALGA) has tabled a new offer amid the third round of Local Government Salary and Wage negotiations (2018/2019) which took place this week in Durban, 5 - 7 March 2018, in the SA Local Government Bargaining Council (SALGBC).

SALGA has since revised its offer of 4.6% to a 5.9% across the board year-on-year inflation rate as measured by the consumer price index (CPI), and this includes an improvement factor for the outer years of a multi-year agreement.

SALGA is confident that its concessions on the negotiating table is a positive development and a reasonable compromise to the Unions demands, taking into account the financial constraints faced by municipalities and an unfavourable economic environment.

TIMELINE FOR SALARY AND WAGE INCREASES

- The Local Government's first round of Salary and Wage negotiations for 2018/19 began in earnest on 4 -7 December 2017. SALGA's opening offer was a multi-year agreement, a 4.6% increase year-on-year inflation rate linked as measured by the consumer price index (CPI) plus an improvement factor.

TEL: 012 369 8000 | **FAX:** 012 369 8001
PHYSICAL: Block B, Menlyn Corporate Park, 175 Corobay Ave, Waterkloof Glen Ext 11, PRETORIA 0181
POSTAL: PO Box 2094, PRETORIA 0001
www.salga.org.za

- On 31 January and 1 -2 February 2018, at the second round of negotiations, SALGA's proposal remained at 4.6 % and the Union's proposal remained at an unreasonable 15% increase. During this time, SALGA and the unions discussed and agreed on a negotiating principles that commits all parties to place the interest of the sector and public first during the negotiation process.

- At the third round of negotiations, that took place from this week, 5 - 7 March 2018, SALGA revised its offer of 4.6% to a 5.9% across the board year-on-year inflation rate as measured by the consumer price index (CPI), and this includes an improvement factor for the outer years of a multi-year agreement.

- Until this week, the Unions demand is still 15%. Although the Unions demand at face value appears to be a 15%, in actual fact, with further associated demands it results in a 26.17% or R22, 8 billion increase to the Local Government Wage Bill, which will mean a further burden on the ratepayers of the country.

SALGA views the insistence on a 15% demand by the Unions as not only unaffordable but also insensitive to the current economic environment which South Africa finds itself in, and municipalities in particular.

SALGA would like to reiterate that the unreasonable demands by the Unions would have major financial implications on ratepayers and may threaten job security in the sector. Local Government pays market-related salaries and in some instances even lead the market. For example, the current contributions by the municipalities to pension funds are between 18% - 32% as opposed to normal market rates of between 10%-12%.

SALGA is committed to securing not just a reasonable Salary and Wage agreement but an agreement that will endure for multiple years and contribute to a sustainable municipal environment, where there is labour stability and salary increases are aligned to municipal budgets. SALGA is still committed to a negotiation outcome that is just, fair and conducted in a professional manner and further invites the Unions to reconsider their position towards the next round of negotiations schedule for 16 -18 April.

END

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For further media enquiries, please contact:

Sivuyile Mbambato

Mobile: 073 897 8519