

SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

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15 August 2024

TO:

SALGA

Chief Executive Officer
Senior Manager :LR&CB

Mr. S Mbanga
Mr. Z Ndlala

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SAMWU

President
General Secretary

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President
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FACILITATOR'S PROPOSAL ON A SALARY AND WAGE COLLECTIVE AGREEMENT

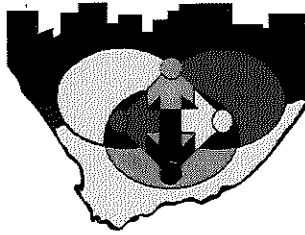
1. Pursuant to the three rounds of Salary and Wage negotiations held on the 15-19 July 2024, 23-26 July 2024 and 12-15 August 2024, the facilitators have issued the attached Facilitator Proposal, dated 15 August 2024.
2. The parties are required to submit their acceptance of the Facilitator's Proposal, in writing, to the SALGBC by 14h00 on 02 September 2024.

Yours faithfully,



SS GOVENDER
GENERAL SECRETARY

Address correspondence to the General Secretary



SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

(Hereinafter referred to as "the "SALGBC")

FACILITATORS' PROPOSAL ON A SALARY AND WAGE COLLECTIVE AGREEMENT

In accordance with the provisions of the Labour Relations Act, 1995, as amended, made and entered into by and between the: -

SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

(Hereinafter referred to as "SALGA")

and

INDEPENDENT MUNICIPAL AND ALLIED TRADE UNION

(Hereinafter referred to as "IMATU")

and

SOUTH AFRICAN MUNICIPAL WORKERS' UNION

(Hereinafter referred to as "SAMWU")

(IMATU and SAMWU will together be referred to as the "Trade Unions")

(IMATU, SAMWU and SALGA will collectively be referred to as the "Parties")

1. OBJECTIVES

The objectives of this agreement are to provide for general across the board salary adjustments and other related matters for the duration of this agreement, within competing constraints of a high inflation, financially constrained economy and limited fiscus.

2. SCOPE OF APPLICATION

The terms of this agreement shall be observed in the Local Government Undertaking in the Republic of South Africa by all employers and by all employees who fall within the scope of the SALGBC.

3. EXCLUSIONS: SECTION 56 AND SECTION 57 EMPLOYEES

Municipal Managers and those employees appointed as managers directly accountable to Municipal Managers in terms of Section 56 and Section 57 of the Municipal Systems Act 32 of 2000, as amended, shall be excluded from all the terms of this collective agreement.

4. PERIOD OF OPERATION

This agreement shall be for a **five-year period** and will come into operation on **01 July 2024** and shall remain in force until **30 June 2029**.

5. SALARY AND RELATED INCREASES

Financial Year 2024/2025 (Year 1)

- 5.1. In respect of the first financial year of this agreement, all employees covered by this agreement shall receive an increase of six percent **(6%)** payable as follows:



5.1.1 Four-point five percent (**4.5%**) with effect from 01 July 2024

5.1.2 An additional one-point five percent (**1.5%**) with effect from 01 March 2025.

Financial Year 2025/2026 (Year 2)

5.2 All employees covered by this agreement shall receive, with effect from 01 July 2025, an increase based on the published CPI percentage for 2025, plus zero-point seven five percent (**CPI + 0.75%**).

5.3 The average CPI published by STATS SA from February to January of the preceding year shall be used to determine the CPI in terms of clause 5.2 above.

Financial Year 2026/2027 (Year 3)

5.4 All employees covered by this agreement shall receive, with effect from 01 July 2026, an increase based on the published CPI percentage for 2025, plus zero-point seven five percent (**CPI + 0.75%**).

5.5 The average CPI published by STATS SA from February to January of the preceding year shall be used to determine the CPI in terms of clause 5.4 above.

Financial Year 2027/2028 (Year 4)

5.6 All employees covered by this agreement shall receive, with effect from 01 July 2027, an increase based on the published CPI percentage for 2027, plus one-point two five percent (**CPI + 1.25%**).

5.7 The average CPI published by STATS SA from February to January of the preceding year shall be used to determine the CPI in terms of clause 5.6 above.



Financial Year 2028/2029 (Year 5)

- 5.8 All employees covered by this agreement shall receive, with effect from 01 July 2028, an increase based on the published CPI percentage for 2028, plus one point two five percent **(CPI + 1.25%)**.
- 5.9 The average CPI published by STATS SA from February to January of the preceding year shall be used to determine the CPI in terms of clause 5.8 above.
- 5.10 In the event that the average CPI for the periods as contemplated in the years 2, 3, 4 and 5 above is less than four percent (4%), the average CPI shall be deemed to be four percent (4%), and in the event that the average CPI for the periods as contemplated in the years 2, 3, 4 and 5 above is more than seven percent (7%), the average CPI shall be deemed seven percent (7%).

6. LINKED BENEFITS AND CONDITIONS OF SERVICE

- 6.1 Any benefit or condition of service that is linked to salary increases, shall increase by four-point five percent **(4.5%)** from 01 July 2024 and a further additional increase of one-point five percent **(1.5%)** from 01 March 2025.
- 6.2 The increases for the outer years **shall** increase by the same rate of increment on salaries, as defined in paragraphs 5.2 to 5.9 above.

7. MINIMUM WAGE

- 7.1 The minimum wage shall be reviewed from the current rate of **R9 531.54** by the same salary increase percentage of four-point five percent **(4.5%)** to **R9 960.45** from 01 July 2024 and a further adjustment by one-point five percent **(1.5%)** to **R 10 109.85** from 01 March 2025.
- 7.2 The minimum wage shall be incremented annually by the percentage of salary increases to be effected over the five-year period, in line with paragraphs 5.2 to 5.9 above.



8. HOMEOWNER ALLOWANCE

8.1 The Homeowner Allowance shall be reviewed from the current rate of **R1 066.41** by the same salary increase percentage of four-point five percent (**4.5%**) to **R1 109.07** from 01 July 2024. The additional salary increase adjustment of one-point five percent (**1.5%**) on 01 March 2025 **shall not** be applicable to this allowance.

8.2 The Homeowner Allowance will be increased by the same percentage as the salary increase determined in the outer years in line with paragraphs 5.2 to 5.9 above.

9. MEDICAL AID

9.1 The Medical Aid contributions shall remain at the 60/40 ratio, with employees contributing 40% and the employer contributions at 60%. The current maximum employer contribution of R5 277.38 shall be increased by the same salary increase percentage of four-point five percent (**4.5%**) with effect from 1 July 2024 to R5 514.86.

9.2 The additional salary increase adjustment of one-point five percent (**1.5%**) effective 01 March 2025 **shall not** be applicable to this benefit.

9.3 The employer maximum contribution will be increased by the same percentage as the salary increase determined in the outer years in line with paragraphs 5.2 to 5.9 above.

9.4 The increase of the medical aid subsidy shall only apply to employees who belong to the accredited medical schemes.

10. MATERNITY, PATERNITY AND ADOPTION LEAVE

The above leave related matters shall be dealt with as part of Main Collective Agreement negotiation.

11. GAP MARKET ALLOWANCE

11.1 Gap Market employees are defined as employees whose income is regarded as too low to access bank funded housing finance (mortgage finance), but too high to qualify for the national government's free-basic housing subsidy scheme.



11.2 Gap market employees who earn a basic salary of R22 000.00 per month or less, as at 01 July 2024, and who do not own a house or receive any form of housing assistance or do not participate in the current or any other Homeowners Allowance scheme shall be paid a once-off, non-pensionable payment of R2 000.00. The above payment shall be made on 31 December 2024, and where not possible by no later than 31 March 2025.

11.3 The parties shall conduct an investigation on housing and shall be finalized by no later than 31 March 2025. The purpose of the investigation will be to improve access to housing for employees within the Local Government Sector.

12. SERVICED STANDS

The provision of serviced stands is left to the Municipal discretion.

13. PRODUCTIVITY

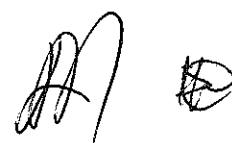
13.1 Parties to recognize that, wage increase adjustments strive to reinforce, encourage and promote optimal municipal performance to ensure a higher level of productivity. Therefore, this salary and wage adjustments collective agreement must be seen to attract and retain scarce and critical skills to help municipalities maintain financial sustainability and viability.

13.2 This wage collective agreement is a means to address socio economic needs of workers, their families and communities to benefit from the employers' revenue and productivity. Parties to commit and recognize that municipalities exist to serve the public. Therefore, service delivery is the focal point of this collective agreement.

13.3 The parties to commit to engage in a method to optimize productivity of employees in all municipalities, through the implementation of the current service charter and professionalization framework for the local government sector.

14. EXEMPTIONS

The exemptions procedure has been reviewed as per the attached document – Annexure A.

Two handwritten signatures in black ink, one larger and more stylized than the other, located at the bottom right of the page.

The Facilitators made a determination on the disputed clause 15.1.16.5 of the procedure as outlined in clause 15.4.9 of the Proposed Amended Exemptions Procedure.

15. APPLICATION AND VARIATION OF THE PROPOSED AGREEMENT

This Facilitators' Proposal shall apply to the members of the *Parties* for general application in the Local Government Sector. No variation of this proposed agreement shall be effective unless in writing and signed by the Facilitators.

16. STATUS OF THIS FACILITATORS' PROPOSAL

16.1 This document remains as a proposal for consideration by the parties and shall remain as such until the parties have complied with the SALGBC Constitution provisions.

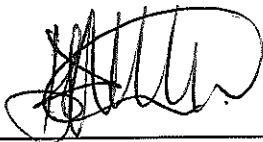
16.2 The Drafting Committee of the Bargaining Committee will consider the final wording in this proposed collective agreement, subject to the mandate seeking process in 17.1 below.

17. RETURN DATE

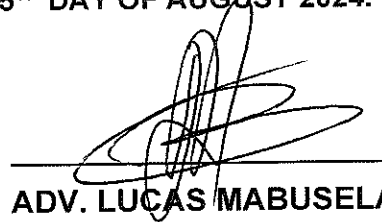
17.1 The Parties should immediately commence their mandate seeking processes and have until **14:00 on 02 September 2024** to formally communicate their acceptance or non-acceptance of this proposal in writing to the SALGBC.

17.2 In the event the Parties do not accept the Facilitators' Proposal, the Parties may revert to their respective positions and may exercise their rights in terms of the Labour Relations Act.

SIGNED BY THE FACILITATOR IN DURBAN ON THIS 15TH DAY OF AUGUST 2024.



**MS. DUDUZILE MADUBANYA
PRINCIPAL FACILITATOR**



**ADV. LUCAS MABUSELA
DEPUTY FACILITATOR**

ANNEXURE A

PROPOSED REVIEWED EXEMPTION PROCEDURE

15. EXEMPTIONS

15.1 Exemptions Application

15.1.1 Any Party or municipality bound by this collective agreement concluded under the auspices of the SALGBC or which binds the Parties to the SALGBC, shall be entitled to apply for exemption from any provision of the said collective agreement.

15.1.2 All applications for exemption by a municipality must be lodged with the SALGBC's National Office by no later than:

15.1.2.1 45-working days of this collective agreement being signed, in respect of the 2024/2025 financial year; and

15.1.2.2 30-days from the date of approval of the budget of the municipality by the municipal council, or 30 June, whichever is the soonest, in respect of the 2025/2026, 2026/2027, 2027/2028 and 2028/2029 financial years.

15.1.3 All applications for exemption shall be made in writing on the appropriate application form, obtained from the SALGBC, setting out relevant information, including, but not limited to:

- A. The provisions of the agreement in respect of which exemption is sought;
- B. The number of employees in respect of whom the exemption is sought;
- C. The reasons why the exemption is sought;

- D. The nature and size of the municipality in respect of which the exemption is sought;
- E. The duration and timeframe for which the exemption sought;
- F. The financial recovery plan of the applicant seeking the exemption;
- G. The applicant's past record (if applicable) of compliance with the provisions of the Collective Agreement, its amendments and Exemptions Outcome;
- H. Confirmation that the trade unions or employees themselves were advised of the exemption application at local level;
- I. The following relevant financial information:
 - i) The last two audited financial statements; and
 - ii) The Section 71 and Section 72 Municipal Finance Management Act (MFMA) reports for the current and preceding two financial years.
 - iii) The latest financial ratios as prescribed by National Treasury in the template for Calculating Uniform Financial Ratios and Norms (MFMA Circular 71 of January 2014).

15.1.4 An application for exemption from any provision of the collective agreement shall be lodged in writing on the prescribed form with the General Secretary of the SALGBC and the applicant shall serve a copy of the application as follows:

15.1.4.1 In the case of a Trade Union applying for exemption from a collective agreement, submit a copy of the exemption application to SALGA and the relevant municipality affected by the application; and

- 15.1.4.2 In the case of SALGA and/or a Municipality applying for exemption from a collective agreement, forward the exemption application to the national and local offices of IMATU and SAMWU.
- 15.1.5 The Parties referred to in **clause 15.1.4**, as the case may be, shall be afforded ten (10) days to submit a response to the application for exemption to the General Secretary of the SALGBC. The party shall also be obliged to submit the response to the applicant for exemption.
- 15.1.6 The application for exemption shall be considered by the Panellist.
- 15.1.7 All applications considered by the Panellist shall only be based on the written exemption application and written submissions and arguments in respect of the application, if any, by the applicant and any party or person opposing the application, unless determined otherwise by a Panellist. The Panellist shall consider and determine exemption applications in a manner that is fair and transparent. The applications shall be determined as expeditiously as possible and may, in exceptional cases and subject to the decision of the Panellist, include the hearing of evidence, where the matter cannot be decided solely on the documentation.
- 15.1.8 Notwithstanding **clause 15.1.3 I**, any party to this Agreement shall be free to submit any relevant evidence / documents for consideration by the Panellist. However, the Panellist shall determine the relevance and weight to be attached to such evidence, noting the specific criteria and factors to be considered by the Panellist.
- 15.1.9 The Exemptions Process shall be a financial inquiry based on the Exemptions Criteria set out in **clause 15.4** below
- 15.1.10 In the event of applications being made that are frivolous and vexatious, such applications may be dismissed with costs.

15.1.11 Where a municipality submits an application for exemption, the municipality's obligation to implement the salary increase is suspended pending the outcome of the exemption application.

15.1.12 The Panellist must consider and make a decision and issue an Exemption Outcome within 30 days of appointment of the Panellist.

15.1.13 The onus to prove the case for the granting of an exemption lies with the applicant.

15.1.14 Parties undertake to make every reasonable effort to assist their members to discharge such onus in a full and proper manner.

15.2 National Exemption Panel:

15.2.1 The Executive Committee of the SALGBC shall establish a dedicated panel of exemption panellists and mediators that are accredited by the CCMA to conduct mutual interest disputes from the National and Divisional Panel of conciliators and arbitrators of the SALGBC to constitute the National Exemptions Panel.

15.2.2 The Executive Committee of the SALGBC shall also establish a dedicated panel of independent financial experts made up of persons, in good standing, from a body to be determined by the Executive Committee. The financial expert should be in possession of a qualification in finance and, preferably a background and experience in local government finances.

15.2.3 The role of the financial expert shall be to;

15.2.3.1 Conduct an assessment of the exemption application, within the parameters stipulated by this agreement, including the relevant information set out in **clause 15.1.3.1** hereof.

- 15.2.3.2 Assess whether the municipality can afford the costs of the whole or part of the agreement;
 - 15.2.3.3 Provide financial advice to the Panellist;
 - 15.2.3.4 Develop a report with recommendations for consideration by the Panellist.
- 15.2.4 For each exemption application, the General Secretary of the SALGBC shall appoint a Panellist from the dedicated exemptions panel of arbitrators together with one financial expert from the appointed panel of financial experts.
- 15.3 Exemption Procedure:
- 15.3.1 The SALGBC must, in the first instance, appoint a mediator to the exemption application.
 - 15.3.2 The mediator must attempt to resolve the application through mediation, within 30-days of receipt of the exemption application by the SALGBC. However, the parties may agree to extend the 30-day period.
 - 15.3.3 In the event that mediation is successful, the agreement must be recorded and issued as an exemption outcome of the Panellist, by consent of the parties.
 - 15.3.4 In the event that mediation has failed, or at the end of the 30-day period or any further period agreed to between the parties, the SALGBC must set the application down for hearing before a Panellist assisted by a financial expert.

- 15.3.5 The Panellist shall hear and determine the application. The financial expert shall assist and provide advice and recommendations to the Panellist.
- 15.3.6 The Panellist shall consider any written and or verbal substantiation provided by the applicant or a Party to the SALGBC.
- 15.3.7 The Panellist shall undertake its duties in a fair and transparent manner and shall have the powers and functions to:
 - 15.3.7.1 Grant a full or partial exemption or reject an application for exemption; and
 - 15.3.7.2 Approve interim orders in circumstances where this will not affect the final outcome.
- 15.3.8 For the purposes of this section:
 - 15.3.8.1 Full exemption is defined as an exemption in terms of which a municipality is fully exempted from implementing the provisions of this collective agreement which relate to the salary increase, and / or related conditions, for the full duration of the financial year in respect of which exemption has been sought.
 - 15.3.8.2 Partial exemption is defined as an exemption in terms of which a municipality is exempted from implementing the provisions of this collective agreement in full, either by a later implementation date, or reduced salary increase or reduced conditions as per the collective agreement.

- 15.3.9 The Panellist shall grant or reject an exemption application within thirty (30) days after a referral to the General Secretary.
- 15.3.10 The Panellist shall have the power to condone any failure to comply with the time periods provided for in terms of this procedure based on good cause shown.
- 15.3.11 The decisions of the Panellist shall be final and binding, subject to an aggrieved party's right to institute review proceedings in any court having jurisdiction to hear the matter. The Panellist shall provide brief written reasons for its decision, together with a copy of the financial expert's report.
- 15.3.12 The Panellist shall notify the parties of its decision and that the aggrieved party has the right to institute review proceedings in any court having jurisdiction to hear the matter.
- 15.3.13 An Exemption Outcome shall be signed by the Panellist of the, and contain the following information:
- a) The full name of the applicant employer;
 - b) The date of issue;
 - c) The details of the agreement for which exemption is granted;
 - d) The period for which exemption shall operate;
 - e) The terms and conditions, or remedial requirements of the exemption;
 - f) The reasons for the decision;

g) A copy of the financial expert's report; and

h) Any other matter the Panellist deems relevant.

15.4 Criteria to be considered by the Panellist:

- 15.4.1 When considering an application for exemption, including an application for the withdrawal of an Outcome of Exemption by the SALGBC, the following criteria shall be taken into account (the order not indicating any form of priority):
- 15.4.2 The employer is unable to afford the costs of the whole or part of this agreement;
- 15.4.3 The level of compliance with Section 138 and 140 of the Municipal Finance Management Act 56 of 2003 as amended;
- 15.4.4 Fairness to the employer and its employees with reference to the criteria set out in this agreement as well as the impact of the exemption on the employer and its employees;
- 15.4.5 The employer has short-term cash flow problems necessitating a partial exemption;
- 15.4.6 Unexpected economic hardship occurring during the currency of this agreement and job creation and/or loss thereof;
- 15.4.7 Whether a budgetary provision, approved by the Municipal Council, was made for implementation of the obligation arising out of the collective agreement, having regard, where applicable, to unfunded budgets and unforeseen budget constraints
- 15.4.8 Any other factor(s) which is considered appropriate.

15.4.9 The outcome of the exemption application should not have the effect of undermining this agreement or the collective bargaining process;

15.5 For the purposes of this section only, "Day" shall mean calendar day, unless otherwise specified.