



IMATU SECURES EXEMPTION OUTCOME ORDERING THE CITY OF TSHWANE MUNICIPALITY TO PAY THE 5.4% SALARY INCREASE

11 September 2023

The Independent Municipal and Allied Trade Union (IMATU) has secured an exemption outcome ordering the City of Tshwane Municipality to pay the salary increase for the 2023/2024 financial year to its employees.

IMATU welcomes the order that was issued today by the arbitrator appointed by the South African Local Government Bargaining Council (SALGBC). In terms of the exemption outcome, the City of Tshwane Municipality was directed to comply with the salary and wage agreement concluded between IMATU and SALGA in 2021. This means that the City of Tshwane Municipality must pay the 5.4% salary increase to its employees with effect from 1 July 2023.

The salary and wage agreement has an exemption procedure, which allows any employer bound by the agreement to apply for exemption if it can establish that the increase is unaffordable. All municipalities were advised, in terms of a SALGBC Circular dated 31 March 2023, that the increase for the 2023/2024 financial year, which is due and payable on 1 July 2023, is 5.4%. This increase is in line with the estimated CPI for this year as

announced by the Reserve Bank on 26 January 2023. The 5.4% increase is therefore in line with the projected CPI for 2023.

Despite being advised of the 5.4% increase on 31 March 2023, the City of Tshwane did not apply for exemption until 10 August 2023. The municipality simply ignored the salary and wage agreement on 1 July 2023 and did not pay the salary increase when it became due, effectively exempting itself. This led to a compliance order being issued by the SALGBC on 27 July 2023, compelling it to pay the increase.

The City of Tshwane Municipality's exemption application was heard on 23 & 30 August 2023, by Ms Eleanor Hambidge, an arbitrator appointed by the SALGBC together with a financial expert, Mr Krish Kumar, appointed to advise the arbitrator.

IMATU opposed the City of Tshwane's exemption application and put up a strong case in opposition thereto. IMATU demonstrated that the municipality reported a surplus of R 1,698bn for the month of June 2023, compared to a deficit the previous year, which showed that the municipality's financial position was steadily improving. Accordingly, IMATU argued, that the municipality is in fact able to pay the increase.

IMATU further argued that the municipality has deliberately and unlawfully resolved to defy the mandated (5.4%) CPI increase in its salary and wages budget. Notwithstanding this, the City, rather astonishingly relied on its own unlawful conduct as a ground of exemption.

The arbitrator agreed with IMATU and stated from the outset, in her ruling, that she is inclined to dismiss the exemption application. The arbitrator found that while the municipality may be in financial distress, there has been an improvement in its financial position. The municipality also budgeted for a 6% increase in income and expenditure and this will go a long way to improve the municipality's financial predicament.

The arbitrator further compared the municipality's budgeted expenditure (R12 640 889 388) with its actual expenditure (R 11 494 593 387) and found that this effectively left a surplus of R 1 146 296 001, which is sufficient to cover the wage increase of R 602 million. Finally, the arbitrator found that granting the municipality's exemption application could potentially undermine centralized collective bargaining in the local government sector. Accordingly, the municipality's exemption application was dismissed.

In terms of this ruling, the municipality's public statement that "*the City's Application is anchored on irrefutable evidence of its financial position, which is the main reason why there was no budget allocated for the salary and wage increases of the 2023/24 financial year.*" has clearly been found to be unsubstantiated.

The exemption award is final and binding but the arbitrator advised parties of their right to take the award on review to the Labour Court. IMATU, however, calls on the municipality to implement the salary increase instead of wasting millions in ratepayer money on legal fees to take the matter on review.

We include the following quote from Ms Melita Baloyi, the Chairperson of IMATU's Tshwane Region:

"I'm delighted with today's outcome issued by the SALGBC that the exemption application of the City of Tshwane has been dismissed. I am appealing to the employer to implement the collective agreement in line with the exemption outcome and do the right thing by paying employees their salary increases.

We have, in the past weeks, seen what the impasse between the employer and employees has caused not only to the employees, but also to the employer and to the general public with no provision of basic services. As IMATU we align to our motto that says, "Let us get local government working" and we rely on the employer to pay the 5.4% increase to restore stability in the city."

- ENDS -

IMATU is the most progressive trade union representing our members in the local government sector. IMATU is a registered trade union striving for social transformation through sustainable local government. See www.imatu.co.za for more information

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