SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

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29 September 2023

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Dear Sir / Madam

OUTCOME OF EXEMPTION APPLICATION HEARING: ENOCH MGIJIMA LOCAL MUNICIPALITY vs IMATU / SAMWU - Case Number: EX/HQ072301

Nature of Exemption Application: Salary and Wage Collective Agreement 2021

Kindly find attached the Ruling from Senior Panelist, Adv. M Fouche.

Yours faithfully

SS GOVENDER
GENERAL SECRETARY

IN THE SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL
HELD AT PORT ELIZABETH

CASE NO: EX/HQ 072301

SALGA obo ENOCH MGIJIMA LOCAL MUNICIPALITY **APPLICANT**

and

IMATU **1ST RESPONDENT**
SAMWU **2ND RESPONDENT**

EXEMPTION RULING

Details of hearing and representation

1. The application for exemption was brought in terms of clause 15 of the Salary and Wage Collective Agreement, concluded on 15 September 2021 and valid from 1 July 2021 until 30 June 2024, and was heard virtually on 22 August and 12 September 2023.

2. The Applicant, Enoch Mgijima Local Municipality, was represented by Mr Yali from SALGA. Adv Harvey, instructed by Francois du Plessis Attorneys, appeared for the First Respondent, IMATU. Mr Paul Tati from Tati Attorneys Inc appeared for the Second Respondent, SAMWU.

3. Mr Krish Kumar was appointed by the General Secretary of the SALGBC, in terms of clause 15.1.14.3 of the agreement, as a financial expert to assist the Commissioner in interpreting and understanding the financial information. Mr Kumar was present during both sittings of the hearing.

Issue to be determined

4. It is necessary to determine whether the application for exemption from paying annual increases in terms of the current Salary and Wage Collective Agreement should be granted.

Background

5. The relevant collective agreement is the Salary and Wage Collective Agreement concluded for the period July 2021 until June 2024.

6. In terms of clause 6.6 of said agreement a salary increase based on the average CPI percentage must be paid on 1 July 2023 in respect of the 2023/2024 financial year. Clause 6.7 provides that the projected average CPI would be as forecast by the Reserve Bank.

7. The Applicant is now applying, in terms of clause 15 of the Salary and Wage Collective Agreement, to be exempted from paying the salary increases as stipulated in clause 6.6 of the agreement. The Respondents, IMATU and SAMWU, are parties to the agreement and oppose the application.

8. The Applicant and both Respondents submitted written arguments before or on 22 August 2023, the first sitting of the exemption hearing. The written submissions were repeated and supplemented by oral submissions during the second sitting of the hearing on 12 September 2023.

Application for exemption

9. The original application, dated 3 July 2023, was received by the SA Local Government Bargaining Council (SALGBC) on 20 July 2023. The application did not satisfy all the requirements prescribed by the SALGBC and the Applicant resubmitted a compliant application on 4 August 2023.

10. The application form was accompanied by a number of documents, such as annual financial statements, sections 71 and 72 reports, a recovery plan, council resolutions and minutes of meetings with the Local Labour Forum (LLF).

11. In paragraph 3 of its application the Applicant indicates that it is seeking exemption from clauses 6.6 and 6.7 for the period 1 July 2023 until 30 June 2024. In paragraph 4 of the application (criteria to be considered) the Applicant indicates that it is unable to afford the costs as envisaged by the entire agreement

12. In its written submissions the Applicant explained its inability to pay the increases as required by the current Salary and Wage Collective Agreement.

13. The Applicant acknowledged the binding nature of a collective agreement, but submitted that when a party to such an agreement experienced undue hardship, the exemption procedure created a safety valve and, further, that an exemption from the provisions of the agreement could be considered in exceptional cases.

14. The Applicant painted the history that led to its financial distress.

15. The Applicant municipality was the culmination after the merger of three municipalities, the erstwhile Tsolwane, Inkwanca and Lukhanji municipalities. During the merger, in 2016, the employees of the former two municipalities demanded by way of strike action to be paid at the same level as the latter municipality's employees. That took them from municipal category 1 pay levels to category 4 levels. Much the same happened in 2018/2019 when, through industrial action, the employees managed to receive pay at municipal category 6 levels (and task grades were improved). The new municipality, the Applicant, had to carry the burden of the excessive payroll it had inherited.

16. The categorisation of the Applicant as a category 4 or 6 municipality was an issue still receiving attention. At the time of the merger the Lukhanji Municipality was a category 6 municipality. In June 2016 said municipality applied for re-categorisation as it was of the view (and still is) that it was a category 4 municipality. The application was not approved by SALGA as the merger process had not been finalised. The categorisation could only be done once the new municipality had finalised its organisational structure. In a reasonability report of July 2016 Deloitte found that Lukhanji Municipality was a category 4 municipality.

17. Job grades had to be normalised and other anomalies had to be resolved. Once resolved, the Applicant would be able to pay increases on the correct

grades. Paying increases on the incorrect grades would not solve the problem, but would compound the wrong decisions of the past.

18. In April 2022 and in terms of section 139(7) of the Constitution the national executive intervened and the Applicant remained subject to such intervention to date.

19. The CFO of the Applicant, Mr Mahlalela, presented figures from the 2021 and 2022 audited financial statements and sections 71 and 72 reports reflecting the Applicant's financial position. There was, for example, an increase in creditor liabilities from R670+m to R990+m; the total revenue came to R846m, whereas the total expenditure was well in excess of R1b; instead of the supposed 8% to be used for maintenance, only some 0,3% and 0,03% was so used because of a lack of funds (the actual figures are 0,31% and 1,03%); debt collection, supposed to be at a rate of 95%, stood at 64% and 74%; instead of paying creditors within one to three months, some creditors were not paid at all because of a cash flow problem – it was a matter of robbing Peter to pay Paul; an amount of R1,1b was owed to Eskom alone; infrastructure and service delivery grants were reduced by National Treasury.

20. A financial recovery plan by National Treasury to assist the Applicant was adopted by its Council and was in the process of being implemented, although it was still in the early stages of implementation.

Opposition to the exemption application

21. Both the First and the Second Respondents opposed the application in written and oral submissions.

First Respondent – IMATU

22. The First Respondent submitted that, although the Applicant was struggling financially, it was able to pay the increases in accordance with the Salary and Wage Collective Agreement as it would receive substantial relief from the Municipal Debt Relief programme and the implementation of measures included in the financial recovery plan.

23. The First Respondent was of the view that the Applicant was the author of its financial difficulties by way of mismanagement, inefficient leadership, illegal Council resolutions, irregular and reckless spending, paying acting allowances and more. In addition, the rate of debt collection had deteriorated, grants had been overspent, "other expenditure" had increased and considerable amounts had been spent on a multi-purpose hall, refuse bags, advertising, stationary and fuel.

24. With reference to the financial statements and sections 71 and 72 reports, the First Respondent submitted that the figures showed a surplus in the current year (excluding non-cash items) and a positive cash flow in excess of R5m. Therefore, although there was a reduction in cash flow compared to previous years, the Applicant was able to sustain its operations due to payments received from residents, which would improve because of the proposed revenue enhancement strategies.

25. Despite pleading financial distress, the Applicant had budgeted for a 1% increase of councillors' salaries and a decrease in staff salaries. This, according to the First Respondent, was unfair. The Applicant also had to explain why it had not applied for debt relief in terms of Circular 124 (the Municipal Debt Relief programme), a measure that would have a significant positive effect on the Applicants' cash flow as it would be relieved from the Eskom debt.

26. The First Respondent acknowledged that the cash flow had worsened between January and June 2023 and until such time as the recovery plan was actioned, the cash flow would not improve. It would, so it was submitted, be wrong to permit the Applicant to fall back on reaping a saving by not implementing a modest increase instead of turning the recovery plan into a plan instead of a fiction.

27. The First Respondent insisted that, despite obvious financial challenges, the financial recovery could not be paid by the employees. Turnaround measures would include a reduction in consultants and outsourced services with resultant additional work falling onto the employees; so would the improvement of debt collection.

28. The First Respondent referred to the legal framework relevant in the matter at hand and submitted that collective agreements were the centre-piece of our labour dispensation. The parties to the Salary and Wage Collective Agreement agreed to an exemption procedure (clause 15). With reference to case law, the First Respondent highlighted the purpose of an exemption as "catering for special or unforeseen circumstances" and submitted that exemption applications had to be considered in light of the overall interest of the local government sector, fairness to all parties and preserving confidence in centralised bargaining.

29. The First Respondent elaborated on the eight factors to be considered in an exemption application (as per clause 15). The First Respondent was of the view that the Applicant's actual financial position did not justify an exemption. A buy-in by and positive morale of employees were important to improve the financial situation. Withholding an increase would be unfair and counter-productive to financial recovery. The fact that councillors were to receive an increase would compound the unfairness if employees' increases were withheld. The Applicant was properly represented during negotiations and agreed to the modest increases as reflected in the agreement. An exemption would undermine the collective agreement the parties had agreed to. The Applicant was able to afford the increases. It might be difficult, but if the required financial controls were put in place to curb reckless spending, it could be done and the cash-flow challenges would improve. Debt relief and other recovery measures must be implemented. The economic hardship of the Applicant was self-inflicted and not unexpected. Instead of budgeting for increases, the Applicant budgeted for a decrease in the salaries of employees, but an increase in the remuneration of councillors.

30. The First Respondent added public interest as another consideration. Local government was funded by the fiscus, i.e. by citizens. Citizens had an interest in secure and proper service by municipal employees who would be unlikely to render such service were their standard of living eroded. If collective bargaining was undermined, employees would be unable to rely on negotiated outcomes and they would lose confidence which would ultimately result in a civil service being poorly run.

31. The First Respondent referred to a number of previous exemption rulings and, while acknowledging that they had no binding power, argued that they had persuasive value and would ensure consistency.

32. In conclusion, the First Respondent acknowledged the Applicant's financial challenges, but submitted that the Applicant had not discharged the onus to prove an entitlement to an exemption. In the alternative, if an exemption was to be granted it should be of a limited nature.

Second Respondent – SAMWU

33. In its written and oral submissions the Second Respondent aligned itself with the approach of the First Respondent. In consequence all the submissions will not be repeated here; a brief summary follows with additions and one or two points which the Second Respondent did not agree with.

34. The Second Respondent was also of the opinion that the Applicant's financial position was of its own creation and cited examples of unexplained or wasteful expenditure. Contracted services had, for example, increased (e.g. a different security company); so also "other expenditure". It was pointed out that there was an increase in revenue and in the cash-flow, while there was a decrease in debt collection. Bulk purchases were higher than the increase in revenue. Financial management and control were required.

35. No increases had been budgeted for, which showed that the Applicant had disregarded the collective agreement. Reference was made to the objectives of the Salary and Wage Collective Agreement which, in essence, provided for across-the-board salary increases based on the CPI (4,9%) and the improvement of benefits. The rationale of said agreement was thus the furtherance of the Labour Relations Act's quest for economic development, social justice and labour.

36. The Second Respondent submitted that the Applicant had approached the wrong forum and that its concerns regarding the categorisation of the municipality (category 4 or 6) were a matter for the Labour Court.

37. The Second Respondent was not in agreement with a limited exemption.

Applicant's reply

38. In his reply, Mr Yali (for the Applicant) emphasised that the Applicant had a new administration as many of the most senior officials had been appointed over the last two years.

39. The municipal Council had now resolved to take legal action and to apply for exemption. The exemption, it was submitted, was in the correct forum.

40. Mr Yali reiterated that the Applicant was not in a position to pay the increases. Whether the Applicant was guilty of mismanagement was not the test for an exemption and it was not an issue to be decided by this forum. The fact remained that increases could not be paid on the incorrect salary scales.

41. Mr Yali referred to the section 71 report of 2023 that reflected R624m revenue received, whilst operational costs came to well in excess of R950m. In mid-2023 the deficit thus was more than R300m. Salaries made up more than 50% of the total expenditure.

42. Mr Yali continued to explain some of the expenditure the Respondents were concerned about, such as the security services, black bags, the CFO's salary and sitting allowances. He also explained that grants had been decreased and monies received from *inter alia* the Department of Transport and Office of the Premier were earmarked for specific purposes and could not be utilised for paying salaries.

43. The Applicant had applied for relief in terms of the Municipal Debt Relief programme which would assist with its debt of R1,1b to Eskom. However, only one third of the debt per year over three years would be written off. Furthermore, conditions had to be complied with in order to ensure the writing off of that debt, such as that the Applicant would have to fully pay Eskom every month, a cost of R50m – R60m per month. The debt relief programme was therefore not the ultimate solution. Other solutions had to be pursued.

Analysis

44. The Applicant is seeking an exemption from paying increases as provided for in the Salary and Wage Collective Agreement. In its application the Applicant seeks exemption in particular of clauses 6.6 and 6.7. Clause 6.6 provides as follows:

"In respect of this [2023/2024] financial year, all employees covered by this agreement shall receive, with effect from 1 July 2023, an increase based on the projected average CPI percentage for 2023."

45. In terms of clause 6.7 the projected average CPI percentage shall be the percentage as forecast by the Reserve Bank. The Respondents in their submissions referred to the percentage as 4,5% and 4,9%. In terms of Circular 1/2023, issued by the General Secretary of the SALGBC, SALGA and the unions agreed at an executive meeting in March 2023 that the CPI increase would be 5,4% with effect 1 July 2023.

46. It is common cause that the Salary and Wage Collective Agreement is a binding collective agreement and that, in terms of the agreement, the Applicant is obliged to pay the annual increase provided for. The Applicant acknowledged as much, but contends that in the event of financial distress the exemption clause may be invoked.

47. The primacy and binding nature of a collective agreement is a well-known fact and need not be dwelled upon. Therefore, a deviation or exemption from a collective agreement should be treated with prudence and in a judicious manner. I was referred to authority[1] in this regard. The principle that stands out is that exemptions, adopting a narrow approach and not to be readily granted, may be granted in case of a party to a collective agreement experiencing undue hardship.

48. Exemptions ought to be considered in light of the overall interests of the sector with fairness to both sides in mind, while maintaining confidence in the collective bargaining process. Exemptions too easily granted may undermine that confidence.

49. The application is based on the issue of affordability. The Respondents acknowledged the financial challenges faced by the Applicant, but are of the view that increases could be paid were finances managed and controlled properly.

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1 *Kem-Lin Fashions CC v Brunton & Another* [2001] 1 BLLR 25 (LAC); Du Toit *et al*, *Labour Relations Law: A Comprehensive Guide*, 6 ed, LexisNexis.

50. The Applicant referred to the categorisation of the Applicant municipality and the fact that employees were accordingly paid on incorrect grades, a fact that contributed to the financial distress experienced by the Applicant. This forms part of the historical debts inherited by the Applicant and conceivably contributes to its financial situation. The Applicant contends that two wrongs cannot make a right, i.e. paying increases on the incorrect grades.

51. The categorisation is not a matter to be determined by this forum. The Applicant should have endeavoured to rectify the categorisation, if it is indeed incorrect, long ago. Seven years have lapsed since one of the erstwhile municipalities applied for a re-categorisation and nothing has been placed before me to the effect that the Applicant has submitted a similar application since.

52. More glaring though is the fact that the Applicant paid increases in the past two years, covered by the same collective agreement, based on what it calls the incorrect grades. If the grades played such a prominent role they should have been corrected before or soon after the current collective agreement took effect. I agree with the Applicant that two wrongs do not make a right, but the grades could hardly be used as a factor when they evidently were not much of a concern in the past two years.

53. A fairly new administration is also not a reason for not having turned around the financial issues and not resolving factors that contribute to the financial issues. Given the fact that many of the senior officials in the new administration have been there for a year or more, much could have been done to alleviate some of the problems. It is a matter of putting shoulder to the wheel. And, the Applicant has been subject to a section 139 (of the Constitution) national intervention to assist the new administration since the early part of last year.

54. According to the Applicant, its total revenue was R846m, whereas the total expenditure was well in excess of R1b, with R1,1b owed to Eskom alone. Creditor liabilities increased by some R300m, debt collection decreased and was well below the benchmarked 95% and grants have been reduced. The section 71 report of 2023 reflects R624m received in revenue, whereas the operational costs are in excess of R950m, a deficit of more than R300m. As a result, creditors cannot be paid in time or not at all and less is spent on maintenance.

55. According to the First Respondent, the Applicants shows a surplus of R28,6m and a positive cash-flow of R5,2m, although the cash-flow is decreasing. According to the Second Respondent, the Applicant shows a year-on-year increase in revenue and in cash-flow and there was a positive balance in cash at the end of 2022. Both Respondents pointed out that expenditure increased, including unexplained expenditure, and blamed it on mismanagement and a lack of control over financial issues. In addition, an increase for councillors had been budgeted for, whereas no increases or a decrease in salaries were budgeted for in respect of employees. Not all the figures referred to by the Respondents could be verified.

56. The Respondents are of the view that the financial recovery plan and the municipal debt relief programme will assist and make it possible for the Applicant to afford the increases. The Applicant agreed that the debt relief programme would assist, but did not see it as the ultimate solution; other measures had to be implemented. In the latter regard, it is probable that the recovery plan will go some way in turning the Applicant's financial situation around, especially with the assistance of national intervention. The Applicant has now applied for debt relief in respect of the Eskom debt. An outcome has not been received as yet and, considering Circular 124, an approval of the application is not guaranteed – which is a point of concern. If approved, the Applicant will have to realise that conditions under the programme will have to be met at all cost.

57. The Applicant submitted that the total payroll made up some 50% of its total revenue. The financial expert, Mr Kumar, indicated that the payroll came to between 30% - 40% over the past two years, well within the benchmark.

58. Turning to the factors contained in clause 15.1.15 of the Salary and Wage Collective Agreement which have to be considered when determining an exemption application: the first factor is the written and/or oral submissions by the parties. These are being considered in this ruling. The second last factor in the list of nine, that of any process or directive agreed to by the Executive Committee, finds no application *in casu*.

59. The second factor is fairness to the Applicant and its employees, as well as other employers and employees in the local government sector. The Applicant

maintains that its employees are being paid on the incorrect grades. Both Respondents are of the view that withholding an agreed increase would have a negative effect on the morale and motivation of the employees, especially when considering the fact that their counterparts in other municipalities have received increases and those municipalities paid despite their financial positions. Moreover, it is unfair to pay an increase to councillors, but no increase to the employees.

60. Any incorrect grades must be resolved without delay. In the meantime, as observed above, the grades cannot be used as a justification not to pay increases. I agree with the Respondents that withholding an increase would probably have a negative impact on employees. However, this argument considers fairness to the employees only and fairness to the employer is overlooked. The circumstances of the two sides need to be balanced. On the other hand, the Applicant provides for increases of councillors, but not for employees. This cannot be correct as councillors are not employees and employees should enjoy priority. The first obligation must be towards employees, not the councillors.

61. The third factor is whether an exemption would undermine the collective agreement in question or the bargaining process. The Applicant's position is that an exemption would not undermine the agreement as its commitment to the agreement can be seen from its compliance over the past two years (last year as a result of a compliance order and subsequent arbitration award). The Respondents' view is that the increase to be paid is well below the official inflation rate, agreed to by the Applicant via its representative in negotiations. Furthermore, a collective agreement is intended to create stability, security and industrial peace. Withholding an increase would cause unjustifiable hardship to employees.

62. With the correct approach an exemption would generally not undermine a collective agreement or the bargaining process as both employers and employees are well aware that circumstances may arise which necessitate an exemption, the very reason why exemption is provided for in collective agreements. The emphasis must be on a prudent and cautious approach to exemption. The Respondents repeatedly referred to a modest or below inflation rate increase of 4,5% or 4,9%. This is misleading. In terms of clause 6.7 the increase would be based on the projections of the Reserve Bank – which was

done, hence the circular that was issued by the General Secretary of the SALGBC. The circular was issued after a meeting in which all parties participated and agreed to the rate as 5,4% (as the projected CPI rate). The increase to be paid by the Applicant is, therefore, slightly more than what the Respondents led us to believe. Different amounts were mentioned by the parties, ranging between R16m and R23m for salary increases alone, increases in benefits to be included.

63. The fourth factor is whether the employer is unable to afford the costs of the whole or part of the agreement. The Applicant contends that it cannot afford the costs in respect of the entire agreement because of its financial distress. Not having to pay increases would mean a saving of almost R23m. According to the Respondents, the increases can be afforded although it may be difficult to do so. Financial controls and the curbing of irregular spending are required.

64. The figures presented by the Applicant show financial difficulties. The Respondents acknowledged the financial challenges more than once, but were of the view that better financial controls were called for. In a perfect world the Applicant should be able to turn its finances around overnight. However, we do not live in a perfect world. If the Applicant was unable to stabilise things over a number of years (since its inception, after the merger), one cannot help to wonder about its ability to do so now. In this regard the Applicant needs to rely on the recovery plan and debt relief programme and call on the assistance of the national intervention. It must be added that the First Respondent's suggestion of a loan to pay increases is not a good suggestion. The last thing a person or entity in financial distress needs is to incur more debt.

65. The fifth factor is whether the employer has a short-term cash-flow problem necessitating a limited exemption. According to the Applicant, it has a cash-flow problem. The Respondents disagree. The First Respondent acknowledges a decrease in cash-flow and the challenges faced by the Applicant in this regard but, if well managed by implementing the recovery plan and debt relief, increases can be afforded.

66. The cash-flow presents a problem although the figures may reflect some positive cash-flow. There is clearly not enough money to pay all creditors on time or at all and Eskom has not been aid for a considerable time.

67. The sixth factor is an unexpected economic hardship during the currency of the agreement and job creation or losses and the seventh factor is whether the budget makes provision to comply with the agreement. According to the Applicant, job losses are a possibility should its current financial situation continue. Its budget, providing for increases, is unfunded. The Second Respondent's opinion is that no increases have been budgeted for. The First Respondent holds the position that a reduction in salaries has been budgeted for whilst councillors stand to receive an increase.

68. A possible loss of jobs is a very relevant factor to be considered. It could very well be argued that, if both sides could agree on a smaller than agreed increase or no increase at all, jobs could be saved, which means better job security.

69. The Applicant added that employees' rights would not be infringed by an exemption, that National Treasury is assisting in the recovery of its financial situation and that it is in compliance with the statutory requirements in terms of other applicable legislation.

70. It is a positive sign that National Treasury will assist and that the debt relief programme may, if conditions are complied with, bring a degree of relief to the Applicant's financial distress. It is a further positive sign that the Applicant is able to comply with the costs occasioned by legislation other than the LRA, under which collective agreements are concluded. However, the Applicant is incorrect in holding that employees' rights would not be infringed if an exemption is granted. The employees are, in terms of the Salary and Wage Collective Agreement, entitled to an increase. If that increase is not paid, their rights are not respected.

71. The First Respondent added under "other factors" (the ninth factor) public interest. The citizens of the country, funding the fiscus, are entitled to proper services. Employees are unlikely to be able to render such services where their personal circumstances are imperilled and their standard of living eroded by irresponsible governance.

72. Once again, the First Respondent is concentrating on employees only without regard to the employer's situation. That can be expected; that is what unions do. But, if fairness to both employer and employees are to be considered, the

employer's circumstances should not be overlooked. A municipality has the obligation to provide services to the public. It needs funds to do so. Employees and unions must also realise that it is not about their subjective feelings and reactions only but, in the bigger scheme of things, about the broader public and every citizen in the country – which includes them.

73. In summary of what has been said: it is clear that the Applicant is in a precarious financial situation. It has a deficit that cannot be ignored. On the other hand though, it is clear that the Applicant needs to re-prioritise. We have not had the benefit of viewing and studying the budget, but from what has been submitted, it appears that some aspects are provided for, others not. One or two examples will suffice: it cannot be said that increases for councillors are more of a priority than increases to employees, not if an increase for employees has been negotiated and included in a collective agreement. Nor can it be justifiable that expenditure on contracted services has been increased considerably, such as more than R1m per month more on security (despite the fact that more security guards were needed).

74. The Applicant's financial situation does not look very optimistic at this time and I do have concerns. However, in the bigger scheme, an increase of some R23m in salaries and wages, plus benefits will not have a critical or undue impact on the Applicant's situation, given the fact that assistance can and, if properly managed will, come from the recovery plan and hopefully the debt relief programme.

75. The application for exemption is thus dismissed. However, I deem it appropriate that the Applicant be afforded some time to implement the increases, which were supposed to be paid with effect 1 July 2023. This, I believe, is fairness to both sides.

76. The Applicant is ordered to review and adjust its budget and especially to prioritise. The adjusted budget must provide for the payment of increases in respect of July 2023 until February 2024 at the end of February 2024 and for the payment of the increased monthly amounts in respect of every month after February 2024. The Applicant is further ordered to follow the legal requirements and procedures to have the adjustments budget approved so that the payments in respect of July 2023 – February 2024 are paid at the end of February 2024.

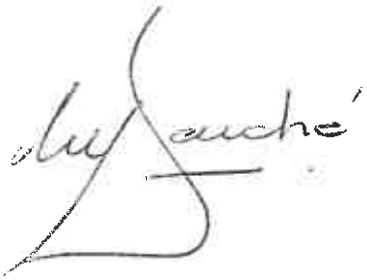
Ruling

77. The application for exemption is dismissed.

78. The Applicant is ordered to review and adjust its budget and to prioritise salary, wage and benefits increases to employees in accordance with the Salary and Wage Collective Agreement and, further, to have the adjustments budget approved.

79. The Applicant is ordered to pay said increases in respect of July 2023 – February 2024 on the normal pay day towards the end of February 2024 and thereafter monthly for the remainder of the financial year.

SIGNED AT PORT ELIZABETH ON THIS 28TH OF SEPTEMBER 2023



Marion Fouché
SALGBC National Commissioner