



SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL

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16 August 2018

To: All Municipal Managers

THE PARTIES:

SALGA
SAMWU
IMATU

Mr. X George (012) 369-8001
Mr. S Mathe (021) 696-9175
Mr. J Koen (012) 460-8444

REGIONAL SECRETARIES:

Gauteng Division
Eastern Cape Division
Western Cape Division
Northern Cape/Free State Division
North West/Mpumalanga/Limpopo Division
KwaZulu-Natal Division

Ms. M Nduli (012) 665-1014
Mr. C Gqeke (041) 581-3648
Ms. W Brink (021) 917-1145
Mr. T Mqobongo (053) 831-3608
Ms. N Hlangwani (012) 342-7015
Mr. V Nzuza (031) 201-9752

Dear Sir/Madam

CIRCULAR NO. 6 /2018

SALARY AND WAGE COLLECTIVE AGREEMENT

The parties to the council have concluded a multi-year (3 year) Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021. The Salary and Wage Collective Agreement dated 15 August 2018 is attached herewith.

All municipal officials, who are responsible for implementing the Salary and Wage Collective Agreement, are advised to ensure the correct implementation and application of the relevant clauses in the Salary and Wage Collective Agreement for the 2018/2019 financial year.

The Salary and Wage Collective Agreement must be displayed on municipal notice boards. The Salary and Wage Collective Agreement is available on the SALGBC website on 17 August 2018.

Yours faithfully


Mr. S. Govender
GENERAL SECRETARY
Encl.

Address correspondence to the General Secretary



**SOUTH AFRICAN LOCAL GOVERNMENT
BARGAINING COUNCIL**
(Hereinafter referred to as "the "SALGBC")

**SALARY AND WAGE
COLLECTIVE AGREEMENT**

In accordance with the provisions of the Labour Relations Act, 1995 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")

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- 4.3 Provide for general across the board salary adjustments as well as increases in the minimum wage for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively;
- 4.4 Provide for the expression of a shared commitment by the parties to finalise the negotiations on a framework for the rationalisation of Retirement Funds in the sector, in a separate collective agreement to be negotiated under the auspices of the SALGBC;
- 4.5 Provide for annual adjustments to the maximum monthly employer contribution rate to accredited medical schemes for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively, based on the 60/40 principle;
- 4.6 Provide for annual increases to the Home Owners Allowance and the Non-Pensionable Allowance for GAP Market employees, as well as the expression of a shared commitment by the parties to promote home ownership and expedite the conclusion of the housing investigation currently underway in the SALGBC; and to
- 4.7 Provide for matters connected therewith.

5. DEFINITIONS

All expressions used in this agreement, which are defined in the Labour Relations Act, 1995 (hereinafter referred to as "the Act"), shall bear the same meaning as in the Act, unless the contrary intention appears, words importing the masculine gender shall include the feminine.

6. SALARY AND RELATED INCREASES

Financial Year 2018/2019

- 6.1 In respect of this financial year, all employees covered by this agreement shall receive an increase of seven percent (7%) with effect from 1 July 2018.

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- 6.2 Employees who earn a basic salary of R9 000.00 or less shall receive a further increase of **zero comma five percent (0,5%)** with effect from 1 October 2018 based on the salaries of the employees as at 30 September 2018.

Financial Year 2019/2020

- 6.3 Subject to clause 6.5, in respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2019, an increase based on the projected CPI percentage for 2019, plus **one comma five percent (1,5%)**.
- 6.4 The forecasts of the Reserve Bank, in terms of the January 2019 Monetary Policy Committee Statement shall be used to determine the projected CPI in terms of clause 6.3 above.
- 6.5 In the event that the projected CPI percentage for the period as contemplated in clause 6.3 above is less than five percent (5%), the projected CPI for this period will be deemed to be five percent (5%), and in the event that the projected CPI for this period is above ten percent (10%), the projected CPI will be deemed to be ten percent (10%).

Financial Year 2020/2021

- 6.6 Subject to clause 6.8, in respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2020, an increase based on the projected CPI percentage for 2020, plus **one comma two five percent (1,25%)**.
- 6.7 The forecasts of the Reserve Bank, in terms of the January 2020 Monetary Policy Committee Statement shall be used to determine the projected CPI in terms of clause 6.6 above.
- 6.8 In the event that the projected CPI percentage for the period as contemplated in clause 6.6 above is less than five percent (5%), the projected CPI for this period will be deemed to be five percent (5%), and in the event that the projected CPI for

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this period is above ten percent (10%), the projected CPI will be deemed to be ten percent (10%).

Linked Benefits and Conditions of Service

6.9 Any benefit or condition of service that ordinarily increases by virtue of its link to the increase in the salary of an employee, shall increase by the same rate as the salary increase in each financial year, as set out above.

7. MINIMUM WAGE

7.1 With effect from 1 July 2018, the minimum wage payable in the sector shall be **Seven Thousand Three Hundred and Twenty-Four Rand and Twenty-Four Cents (R7 324.24)** per month.

7.2 With effect from 1 January 2019, the minimum wage payable in the sector shall increase by a further **zero comma five percent (0,5%)**, calculated on the salaries of the employees as at 31 December 2018, to **Seven Thousand Three Hundred and Sixty Rand and Eighty-Six Cents (R7 360.86)**.

7.3 With effect from 1 July 2019 the minimum wage payable in the sector shall increase by the same percentage as the salary and wage increase for the 2019/2020 financial year (clauses 6.3, 6.4 and 6.5 above); and

7.4 With effect from 1 July 2020 the minimum wage payable in the sector shall increase by the same percentage as the salary and wage increase for the 2020/2021 financial year (clauses 6.6, 6.7 and 6.8 above).

8. RETIREMENT FUNDS

The parties agree to conclude the terms and conditions of the Retirement Fund Restructuring process in a separate collective agreement negotiated under the auspices of the applicable bargaining council committee.

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9. HOME OWNERS ALLOWANCE

9.1 Increase to the Home Owners Allowance

9.1.1 The flat rate Home Owners Allowance (R796.61) shall increase as follows:

9.1.1.1 For the 2018/2019 financial year, with effect from 1 July 2018, by the same percentage as the salary and wage increase for the 2018/2019 financial year (clause 6.1 above) to **R852.37**;

9.1.1.2 For the 2019/2020 financial year, with effect from 1 July 2019, by the same percentage as the salary and wage increase for the 2019/2020 financial year (clauses 6.3, 6.4 and 6.5 above); and

9.1.1.3 For the 2020/2021 financial year, with effect from 1 July 2020, by the same percentage as the salary and wage increase for the 2020/2021 financial year (clauses 6.6, 6.7 and 6.8 above).

9.2 Housing Investigation

Home ownership must be encouraged. The parties commit to complete the comprehensive housing investigation to determine an appropriate Home Owners Allowance and improve access to housing for employees within the Local Government sector during the currency of the agreement.

9.3 GAP Market Employees / Non-Pensionable Allowance

9.3.1 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.

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9.3.2 GAP Market employees who earn a basic salary of R9 000.00 per month or less, as at 1 July 2018, and who do not own or receive any form of housing assistance or do not participate in the current or any other Home Owners Allowance scheme shall be paid a Non-Pensionable Allowance of R350.00 per month with effect from 1 July 2018, provided that only one benefit is paid per household.

9.3.3 The Non-Pensionable Allowance, referred to in clause 9.3.2 above, shall increase as follows:

9.3.3.1 For the 2019/2020 financial year, with effect from 1 July 2019, by the same percentage as the salary and wage increase for the 2019/2020 financial year (clauses 6.3, 6.4 and 6.5 above); and

9.3.3.2 For the 2020/2021 financial year, with effect from 1 July 2020, by the same percentage as the salary and wage increase for the 2020/2021 financial year (clauses 6.6, 6.7 and 6.8 above).

9.3.4 GAP Market employees who earn a basic salary of R9 000.00 per month, or less, as at 1 July 2018, shall receive the Non-Pensionable Allowance for the duration of this agreement.

9.3.5 Should the outcome of the housing investigation process produce a more favourable GAP Market allowance dispensation, and a collective agreement is concluded to give effect thereto, such an agreement shall supersede and replace the Non-Pensionable Allowance.

10. MEDICAL AID

10.1 For the duration of this agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes of R3 942.22 shall increase as follows:

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- 10.1.1 For the 2018/2019 financial year, with effect from 1 July 2018, by the same percentage as the salary and wage increase for the 2018/2019 financial year (clause 6.1 above) to R4 218.17;
- 10.1.2 For the 2019/2020 financial year, with effect from 1 July 2019, by the same percentage as the salary and wage increase for the 2019/2020 financial year (clauses 6.3, 6.4 and 6.5 above); and
- 10.1.3 For the 2020/2021 financial year, with effect from 1 July 2020, by the same percentage as the salary and wage increase for the 2020/2021 financial year (clauses 6.6, 6.7 and 6.8 above).

11. APPLICATIONS FOR EXEMPTION

11.1 Exemptions Process


- 11.1.1 Any Party or person bound by this collective agreement concluded under the auspices of the Council or which binds the Parties to the Council, shall be entitled to apply for exemption from any provision of the said collective agreement.
- 11.1.2 All applications for exemption shall be made in writing on the appropriate application form, obtained from the Council, setting out relevant information, including:
- 11.1.2.1 The provisions of the agreement in respect of which exemption is sought;
- 11.1.2.2 The number of persons in respect of whom the exemption is sought;
- 11.1.2.3 The reasons why the exemption is sought;
- 11.1.2.4 The nature and size of the municipality in respect of which the exemption is sought;

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- 11.1.2.5 The duration and timeframe for which the exemption sought;
 - 11.1.2.6 The business strategy and plan of the applicant seeking the exemption;
 - 11.1.2.7 The applicant's past record (if applicable) of compliance with the provisions of the Collective Agreement, its amendments and exemptions certificate;
 - 11.1.2.8 Confirmation that the trade union or workforce itself were advised of the exemption application at local level; and
 - 11.1.2.9 Any other relevant supporting data and financial information the Council may prescribe from time to time.
- 11.1.3 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 Council and the applicant shall serve a copy of the application as follows:
- 11.1.3.1 In the case of a Trade Union or employee 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
 - 11.1.3.2 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.
- 11.1.4 The Parties referred to in clause 11.1.3, 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 Council. The Party shall also be obliged to submit the response to the applicant for exemption.

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- 11.1.5 The application for exemption shall be considered by the National Exemption Committee.
- 11.1.6 All applications considered by the National Exemption Committee shall, unless determined otherwise by a Senior Panellist, only be based on the written application and arguments in respect of the application, if any by the applicant and any party or person opposing the application. The Senior Panellist shall consider exemption applications in a manner that is fair and transparent and applications shall be determined as expeditiously as possible which may include the hearing of evidence and arguments.
- 11.1.7 In the event of applications being made that are frivolous and vexatious, such applications may be dismissed with costs.
- 11.1.8 Where a municipality applies for exemption it shall not implement any changes to existing provisions until the exemption is finalised, unless the National Exemption Committee decides otherwise.
- 11.1.9 The National Exemptions Committee must consider and make its decision within 30 days of the Council having received the exemption application.
- 11.1.10 The onus to prove the case for the granting of an exemption lies with the applicant.
- 11.1.11 Parties undertake to make every reasonable effort to assist their members to discharge such onus in a full and proper manner.
- 11.1.12 National Exemption Committee:
- 11.1.12.1 The Executive Committee of the SALGBC shall establish a dedicated exemptions panel of arbitrators from the National Panel of conciliators and arbitrators of the SALGBC.

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11.1.12.2 The General Secretary of the SALGBC shall appoint a Senior Panellist from the dedicated exemptions panel of arbitrators to hear and determine the application for exemption.

11.1.12.3 The General Secretary of the SALGBC or his nominee shall provide secretarial services to the National Exemption Committee.

11.1.12.4 The National Exemption Committee shall undertake its duties in a fair and transparent manner and shall have the powers and functions to:

11.1.12.4.1 Grant or reject an application for exemption; and

11.1.12.4.2 Approve interim adjustments in circumstances where this will not affect the final outcome.

11.1.12.5 The National Exemption Committee shall grant or reject an exemption application within thirty (30) days after a referral to the General Secretary.

11.1.12.6 The Senior 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.

11.1.12.7 The decisions of the National Exemption Committee shall be final and binding subject to the applicant's right of appeal. In the event that the National Exemption Committee declines to grant an exemption, the applicant shall be notified that its application has been unsuccessful and that it has the right of appeal to the Exemption Appeal Tribunal. The National Exemptions Committee shall provide brief written reasons for its decision.

11.1.12.8 An exemption certificate which contains the following information shall be signed by the Senior Panellist of the

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National Exemption Committee and the General Secretary of the SALGBC:

11.1.12.8.1 The full name of the applicant employer;

11.1.12.8.2 The date of issue;

11.1.12.8.3 The details of the agreement for which exemption is granted;

11.1.12.8.4 The period for which exemption shall operate;

11.1.12.8.5 The terms and conditions, or remedial requirements of the exemption;

11.1.12.8.6 Any other matter the arbitrator deems relevant; and

11.1.12.8.7 The exemption certificate shall be sent directly to the applicant and to the relevant Regional Secretary, who shall inform the parties to the division of the final terms and conditions within five (5) working days after receipt of such certificate.

11.1.13 Criteria and Other Factors to be considered by Exemptions Committees and Exemptions Appeal Tribunal

11.1.13.1 When considering an application for exemption, including an appeal or an application for the withdrawal of a certificate of exemption by the Council, the following criteria shall be taken into account (the order not indicating any form of priority):

11.1.13.1.1 Any written and/or verbal substantiation provided by the applicant or a party to the SALGBC;

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- 11.1.13.1.2 Fairness to the employer, its employees and other employers and the employees in the industry;
- 11.1.13.1.3 Whether an exemption, if granted would undermine this agreement or the collective bargaining process;
- 11.1.13.1.4 The employer is unable to afford the costs of the whole or part of this agreement or;
- 11.1.13.1.5 The employer has short-term cash flow problems necessitating a limited exemption;
- 11.1.13.1.6 Unexpected economic hardship occurring during the currency of this agreement and job creation and/or loss thereof;
- 11.1.13.1.7 Whether a budgetary provision was made for implementation of the obligation arising out of the collective agreement;
- 11.1.13.1.8 The infringement of basic conditions of employment rights;
- 11.1.13.1.9 The fact that a competitive advantage might be created by exemption;
- 11.1.13.1.10 Comparable benefits or provisions where applicable;
- 11.1.13.1.11 The applicant's compliance with other statutory requirements such as the Compensation for Occupational Injuries and Diseases Act 130 of 1993, Basic Conditions of Employment Act 75 of 1997, Employment Equity Act 55 of 1998, Skills

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Development Act 97 of 1998, Skills Development Levies Act 9 of 1999, or Unemployment Insurance Act 63 of 2001; or

11.1.13.1.12 The applicant's past record of compliance with collective agreements;

11.1.13.1.13 The precedents for exemptions set since the introduction of this procedure and the effects of its proposal as a precedent in its own divisions or other divisions;

11.1.13.1.14 Any process or directives as may be agreed to by the Executive Committee from time to time; or

11.1.13.1.15 Any other factor(s) which is considered appropriate.

11.1.14 Exemptions Appeal Tribunal (The Tribunal)

11.1.14.1 An appeal shall be considered by an external panellist other than the arbitrators from the national panel of conciliators and arbitrators. The external panellists shall be drawn from either the CCMA or any other suitable or equivalent agency.

11.1.14.2 Parties wishing to appeal shall forward their appeal to the General Secretary within five (5) days of receipt of the Council decision rejecting the exemption application.

11.1.14.3 The General Secretary shall convene a meeting of the Exemptions Appeal Tribunal not later than fourteen (14) days from having received the appeal. The Tribunal must finalize its decision within 30 days of the date of the appeal being lodged with the Council.

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11.1.14.4 The Exemptions Appeal Tribunal:

11.1.14.4.1 Shall consider the appeal fairly and quickly.

11.1.14.4.2 May condone a late appeal.

11.1.14.4.3 Decide whether the appeal is to be dealt with on the papers and/or by means of oral submissions.

11.1.14.4.4 Deliver its determination to the General Secretary of the Council within the 30 day period as stated in 11.1.14.3 above, who will then in turn notify the appellant and the other parties copying same to the relevant Regional Secretary.

11.1.15 For the purposes of this section only, "Day" shall mean calendar day.

12. ENFORCEMENT OF THIS COLLECTIVE AGREEMENT

12.1 Despite any other provision in the Act, the Council shall monitor and enforce compliance of this collective agreement in terms of Section 33A of the Act.

12.2 The General Secretary or his appointed designated agent may, in keeping with the SALGBC constitution and Section 33(3) of the Act, issue a compliance order in terms of which any person bound by this collective agreement is required to comply with the terms of this agreement, stipulating the alleged breach and requiring that such breach be rectified within ten (10) days of receipt of such compliance order.

12.3 The Council may refer any unresolved dispute concerning compliance with any provision of this collective agreement to arbitration by an arbitrator appointed by the SALGBC.

12.4 If a party to an arbitration in terms of Section 33A of the Act is not a party to the SALGBC, and objects to the appointment of an arbitrator, the CCMA (herein

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referred to as "the Commission"), on request by the Council, must appoint an arbitrator.

12.5 If an arbitrator is appointed by the Commission in terms of 12.4:

12.5.1 The council remains liable for the payment of the arbitrator's fee; and

12.5.2 The arbitration is not conducted under the auspices of the Commission.

12.6 An arbitrator conducting an arbitration in terms of Section 33A of the Act has the powers of a commissioner in terms of Section 142 of the Act, read with the changes required by the context.

12.7 Section 138 of the Act, read with the changes required by the context, applies to any arbitration conducted in terms of Section 33A of the Act and clause 12.6.

12.8 An arbitrator acting in terms of Section 33A of the Act and clause 12.6 may determine any dispute concerning the interpretation or application of a collective agreement.

12.9 An arbitrator conducting an arbitration in terms of Section 33A of the Act and clause 12.6 may make an appropriate award, including:

12.9.1 Ordering any party to pay any amount owing in terms of a collective agreement;

12.9.2 Imposing a fine for a failure to comply with a collective agreement;

12.9.3 Charging a party an arbitration fee;

12.9.4 Ordering a party to pay the costs of the arbitration;

12.9.5 Confirming, varying or setting aside a compliance order issued by the General Secretary or his appointed designated agent; and

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12.9.6 Any award contemplated in Section 139 (9) of the Act.

12.10 Interest on any amount that a party is obliged to pay in terms of this collective agreement accrues from the date on which the amount was due and payable at the rate prescribed in terms of Section 1 of the Prescribed Rate of Interest, Act 55 of 1975, unless the arbitration award provides otherwise.

12.11 An arbitration award in an arbitration conducted in terms of Section 33A of the Act and clause 12.6 is final and binding and may be enforced in terms of Section 143 of the Act.

12.12 If an employer upon whom a fine has been imposed in terms of this Section files an application to review and set aside an award made in terms of this clause 12.6, any obligation to pay a fine is suspended pending the outcome of the application.

13. DISPUTES ABOUT THE APPLICATION OR INTERPRETATION OF THIS COLLECTIVE AGREEMENT

13.1 Any person or Party may refer a dispute about the application or interpretation of this agreement to the General Secretary of the Council.

13.2 The General Secretary must appoint a conciliator from the national panel of conciliators, (doing so as far as possible on a rotational basis) to attempt to resolve the dispute.

13.3 If the dispute remains unresolved any of the parties to the dispute may request the General Secretary to appoint an arbitrator from the national panel of arbitrators, (doing so as far as possible on a rotational basis) to arbitrate the dispute.

14. ENTIRE AGREEMENT, SEVERABILITY, WAIVER AND VARIATION

14.1 This agreement incorporates the entire agreement between the parties.

14.2 Any failure by any Party to enforce any provision of this agreement shall not constitute a waiver of such provision or affect, in any way, a Party's right to require

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performance of such provision at any time in the future, nor shall the waiver of any subsequent breach nullify the effectiveness of the provision itself.

14.3 If any provision of this agreement is held to be illegal, invalid or unenforceable, such illegality, invalidity and/or unenforceability shall not affect the other provisions of this agreement which shall continue to remain in force and effect.

THIS AGREEMENT WAS CONSIDERED, ADOPTED AND APPROVED BY THE BARGAINING COMMITTEE OF THE CENTRAL COUNCIL IN TERMS OF CLAUSE 17.3 OF THE CONSTITUTION.

SIGNED BY THE PARTIES AT DURBAN ON THIS THE 15TH DAY OF AUGUST 2018.



**MEMBER OF THE SALGBC
(REPRESENTING SALGA – MR X GEORGE)**



**MEMBER OF THE SALGBC
(REPRESENTING IMATU – MR S KHOZA)**



**MEMBER OF THE SALGBC
(REPRESENTING SAMWU – MR P MOLALENYANE)**



**GENERAL SECRETARY OF THE SALGBC
MR S S GOVENDER**