

Salga, unions secure 3.5% salary increase

The South African Local Government Association (Salga) and unions have secured a multi-year salary and wage deal that will see employees in the sector receive a 3.5% increase over the next three years.



Source: Ion Chiosea – 123RF.com

Salga, the employer body that represents the country's 257 municipalities, in a statement said the parties reached the agreement at the SA Bargaining Council after a lengthy stalemate.

The association has been in salary and wage negotiations with the South African Municipal Workers Union (Samwu) and Independent Municipal & Allied Trade Union (Imatu) since March 2021.

"The salary and wage negotiations have now concluded and an agreement covering three financial years, from 2021 – 2024, was voted unanimously, which has a package of salary based and associated measures.

"Foremost in the package is a multi-year wage deal, pension fund reforms, a financial relief mechanism for municipalities in financial distress and for the terms of the agreement to be revisited should unforeseen negative economic circumstances

arise in future during the period of the agreement,” said SALGA.

The collective agreement, in respect of this current financial year, stipulates that all municipal employees shall receive an increase of 3.5%, with effect from 1 July 2021, a period in which the remuneration of municipal employees is adjusted every year.

Municipal workers will also receive a once-off non-pensionable cash allowance. In this regard, employees earning a basic salary of R12,500 or less as at 1 July 2021, would receive an amount of R4,000. Their colleagues, who earn a basic salary of over R12,501 as at 1 July 2021, would receive R3,000.

Salga said the while the salary increase of 3.5% was effective from 1 July 2021, the effect of the cash allowance becomes operational at a later stage.

“To mitigate the impact of paying these cash allowances, the agreement envisages an extended timeframe within which municipalities can make adjustments to their current budget in order to fulfil this obligation, unless they have applied for exemptions.

“A further provision in the agreement is that inflation-linked increases in the outer years of this agreement will be based on the inflation outlook and projections made by the South African Reserve Bank.”

The association said the new collective agreement represents a win-win outcome for the negotiating parties and “gives municipalities who are in financial distress a lifeline and a breathing room”.

It said the agreement also imposes a zero-rated increase in some benefits, such as homeowner’s allowance and medical aid.

The work on the pension restructuring will commence, which will see several reforms.

Salga said reaching the deal was no easy feat, as negotiators in the bargaining council deadlocked several times leading to a conciliator being brought in after a facilitator’s proposal in August 2021 also failed to conclude the negotiations.

“The municipal wage talks took place in the backdrop of a severe financial economic distress environment imposed by the devastating global Covid-19 pandemic, and Salga approached the negotiations [in a manner that will] sustain the financial sustainability of municipalities, while balancing the interest of the labour to ensure peace and stability, as well as in ensuring the continuation of service delivery.

“The collective agreement means that the sector will be stable in that there will be no need for year-on-year wage negotiations. The multi-year collective agreement will enable municipalities to budget without uncertainty in the medium-term budgeting process.

“Local government attention can now focus on service delivery and preparing the transition towards the 5th Term Democratic and People-Centred Local Government without interruptions,” SALGA said.

It acknowledged the country’s municipalities for having provided strategic direction and meaningful support that has assisted the wage negotiations to conclude. It thanked labour parties for contributing to this process, and the SA Bargaining Council for providing a conducive environment for the wage talks.