

MEDIA STATEMENT

10 August 2011

RATEPAYERS CAN'T AFFORD 18% DEMAND

The South African Local Government Association (SALGA) is concerned about the affordability of the 18% demand by Unions IMATU and SAMWU on already struggling and cash-strapped municipalities. SALGA and its member municipalities would like to apologise to the South African Public for the likely impact the municipal workers' strike will have on Communities.

On 31 July 2009, SALGA entered into a three year Collective Agreement with the Unions for the financial period 2009/10 to 2011/12. For the first two years of the agreement wage and salary increases of 13% (2009-10) and 8.48% (2010-11) were implemented. For the current year (2011-12) the agreement provides for a 6.08% increase. This effectively equates to an average of 9% per annum increase over the three year period. The Unions disputed the 6.08% and instead demanded an 18% increase.

Following conciliation proceedings a proposal was made by the Conciliator of a 7.5% increase, based on a notional CPI of 5.5% plus 2%. Member municipalities have indicated that they cannot afford such an increase, for instance the implementation of the increase from 6.08% to 7.5% will cost the City of Cape Town an additional R96 million per annum and the City of Johannesburg an additional R97.5 million per annum. Meeting the 18% demand from the Unions will cost the City of Johannesburg an additional R829 million per annum.

The impact of acceding to the Unions' demand is that the necessary funding would be sourced from within existing municipal revenue. This includes increasing rates and taxes. The ripple effect throughout the economy of the country would include rising prices of goods and services. Rising prices that SAMWU and IMATU members would likewise be exposed to. Alternatively, meeting the demands may include scaling down municipal services to communities. This may also result in a possible loss of jobs and increase the possibility of protests against poor service delivery.

Should this strike proceed, it is hoped that Union officials will ensure that ill-discipline incidents of the past like trashing of the streets, damage to property and general undermining of the rights of those choosing not to participate in the strike would not repeat itself.

Given the above it is important that all the scarce resources should be directed at improving service delivery and ensuring a better quality of life for all our residents and ratepayers.

Even at this last hour SALGA hopes that an amicable solution will be found. All member municipalities have contingency plans in place and will activate them during the strike.

Issued by SALGA

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