

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 338 [NW349E]
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338. Mr C Brink (DA) to ask the Minister of Finance:

Whether the National Treasury, on its own or in collaboration with other departments, conducted an assessment of the affordability of the implementation of the SA Local Government Bargaining Council Salary and Wage Collective Agreement for the municipal financial years 2021-24, which was concluded on 15 September 2021; if not, why has such an assessment not been conducted; if so, what are the relevant details of the assessment?

NW349E

REPLY

No, the National Treasury did not undertake an assessment on the affordability of the SA Local Government Bargaining Council Salary and Wage Collective Agreement for the 2021-2024 financial years. National Treasury is not directly involved in the collective bargaining matters relating to local government wage agreements and the associated implementation costs. These are negotiated between the employer represented by the South African Government Association (SALGA) and Labour represented by various trade unions.

The National Treasury and Provincial Treasuries undertake assessments twice a year (before a budget is adopted and at mid-term of the financial year) on the ability of a municipality to fund its operating budget. These assessments include the affordability of salaries and wages as a component of municipal expenditure. In addition, the National Treasury also undertakes an annual assessment on the State of Municipal Finances and Financial Management to identify municipalities in financial distress.

Even before the start of the COVID-19 pandemic, there were already 166 municipalities in financial distress. On this basis, the National Treasury advised SALGA on the need for greater fiscal prudence given the decline in overall economic activity and the concomitant impact thereof on municipal revenues. The National Treasury expressed concerns in a letter to SALGA that there should be an exit clause which allows for exemptions from salary increases for those municipalities that cannot afford these such increases. SALGA provided an undertaking in this regard indicating that any municipality who cannot afford the salary and wage increase on the basis of their financial health reports will be allowed to use the exit clause in the agreement making it easier for the municipality to apply for an exemption.