

**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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1. SCOPE OF APPLICATION

The terms of this agreement shall be observed in the Local Government Undertaking in the Republic of South Africa by all employers and by all employees who fall within the scope of the SALGBC.

2. EXCLUSIONS: SECTION 57 EMPLOYEES

Municipal Managers and those employees appointed as managers directly accountable to Municipal Managers in terms of Section 57 of the Municipal Systems Act 32 of 2000, as amended, shall be excluded from all the terms of this collective agreement.

3. PERIOD OF OPERATION

3.1 Notwithstanding the date of signature, this agreement shall come into operation in respect of the Parties to the agreement on 1 July 2012, and shall remain in force until 30 June 2015.

3.2 This agreement shall come into operation in respect of non-parties on a date to be determined by the Minister of Labour, and shall remain in force until 30 June 2015.

4. OBJECTIVES

The objectives of this agreement are, *inter alia*, to:

4.1 Provide for the general across the board salary adjustments as well as increases in the minimum wage for the financial years 2012/2013, 2013/2014 and 2014/2015 respectively; and

4.2 Provide for an increase in the maximum monthly employer contribution rate to accredited medical schemes for the financial years 2012/2013, 2013/2014 and 2014/2015 respectively; and

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- 4.3 Provide for uniform contribution rates by the employer to Defined Contribution Retirement Funds, and to set a timeframe for the negotiation of a framework for the rationalisation of Retirement Funds in the Sector; and
- 4.4 Provide for a consultation process around the filling of funded vacancies in Municipalities in the Republic of South Africa; and
- 4.5 Provide for a structured process and timeframes within which to finalise the review of the Main Collective Agreement and the Disciplinary Procedure and Code Collective Agreement.

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 2012/2013

- 6.1 In respect of this financial year, all employees covered by this agreement shall receive an increase of six comma five percent (6.5%) with effect from 1 July 2012 and a further increase of zero comma five percent (0.5%) with effect from 1 January 2013 based on the salaries of the employees as at 31 December 2012.

Financial Year 2013/2014

- 6.2 Subject to clause 6.3, in respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2013, an increase based on the average CPI percentage for the period 1 February 2012 until 31 January 2013, plus one-comma two five percent (1.25%).

- 6.3 In the event that the average CPI percentage for the period as contemplated in clause 6.2 above is less than 5%, the average CPI for this period will be deemed to be 5%, and in the event that the average CPI for this period is above 10%, the average CPI will be deemed to be 10%.

Financial Year 2014/2015

- 6.4 Subject to clause 6.5, in respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2014, an increase based on the average CPI percentage for the period 1 February 2013 until 31 January 2014, plus one percent (1%).
- 6.5 In the event that the average CPI for this period as contemplated in clause 6.4 above is less than 5%, the average CPI for this period will be deemed to be 5% and in the event of the average CPI is above 10%, the average CPI will be deemed to be 10%.

Linked Benefits and Conditions of Service

- 6.6 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, subject to the special provisions relating to the increase of the maximum employer contribution to medical schemes as set out in clause 8 below.

7. MINIMUM WAGE

- 7.1 With effect from 1 July 2012, the minimum wage payable in the sector shall be R4 902 (Four Thousand Nine Hundred and Two Rand) per month.
- 7.2 With effect form 1 January 2013, the minimum wage in the sector shall be R4 927 (Four Thousand Nine Hundred and Twenty Seven Rand) per month.

- 7.3 With effect from 1 July 2013 the minimum wage payable in the sector shall increase by the same percentage as determined in terms of clause 6.2 above.
- 7.4 With effect from 1 July 2014 the minimum wage payable in the sector shall increase by the same percentage as determined in terms of clause 6.4 above.

8. MEDICAL AID

8.1 Increase in the maximum employer contribution

For the duration of this agreement and notwithstanding the provisions of clause 4.1.2 (c) of Part B of the Main Collective Agreement, the maximum employer contribution towards accredited medical schemes shall increase as follows:

- 8.1.1 With effect from 1 July 2012, the maximum employer contribution to an employee's accredited medical scheme shall be increased to Three Thousand Four Hundred and Forty Rand (R3 440).
- 8.1.2 With effect from 1 July 2013, the maximum employer contribution rate to an employee's accredited medical scheme as set out in clause 8.1.1, shall be increased by 50% of the percentage increase referred to in clause 6.2 above.
- 8.1.3 With effect from 1 July 2014 the maximum employer contribution rate to an employee's accredited medical scheme, as set out in clause 8.1.2, shall be increased by 25% of the percentage increase referred to in clause 6.4 above.

8.2 Investigation into medical aid for low income earners

The parties agree to conduct an investigation into providing medical aid cover for low income earners, fully funded by the employer and parties will consider proposals made or to be made in respect of such medical aid cover. The investigation shall take into consideration the proposed National Health Insurance

(NHI) Scheme and such an investigation is to be concluded by 31 December 2012.

9. RETIREMENT FUNDS

- 9.1 For the purposes of this clause 9, Defined Contribution Retirement Fund shall mean either a Defined Contribution Pension Fund or a Defined Contribution Provident Fund.
- 9.2 With effect from 1 August 2012, newly appointed employees in the local government sector shall only join a Defined Contribution Retirement Fund, operating in the various municipalities in the local government sector.
- 9.3 With effect from 1 July 2012, the monthly employer contribution towards Defined Contribution Retirement Funds will be eighteen percent (18%) of the monthly basic salary of all employees, subject to clause 9.4, below.
- 9.4 Notwithstanding anything to the contrary herein, any employee who currently receives a monthly contribution rate that is higher than the eighteen percent (18%) referred to in clause 9.3 above, will retain such higher monthly employer contribution rate.
- 9.5 The Parties undertake to conclude a collective agreement on the rationalisation of pension funds by no later than 31 December 2012. The Parties may agree, in writing, to amend this deadline.
- 9.6 The Parties undertake to bring the Retirement Funds Dispute under case number HQ121108 to a conclusion by no later than 31 December 2012. However, should the Parties not be able to conclude a collective agreement by the aforesaid deadline, and no extensions have been agreed to, a certificate of non-resolution must be issued and the Parties shall have recourse to the relevant dispute resolution mechanisms provided for in the Act and the Constitution of the SALGBC.

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10. FILLING OF VACANCIES

Municipalities acknowledge the need to fill funded vacancies on approved organograms and the employer shall make regular reports to the appropriate Local Labour Forum (LLF) on the filling of the abovementioned vacant posts within the context of the provisions of the Main Collective Agreement and the Municipal Systems Act (as amended). The Trade Unions may raise issues relating to this matter at the appropriate LLF.

11. MAIN COLLECTIVE AGREEMENT

11.1 The Parties note that SALGA has served notice that it will terminate the Main Collective Agreement concluded between the Parties on 18 June 2007, and the Trade Unions have indicated their intention to challenge this. This notice, dated 21 May 2012, in this regard shall be considered withdrawn.

11.2 The Parties agree to meet on an urgent basis, in a process to be conducted under the auspices of a facilitator appointed by the SALGBC, in order to consider proposals by all Parties and, if possible, to conclude a new Main Collective Agreement. The Parties have until 31 December 2012 to conclude a new collective agreement referred to herein.

12. DISCIPLINARY PROCEDURE AND CODE COLLECTIVE AGREEMENT

12.1 The Parties note that SALGA has served notice that it will terminate the Disciplinary Procedure and Code Collective Agreement concluded between the Parties on 21 April 2010, and the Trade Unions have indicated their intention to challenge this. This notice, dated 21 May 2012, in this regard shall be considered withdrawn.

12.2 The Parties agree to meet on an urgent basis, in a process to be conducted under the auspices of a facilitator appointed by the SALGBC, in order to consider proposals by all Parties and, if possible, to conclude a new Disciplinary

Procedure and Code Collective Agreement. The Parties have until 31 December 2012 to conclude a new collective agreement referred to herein.

13. INTEREST DISPUTE ON SALARY AND WAGES

IMATU will withdraw the current interest arbitration dispute arising from the Salary and Wage Collective Agreement dated 31 July 2009, under case number HQ041106 and each party will pay its own costs.

14. APPLICATIONS FOR EXEMPTION FOR PARTIES

14.1 Principles

- 14.1.1 An application may be made for exemption from any or all of the provisions of this collective agreement.
- 14.1.2 All applications for exemption shall be lodged with the SALGBC and heard, at a divisional and/or national level, by an Exemption Committee to be facilitated by a Senior Panellist.
- 14.1.3 No application will be considered unless it is accompanied by full supporting documentation.
- 14.1.4 The full terms of this collective agreement are to be implemented, where financially possible, before the end of the relevant financial year.
- 14.1.5 Those employers previously granted exemptions may apply to pay higher increases than the terms of this collective agreement in order to bridge the gap between the salaries of the municipality and those existing in the relevant division of the SALGBC.
- 14.1.6 All applications considered by the National Exemption Committee shall only be based on the written application and no verbal motivation by an applicant party shall be allowed.

- 14.1.7 This collective agreement sets out the structures, procedures and requirements through which applications for exemption from this collective agreement will be managed.
- 14.1.8 In the event of applications being made that are frivolous and vexatious, such applications may be dismissed with costs.
- 14.1.9 Where a municipality applies for exemption it shall not implement any changes to existing wages until the exemption application is finalised, unless the National Exemption Committee decides otherwise.
- 14.1.10 Notwithstanding any time periods stipulated herein, every effort should be made to apply for and process exemption applications in the shortest time possible.
- 14.1.11 The onus to prove the case for the granting of an exemption lies with the applicant party.
- 14.1.12 SALGA undertakes to make every reasonable effort to assist its members to discharge such onus in a full and proper manner.

14.2 Exemption Committees

- 14.2.1 There will be an Exemptions Committee at national and divisional levels of the SALGBC. Each committee shall consist of five (5) employer and five (5) trade union representatives and shall be facilitated by a Senior Panellist. The trade union representatives will be three (3) from SAMWU and two (2) from IMATU.
- 14.2.2 The General Secretary of the SALGBC or his nominee shall provide secretarial services to the above committees.
- 14.2.3 Divisional Exemption Committees shall be sub-committees of the National Exemption Committee.

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- 14.2.4 Only the National Exemption Committee of the SALGBC may grant exemptions from this collective agreement and the role of the divisions of the SALGBC shall be limited to the appointment of the Divisional Exemption Committee.
- 14.2.5 Decisions of the National Exemption Committee and recommendations from the Divisional Exemption Committees shall be based on consensus.
- 14.2.6 Divisional Exemption Committees shall have the powers and functions to:-
- 14.2.6.1 investigate all exemption applications in their area of jurisdiction;
 - 14.2.6.2 request that applicant employers provide such further particulars as may be reasonable and necessary to investigate the applications;
 - 14.2.6.3 make recommendations as to the form and terms of any exemption to be granted or to recommend that no exemption be granted, on the basis of the criteria and other factors set out in 14.3 of this collective agreement;
 - 14.2.6.4 report to the National Exemption Committee on the nature of the deadlock reached in the event of a failure to reach agreement on the terms of such a proposal;
 - 14.2.6.5 ensure that the recommendations made, including the terms of any proposed exemption, are consistent with the criteria and other factors set out in 14.3 of this agreement as well as with recommendations made in other exemption applications;

14.2.6.6 do such other things as are consistent with achieving a full and transparent investigation; and

14.2.6.7 co-opt any person in an advisory capacity.

14.2.7 A Divisional Exemption Committee shall, after considering the exemption application, submit its report, findings and recommendations to the National Exemption Committee by not later than:

14.2.7.1 15 October 2012 in respect of the 2012/2013 financial year;

14.2.7.2 15 July 2013 in respect of the 2013/2014 financial year; and

14.2.7.3 15 July 2014 in respect of the 2014/2015 financial year.

14.2.8 The National Exemption Committee shall have the powers and functions to:-

14.2.8.1 grant or reject an application for exemption with reference to the criteria and other factors set out in 14.3 of this collective agreement;

14.2.8.2 examine all recommendations of Divisional Exemption Committees to ensure that the criteria as applied are nationally consistent;

14.2.8.3 require that any Divisional Exemption Committee conducts additional or further investigation(s);

14.2.8.4 do such other things as are consistent with achieving a full and transparent investigation and the uniform and consistent application of criteria for exemption;

- 14.2.8.5 consider and either grant or refuse any application for condonation made for the late application for exemption, where necessary; and
- 14.2.8.6 grant an applicant employer the power to introduce interim adjustments in circumstances where this will not affect the final outcome.
- 14.2.9 The National Exemption Committee shall have until the dates set out below to grant or reject an exemption application:
- 14.2.9.1 15 November 2012 in respect of the 2012/2013 financial year;
- 14.2.9.2 15 August 2013 in respect of the 2013/2014 financial year; and
- 14.2.9.3 15 August 2014 in respect of the 2014/2015 financial year.
- 14.2.10 Only the Executive Committee of the SALGBC shall have the power to extend the time periods provided in terms of 14.2.7 and 14.2.9 of this agreement.
- 14.2.11 Where the National Exemption Committee reaches consensus, its decision shall be final and binding. In the event of the National Exemption Committee reaching a deadlock on whether or not to grant an exemption, the matter shall be referred directly to another Senior Panellist under the auspices of the SALGBC for arbitration.
- 14.2.12 An exemption certificate which contains the following information shall be signed by the Senior Panellist of the National Exemption Committee and the General Secretary of the SALGBC after approval by the National Exemption Committee:-

14.2.12.1 the full name of the applicant employer;

14.2.12.2 the date of issue;

14.2.12.3 the details of the agreement for which exemption is granted;

14.2.12.4 the period for which exemption shall operate;

14.2.12.5 the terms and conditions, or remedial requirements of the exemption;

14.2.12.6 the exemption certificate shall be sent directly to the applicant employer 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.

14.3 Criteria and Other Factors to be Considered by Exemptions Committees

14.3.1 The criteria for the approval of an exemption, which criteria are to be considered and applied by the Divisional and National Exemption Committees, shall be that the employer concerned is either:-

14.3.1.1 unable to afford the costs of the whole or part of this agreement; or

14.3.1.2 has short-term cash flow problems necessitating a limited exemption.

14.3.2 In considering any application and the terms of any proposed exemption an Exemption Committee shall take into consideration:-

14.3.2.1 the written and verbal motivation and proposals of the applicant;

- 14.3.2.2 the written or verbal submissions of any party to the SALGBC;
- 14.3.2.3 any special circumstances which exist;
- 14.3.2.4 the applicant's past record of compliance with wage settlements;
- 14.3.2.5 the precedents for exemptions set since the introduction of this procedure and the effects of any proposal as a precedent in its own divisions or other divisions;
- 14.3.2.6 any directives issued by the National Exemption Committee;
- 14.3.2.7 the financial savings to the municipalities of the delayed implementation of the wage settlement; and
- 14.3.2.8 any such other general or local economic factors which may impact on the application for exemption.

14.4 Application for Condonation

- 14.4.1 If an application for exemption is referred to the Divisional Exemption Committee outside the time limits prescribed by the policy then the applicant employer must make application for condonation to the Divisional Exemption Committee.
- 14.4.2 The application for condonation must be served on all parties to the Divisional Exemption Committee, including the Senior Panellist and must comply with the Rules of the SALGBC in respect of condonation applications.

- 14.4.3 If the application for condonation arises from the applicant employer failing to attend scheduled Divisional Exemption meetings then the reasons for the failure to attend must be given.
- 14.4.4 The responsible Senior Panellist may grant or refuse any application for condonation for the late application for exemption. If condonation is granted, the Divisional Exemption Committee should consider the application for exemption and make a recommendation to the National Exemption Committee regarding the exemption application.
- 14.4.5 The Senior Panellist of the Divisional Exemption Committee must take the following into account when determining whether or not to grant condonation:
- 14.4.5.1 The degree of lateness. If the application is only a few days late, this factor should weigh in favour of granting condonation. If the referral is very late, that should weigh against granting condonation.
 - 14.4.5.2 The degree of fault. If the reason for late referral was due to circumstances beyond the control of the applicant, this factor should weigh in favour of granting condonation.
 - 14.4.5.3 The reasonableness of the explanation. If the explanation is improbable this should weigh against granting condonation.
 - 14.4.5.4 The prejudice to the employees should condonation be granted.
 - 14.4.5.5 The prospects of the application for exemption succeeding, should the committee consider the application for exemption.

15. APPLICATIONS FOR EXEMPTION BY NON-PARTIES

15.1 In the event that a non-party to the SALGBC, to whom this collective agreement has been extended by the Minister, applies for an exemption in terms of this agreement, the application shall be determined by the National Exemption Committee provided that the non-party applicant shall be entitled to appeal to a Senior Panellist appointed by the SALGBC.

15.2 Applications for Exemption

15.2.1 Non-party employers applying for exemption in terms of this collective agreement shall forward their applications to the General Secretary of the SALGBC within the following time frames:

15.2.1.1 Within thirty (30) calendar days of this collective agreement being extended by the Minister to non-parties in terms of clause 3.2 above in respect of the 2012/2013 financial year;

15.2.1.2 By 15 June 2013 in respect of the 2013/2014 financial year;
and

15.2.1.3 By 15 June 2014 in respect of the 2014/2015 financial year.

15.2.2 Applications for exemptions must comply with the following requirements:-

15.2.2.1 be accompanied by supporting documentation and financial information;

15.2.2.2 provide a full motivation, through reference to supporting documentation as to the grounds of affordability or financial constraints necessitating the application;

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- 15.2.2.3 set out the terms of the exemption being sought in the form of a proposal, the period for which it is being sought and the extent of variation from the salary and wage agreement that is requested;
- 15.2.2.4 propose a strategy to guide the employer to achieve compliance with future salary and wage agreements;
- 15.2.2.5 ensure that such proposal is in a form consistent with the terms of the salary and wage agreement and applied equitably across the full work force; and
- 15.2.2.6 provide proof that in taking steps to make such application the employer has informed and consulted the Trade Unions and the Local Labour Forum.

15.3 The criteria for the approval of an exemption shall be as contained in clause 14.3 herein.

15.4 Application for condonation in respect of non-parties shall be dealt with in the same manner as stipulated in clauses 14.2 to 14.5 above.

16. ENFORCEMENT OF THIS COLLECTIVE AGREEMENT

16.1 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.

16.2 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.

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- 16.3 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.
- 16.4 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 referred to as "the Commission"), on request by the council, must appoint an arbitrator.
- 16.5 If an arbitrator is appointed by the Commission in terms of 16.4 -
- 16.5.1 the council remains liable for the payment of the arbitrator's fee; and
 - 16.5.2 the arbitration is not conducted under the auspices of the Commission.
- 16.6 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.
- 16.7 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 16.
- 16.8 An arbitrator acting in terms of Section 33A of the Act and clause 16 may determine any dispute concerning the interpretation or application of a collective agreement.
- 16.9 An arbitrator conducting an arbitration in terms of Section 33A of the Act and clause 16 may make an appropriate award, including-
- 16.9.1 ordering any party to pay any amount owing in terms of a collective agreement;

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- 16.9.2 imposing a fine for a failure to comply with a collective agreement;
 - 16.9.3 charging a party an arbitration fee;
 - 16.9.4 ordering a party to pay the costs of the arbitration;
 - 16.9.5 confirming, varying or setting aside a compliance order issued by the General Secretary or his appointed designated agent; and
 - 16.9.6 any award contemplated in Section 139 (9) of the Act.
- 16.10 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.
- 16.11 An arbitration award in an arbitration conducted in terms of Section 33A of the Act and this clause 16 is final and binding and may be enforced in terms of Section 143 of the Act.
- 16.12 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 16, any obligation to pay a fine is suspended pending the outcome of the application.
- 17. DISPUTES ABOUT THE APPLICATION OR INTERPRETATION OF THIS COLLECTIVE AGREEMENT**
- 17.1 Any person or Party may refer a dispute about the application or interpretation of this agreement to the General Secretary of the Council.
- 17.2 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.

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17.3 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.

18. ENTIRE AGREEMENT, SEVERABILITY, WAIVER AND VARIATION

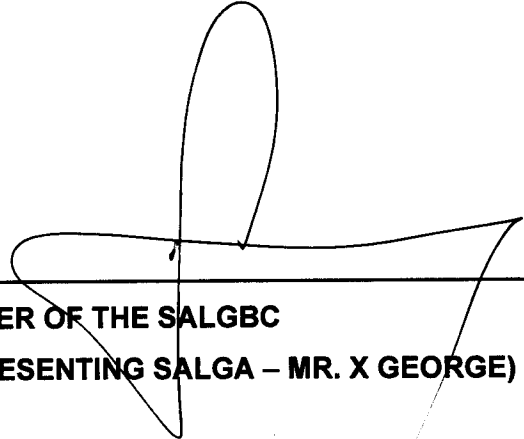
18.1 This agreement incorporates the entire agreement between the Parties

18.2 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 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.

18.3 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.

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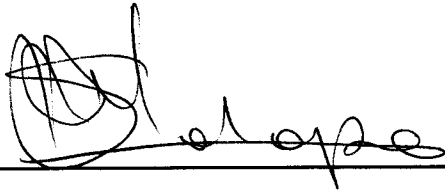
SIGNED BY THE PARTIES AT PRETORIA ON THIS FRIDAY THE 27th DAY OF JULY 2012.



**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.S MOLOPE)**