

EMPLOYMENT ALERT

LET OUR STRIKE GUIDELINES BE THE STARTING POINT FOR YOUR STRIKE STRATEGY

At Cliffe Dekker Hofmeyr we pride ourselves in providing our clients with practical solution driven information in line with the current challenges faced by our clients.

Due to the increase in strikes and strike violence in South Africa, our employment practice developed useful strike guidelines for our clients' benefit. These guidelines will provide clients with practical information about strikes, lock-outs and picketing and answer some of the more complex questions around these topics. The guidelines are definitely the starting point when considering a strike strategy and when preparing for industrial action. Our strike guidelines can be accessed on our website.

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SECURITY ON SECURITY – REVIEW APPLICATIONS

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SECURITY ON SECURITY – REVIEW APPLICATIONS

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Snyman AJ recently provided some clarity on issues relating to the payment of security in review applications in the case of *Rustenburg Local Municipality v South African Local Government Bargaining Council and others* (Case No. J 779/2017).

The court was called on to consider this matter with special consideration of the recent amendments to s145 of the Labour Relations Act (LRA). It was emphasised that the introduction of s145(7) and (8) of the LRA was to discourage review applications that have little prospects of success. This came about as a result of employers reviewing arbitration awards even if the review application had little merit, merely to obstruct or delay compliance with an arbitration award.

This matter involved the issue of when and on what terms, the execution of arbitration awards issued in terms of the dispute resolution processes under the LRA can be suspended or stayed, especially in light of the s145 amendments.

Section 145 of the LRA states that the institution of review proceedings does not suspend the operation of an arbitration award unless the applicant furnishes security to the satisfaction of the court. Subsection 8 sets out the amounts required as security to be 24 months' remuneration in the case of an award for reinstatement or re-employment, and in the case of awarded compensation, an amount equivalent to the compensation.

Despite the pending review application in this matter, the CCMA certified an arbitration award for purposes of the execution and issued a writ of enforcement. The employer applied to the Labour Court to stay the execution and to be absolved

from providing security as required by the LRA. In essence, the employer held that because it was subject to the Local Government: Municipal Finance Management Act (MFMA), it should be exonerated from furnishing security under the LRA because such payment was not budgeted for and it was not possible to provide it.

The Labour Court emphasised that arbitration awards are final and binding and that it is trite that arbitration awards remain executable, despite a pending review. It held, that the duty is directly on the applicant in review proceedings to seek relief to stay the execution of the award pending the conclusion of the review.

The court held that the suspension of execution of an award can either be effected by way of security or obtained by leave of the court, in terms of s145(7) of the LRA. However, this does not prescribe how or in what form this security must be provided. It simply provides that this security must be to the satisfaction of the court. In considering what this means, the Labour Court concluded that security can be provided by payment into the court or the Sheriff's trust account, or by the issuing of a security bond by a legal practitioner or a registered banking institution. Once such satisfactory security has been provided, the simple process of serving and filing of a bond document would satisfy the Court.

SECURITY ON SECURITY – REVIEW APPLICATIONS

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The court concluded that all employers, whether in the public service or the private sector, should be subject to the same requirement of providing security.

Where an applicant for review does not wish to furnish security for the suspension of the enforcement of the award, then it must secure a suspension of enforcement from the Labour Court by way of an application under s145(3), which states '[t]he Labour Court may stay the enforcement of the award pending its decision.' The Court exercises a discretion in this regard, and may even impose conditions, including reducing the amount of security required or even dispensing with it all together.

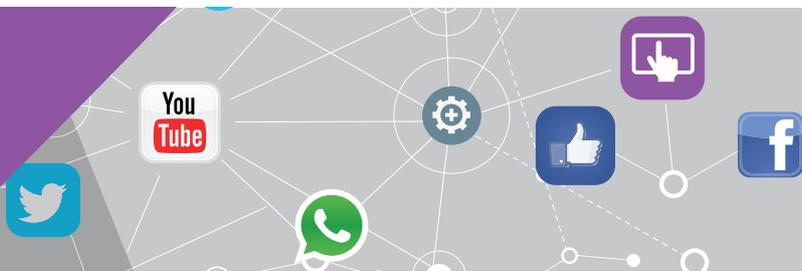
However, a proper case must always be made out by the applicant, in seeking to dispense with the requirement of providing security. In simple terms, the court will require security to be provided, unless the applicant can show good and proper cause why this should not be the case. The explanation cannot be that it will be hard to set security, but that it would be unduly onerous and harmful to be required to set the prescribed security.

The court concluded that all employers, whether in the public service or the private sector, should be subject to the same requirement of providing security. Importantly, it held that the previous case of *Free State Gambling and Liquor Authority v Commission for Conciliation Mediation and Arbitration & Others*, setting precedent to the effect that public service entities subject to the provisions of the PFMA or related legislation are exempt or exonerated from providing security under s145, was wrong.

In this regard, the court held that the LRA must prevail, in line with s210, which states that if any conflict relating to the matters dealt with in the LRA arises between it and the provisions of any other law (save for the Constitution or any Act expressly amending the LRA), the provisions of the LRA will prevail. Therefore, the LRA prevails above other legislation such as MFMA, as in this case.

Aadil Patel and Samantha Bonato

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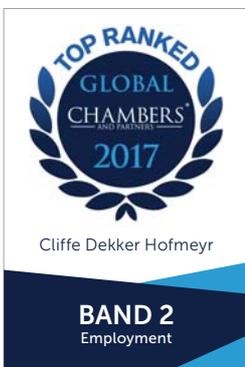




Employment Strike Guideline

Find out what steps an employer can take when a strike is unprotected.

 [Click here to find out more](#)



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Aadil Patel ranked by CHAMBERS GLOBAL 2015 - 2017 in Band 2: Employment.

Hugo Pienaar ranked by CHAMBERS GLOBAL 2014 - 2017 in Band 2: Employment.

Fiona Leppan ranked by CHAMBERS GLOBAL 2017 in Band 3: Employment.

Gillian Lumb ranked by CHAMBERS GLOBAL 2017 in Band 4: Employment.



Michael Yeates named winner in the **2015 and 2016 ILO Client Choice International Awards** in the category 'Employment and Benefits, South Africa'.



OUR TEAM

For more information about our Employment practice and services, please contact:



Aadil Patel
National Practice Head
Director
T +27 (0)11 562 1107
E aadil.patel@cdhlegal.com



Gillian Lumb
Regional Practice Head
Director
T +27 (0)21 481 6315
E gillian.lumb@cdhlegal.com



Kirsten Caddy
Director
T +27 (0)11 562 1412
E kirsten.caddy@cdhlegal.com



Jose Jorge
Director
T +27 (0)21 481 6319
E jose.jorge@cdhlegal.com



Fiona Leppan
Director
T +27 (0)11 562 1152
E fiona.leppan@cdhlegal.com



Hugo Pienaar
Director
T +27 (0)11 562 1350
E hugo.pienaar@cdhlegal.com



Nicholas Preston
Director
T +27 (0)11 562 1788
E nicholas.preston@cdhlegal.com



Thabang Rapuleng
Director
T +27 (0)11 562 1759
E thabang.rapuleng@cdhlegal.com



Samiksha Singh
Director
T +27 (0)21 481 6314
E samiksha.singh@cdhlegal.com



Gavin Stansfield
Director
T +27 (0)21 481 6313
E gavin.stansfield@cdhlegal.com



Michael Yeates
Director
T +27 (0)11 562 1184
E michael.yeates@cdhlegal.com



Ndumiso Zwane
Director
T +27 (0)11 562 1231
E ndumiso.zwane@cdhlegal.com



Anli Bezuidenhout
Senior Associate
T +27 (0)21 481 6351
E anli.bezuidenhout@cdhlegal.com



Steven Adams
Associate
T +27 (0) 21 481 6341
E steven.adams@cdhlegal.com



Samantha Bonato
Associate
T +27 (0)11 562 1134
E samantha.bonato@cdhlegal.com



Sean Jamieson
Associate
T +27 (0)11 562 1296
E sean.jamieson@cdhlegal.com



Zola Mcaciso
Associate
T +27 (0)21 481 6316
E zola.mcaciso@cdhlegal.com



Anelisa Mkeme
Associate
T +27 (0)11 562 1039
E anelisa.mkeme@cdhlegal.com



Prinoleen Naidoo
Associate
T +27 (0)11 562 1829
E prinoleen.naidoo@cdhlegal.com



Bheki Nhlapho
Associate
T +27 (0)11 562 1568
E bheki.nhlapho@cdhlegal.com

BBBEE STATUS: LEVEL THREE CONTRIBUTOR

Cliffe Dekker Hofmeyr is very pleased to have achieved a Level 3 BBBEE verification under the new BBBEE Codes of Good Practice. Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

This information is published for general information purposes and is not intended to constitute legal advice. Specialist legal advice should always be sought in relation to any particular situation. Cliffe Dekker Hofmeyr will accept no responsibility for any actions taken or not taken on the basis of this publication.

JOHANNESBURG

1 Protea Place, Sandton, Johannesburg, 2196. Private Bag X40, Benmore, 2010, South Africa. Dx 154 Randburg and Dx 42 Johannesburg.
T +27 (0)11 562 1000 F +27 (0)11 562 1111 E jhb@cdhlegal.com

CAPE TOWN

11 Buitengracht Street, Cape Town, 8001. PO Box 695, Cape Town, 8000, South Africa. Dx 5 Cape Town.
T +27 (0)21 481 6300 F +27 (0)21 481 6388 E ctn@cdhlegal.com

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