



Dear Members

## WAGE AND BENEFIT REPORT

### INTRODUCTION

Labour declared a deadlock at the PSCBC on 5 May 2011 due to the employer's lack of commitment to accommodate the reasonable demands of labour.

The employer at the time of deadlock offered a meagre 5,2% in response to Labour's revised demand of 9%.

### 30 May 2011 PSCBC meeting

The PSCBC meeting of the 30 May 2011 resolved to acquire the services of an experienced mediator (facilitator) on wage settlements and the Public Service.

Mr Brian Currin was appointed as the mediator to assist in breaking the current deadlock. The Council further agreed to the following timetable for the mediation process:

- **1<sup>st</sup> – 2<sup>nd</sup> June 2011:** Commencement of the mediation process;
- **6 – 10 June 2011:** Recess from the mediation process to allow parties to consider mediation proposals, re-assess positions and/or consultation on mandates;
- **14 June 2011:** mediation process would resume until concluded.

### Facilitation process report

The facilitator reported on the bilaterals held with parties on Tuesday, 02 June 2011, the Independent Labour Caucus (ILC) moved from 9% to 8% responding to employers possible move to 5,5%.

The facilitation process resumed on 14 – 15 June 2011 and parties agreed to reconvene on the 21<sup>st</sup> June to receive more information on the wage bill based on the current demands. The Joint Mandating Council (JMC) resolved that a move from 9% had to be informed by a decisive upward move by the employer.

The facilitation resumed on 21 June 2011 with the following positions by parties: employer on 5.2%, COSATU on 9% and ILC on 8%. Employer then represented scenarios as required by labour:

- Scenario 1 assumes cost of living adjustment paid by lower employment
- Scenario 2 assumes CPI (4.8) + 0.7% cost of living adjustment
- Scenario 3 assumes CPI + 1% cost of living adjustment
- Scenario 4 assumes CPI + 1.2% cost of living adjustment
- Scenario 5 assumes CPI + 1.7% cost of living adjustment
- Scenario 6 assumes CPI + 2% cost of living adjustment
- Scenario 7 assumes CPI + 2.7% cost of living adjustment

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Wage settlement in R' billion	Pay drift/pp	OSD	Carry through effect	Employment	Other policy claims eg o/time	Total in billion
Scenario 1 CPI (10.9b)	2.1	2.1	1.1	4.0	2.6	22.8
Scenario 2 (12.5)	2.1	2.1	1.1	1.6	3.4	22.8
Scenario 3 (13.2)	2.1	2.1	1.1	1.1	3.6	22.8
Scenario 4 (13.6)	2.1	2.1	1.1	0.16	3.7	22.8
Scenario 5 (14.8)	2.1	2.1	1.1	1.1	3.8	22.8
Scenario 6 (15.4)	2.1	2.1	1.1	1.8	3.9	22.8
Scenario 7 (17.1)	2.1	2.1	1.1	3.7	4.1	22.8

NB: Cost of living is for 11 months

Based on the above, the employer then formally moved to scenario 4 and tabled 6% and labour moved to 8%.

Negotiations were then adjourned for all parties to seek further mandates.

**The following are proposals after a bilateral:**

**Medical Assistance**

- Parties agree that all employees who are members of GEMS on the Sapphire option, who are currently on salary levels 1 to 5 and receiving free medical assistance, will continue to receive free medical assistance at retirement, with effect from 1 April 2011. Only employees, on salary levels 1 to 5, who retire on the Sapphire option, will continue to receive free medical assistance.
- The parties agreed to the alignment of the pre ad post-retirement medical assistance for all employees on salary levels 1 to 5 who are members of GEMS with effect from 1 April 2011.
- Parties further agree to investigate the principle of equalizing the subsidy payable to members on open medical schemes with those in GEMS.

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**Bilateral proposal by employer on:**

**Home Ownership**

- Parties to council agreed to approach the GEPF to create a special finance vehicle to allow employees to access mortgage bond.
- Parties further agree to develop and present a comprehensive Government Employees Housing Scheme (GEHS) that ensure home ownership for all levels of employees within the public service. The GEHS should assist employees to access affordable housing; to access housing finances and rent houses with the view to purchase.
- Parties agree to establish a technical working team to be comprised of Organised Labour (one representative per admitted union), and an equal number of representatives from the Employer to develop a housing model and implementation plan to be tabled in Council by no later than 31 July 2011. The Government Employee Housing Scheme will be implemented with effect from the date of agreement.
- In the effect parties fail to reach agreement on the home ownership labour demands that the R1650,00 Housing Allowance be considered;. This is a safety valve for labour in order to force the employer to negotiate on good faith.

**Below find Wage Settlement Trends in the Public Service for the financial year(s) 2009/10 – 2010/11 (Including the current Employer's offer for 2011/12):**

The table below illustrates year-on-year CPI, Nominal Salary Increases and the real Increases from 2009 – 2011 (Including the current Employer's offer):

Salary levels	2009/10 (This includes the 1% shortfall from the 2008/9 financial year)			2010/11			2011/12 (Current employer's offer at 6%?)			2011/12 (If Employer's offer is at 6.5%)
	CPI	% Inc	Real Inc	CPI	% Inc	Real Inc	CPI	% Inc	Real Inc	Real CPI
3	7.1	13.0	5.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
4	7.1	12.0	4.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
5	7.1	12.0	4.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
6	7.1	12.0	4.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2

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7	7.1	11.0	3.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
8	7.1	11.0	3.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
9	7.1	10.5	3.4	4.6	7.5	2.9	4.6	6.0	1.4	2.2
10	7.1	10.5	3.4	4.6	7.5	2.9	4.6	6.0	1.4	2.2
11	7.1	10.0	2.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
12	7.1	10.0	2.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
Incl. 11	7.1	10.0	2.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2
Incl. 12	7.1	10.0	2.9	4.6	7.5	2.9	4.6	6.0	1.4	2.2

Source: Calculated from Bargaining Agreements 2009-2011 (This includes the current Employer's offer of 6.0)

Kind regards

***Duly signed***

**DE HERADIEN**

**ACTING GENERAL SECRETARY**

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