

REPORT ON PUBLIC SERVICE NEGOTIATIONS ON OUTSTANDING ISSUES AND 2015/2016 WAGE DEMANDS

Labour met with the Employer at Special meeting(s) of the PSCBC and tabled its substantive demands for negotiations as follows:

- 23 September 2014: Outstanding issues from previous resolutions;
- 30 September 2014: Wage Demands for 2015/16 Financial Years.

1. OUTSTANDING ISSUES (*Drafts Resolutions Attached*)

The following outstanding issues were tabled for negotiations and in terms of the approach, the Council agreed to the following packaging into Draft Resolutions:

- Draft 1: Government Employee Housing Scheme
- Draft 2: Danger Allowance
- Draft 3: Review of the impact of Outsourcing in the Public Service **&** Conducting an independent study on the principle of Decent Work
- Draft 4: Minimum Service Level Agreement in the Public Service
- Draft 5: Review of Remuneration Policy for the Public Service with the remuneration of Educators receiving priority within the said process **&** Review of resolution 3 of 2009
- Draft 6: Review of PMDS

1.1 Government Employee Housing Scheme (GEHS)

The following table is the summary of the key elements of the both the Employer’s proposal and Labour’s response:

KEY PRINCIPLES/ ELEMENTS OF	EMPLOYER PROPOSAL	LABOUR RESPONSE	STATUS
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GEHS			
Objectives, Scope and Noting	Employees find it extremely difficult to access loans to acquire a house without additional assistance	Estimated 70% of Employees find it extremely difficult to access loans to acquire a house without additional assistance.	Parties <u>agreed</u> in principle with the wording after Labour's proposal that it should be noted that 70% of the Public Service Employees do not own homes.
On the responsibility of GEHS	The Employer is responsible to create an institutional platform to operate, administer and manage the GEHS.	The Employer is responsible to operate, administer and manage the GEHS <u>with due consideration of Labour as a key partner to be represented in the governance thereof.</u>	Parties <u>agreed in principle</u>
Access to affordable housing finance	Financial rehabilitation, aggregating demand and negotiating with financial institutions, offering pay-roll deductions etc.	Financial rehabilitation, aggregating demand and negotiating with financial institutions, offering pay-roll deductions etc.	Parties <u>agreed in principle</u>
Facilitation of Housing Stock supply	Facilitation of Housing Stock supply	Facilitation <u>and provision</u> of Housing Stock supply	Parties <u>agreed in principle</u>
Transitional arrangements	<ul style="list-style-type: none"> • The housing allowance continues to be paid to eligible employees; • Employees shall enroll with the GEHS with effect from 01 April 2015; and • The employer shall bring the GEHS and its service programmes into operation incrementally with effect from 01 April 2015. • <u>Joint working towards Inclusive Governance:</u> The trade union parties to the PSCBC shall establish a Labour Committee to meet with the employer in a consultative 	<ul style="list-style-type: none"> • <u>Joint working towards Inclusive Governance:</u> The trade union parties to the PSCBC shall establish a Labour Committee to meet with the employer in a consultative forum to contribute to the design of the GEHS governance architecture. • <u>Enabling Partnerships to support the implementation of GEHS:</u> The employer shall foster structured partnerships with spheres of government, public development 	Parties <u>agreed in principle</u>

	<p><u>forum to contribute to the design of the GEHS governance architecture.</u></p> <p>• Enabling Partnerships to support the implementation of GEHS: The employer shall foster structured partnerships with <u>spheres of government, public development agencies, development finance institutions as well as private entities to gear-up efforts and investments therein to advance the objectives of the scheme.</u></p>					<p><u>agencies, development finance institutions as well as private entities to gear-up efforts and investments therein to advance the objectives of the scheme.</u></p>				
<p>State Financing of Employee Housing</p>	<p>With effect from 01 July 2015 the current housing allowance shall be applied:</p>					<p>With effect from 01 April 2015 the current housing allowance shall be applied:</p>				<p>Labour <u>agreed</u> in principle on the basis that all allowances paid by the State are paid on the 01 July of every year.</p>
<p>Quantum of the allowance</p>	<p>Salary level</p>	<p>Current Housing Allowance</p>	<p>Basic Housing Allowance 01/07/15</p>	<p>Augmented Amount</p>	<p>Total Housing allowance 1/7/15</p>	<p>Salary Level</p>	<p>Current Housing Allowance</p>	<p>Allowance 01/07/2015</p>	<p>Adjusted Amount</p>	<p><u>Slight improvement on the quantum. No agreement. This area has been flagged for further engagement and mandate</u></p>
	1	R900	R970	R230 <u>R330</u>	R1200 <u>R1300</u>	1 – 4	R900	R3000	R2100	
	2	R900	R970	R230 <u>R330</u>	R1200 <u>R1300</u>	5 – 8	R900	R3000	R2100	
	3	R900	R970	R80 <u>R130</u>	R1050 <u>R1100</u>	9 – 10	R900	R3000	R2100	
	4	R900	R970	R80 <u>R130</u>	R1050 <u>R1100</u>	11–12	As per total-cost-to-employer			
	5 – 8	R900	R970	-	R970					
	<u>9 – 10</u>	<u>R900</u>	<u>R970</u>	-	<u>R970</u>					
	11–12	As per applicable total-cost-to-employer packages								

	<p><u>The additional housing allowance augmentation paid to eligible and GEHS enrolled employees on levels 1-4 is available up to 31 March 2025 and shall be discontinued thereafter;</u></p> <p><u>Home-owners: With effect from 01 April 2017, the housing allowance shall be discontinued for employees who are not repaying a home-loan towards a primary residence;</u></p> <p><u>Secondary home-loans and home re-financing for expenditure unrelated to primary housing needs shall not qualify employees to receive the housing allowance.</u></p>		
<p>Housing Allowance Savings Facility</p>	<p><u>Employees who are currently receiving the housing allowance but do not own a home shall continue to receive the R900.00 housing allowance per month. All increases in the housing allowance resultant from this agreement shall be diverted into and accumulated in an individual-linked savings facility</u></p> <p><u>Employees may elect to have the full housing allowance diverted into and accumulated in an individual-linked saving facility.</u></p> <p><u>Accumulated savings shall only be accessed for the purpose of acquiring home-ownership, building a home and home improvements;</u></p> <p><u>Accumulated savings shall be held in an interest-bearing facility</u></p>	<p>Eligible employees who do not own homes shall only receive the difference between the base-line allowance and the adjusted allowance on an ongoing basis; and the balance of the available housing allowance being diverted to and accumulated in an individual savings facility administered by the GEHS</p>	<p><u>Agreement in principle that the current housing allowance shall not be reduced;</u></p>

	<p><u>for a maximum period of ten (10) years, at the end of which the savings shall be withdrawn and used for housing related purposes to the benefit of the employee:</u></p> <p><u>Should an employee’s employment in the public service be terminated, the following provisions shall apply:</u></p> <p><u>In the event of retirement or medical boarding – the employee shall receive the full value of the accumulated savings including the interest:</u></p> <p><u>In the event of the death of the employee, the accumulated saving including the interest shall be paid to the nominated beneficiaries of the deceased employee or estate; and</u></p> <p><u>In the event of resignation and dismissal – the employee shall forfeit the accumulated savings</u></p> <p><u>Notwithstanding the quantum of the housing allowance, the portion of the housing allowance to be diverted into and accumulated in an individual-linked saving facility shall be determined annually as follows:</u></p>		
<p>De-Linking of Spouses for purposes of Housing Benefit</p>	<p><u>Treatment of married employees</u> both of whom are employed in the public service: eligible employees shall each be entitled to receive the housing allowance irrespective of <u>their marital status</u></p>		

Post Retirement Support to Employees	<u>Employees who retire from public service shall continue to have access to the advisory and support services of the GEHS provided they are enrolled with the GEHS.</u>	<u>Labour introduced a Post-retirement assistance for employees who may retire while still mortgaged.</u> Employees who retire from public service shall continue to <u>receive housing allowance and have</u> access to the advisory and support services of the GEHS provided they are enrolled with the GEHS.	No agreement on the post-retirement provision.
New employees eligible for the housing allowance without home-ownership:	<u>New employees without home-ownership who become eligible to receive the housing allowance after the effective date of this agreement shall not have the housing allowance paid directly to them. Instead, the applicable housing allowance shall be wholly diverted into and accumulated in an individual-linked saving facility.</u>		Agreed in principle;
Annual Adjustment of the Housing Allowance	Annually, the basis of adjustment of the Housing Allowance shall be the average Consumer Price Index (CPI) for the preceding year.	Annually, the basis of adjustment of the Housing Allowance shall be the Consumer Price Index (CPI) for the preceding year.	Parties <u>agreed in principle</u>
Date of Implementation	01 April 2015	01 April 2015	Parties <u>agreed in principle</u>

1.2 Danger Allowance

- Labour submitted a proposal with additional categories of employees who are to receive the danger allowance;
- The employer reverted back with an inclusion of i) Social Auxiliary Workers in Child & Youth Care Centres; ii) Mine Health and Safety Inspectors.
- The Employer further indicated that during the verification process, it was discovered that there were employees who did not fall within the categories who qualify for a danger allowance. The Employer is proposing to have the allowance paid discontinued and possibly recovered.

- o Labour further proposed that the PSCBC should agree on the Framework resolution and then direct the Sectors to finalise the matter by identifying categories that qualify to receive the danger allowance. The Employer does not agree to the proposal.

Recommendation:

Mandate sought on the proposal of taking the matter to the Sectors; and that the further advice be given in the event the event the Employer does not agree to taking the matter to the Sectors.

1.3 Review of the impact of Outsourcing in the Public Service

- a. The Council agreed on the following terms of reference for the review:
 - ii) The review should consider the stated rational of outsourcing and agentisation, e.g. cost efficiency and effectiveness vis-a-vis the practical results of such undertakings.
 - iii) In this regard, the review must take into consideration the cost implication to government to perform a particular function against the cost implication of the same function now performed by the relevant agency/ company/ organization/ institution;
 - iv) Also to consider future escalation in cost, taking into account inflation and expanding demand or need.
 - v) The prevalence of wastages and corruption related to tenders and payments made to the private sector partners for their services vis-a-vis these functions and services being performed by government.
 - vi) Comparison of pay and conditions of service (including benefits) of workers within private sector partners vis-a-vis their equivalent counterparts in the public service, taking into account the government's mandate and policy of decent work.
 - vii) The impact on coordination of government's operations in executing its functions or delivering services, where certain support services or functions are managed or delivered by private sector institutions.

- viii) The quality of service, i.e. the effectiveness of the private sector partners in carrying certain functions, e.g. security, cleaning, etc.
 - ix) The costs incurred by the government related to the creation of capacity in managing the tenders and the operationalization of the tender contracts themselves.
- b. The procurement of a service provider to conduct the review to be in accordance with the provisions of Councils procurement policy; and
 - c. The review to be concluded and the report of the service provider to be tabled in Council by 31 March 2015.

Recommendation:

That the process agreement be signed.

1.4 Conducting an Independent study on the Principle of Decent Work

- o The Council received an ILO report on the Principles of Decent Work.
- o The impact study by the Council taking into consideration the ILO report shall be tabled in Council by 31 March 2015.

Recommendation:

That the process agreement be signed.

1.5 Minimum Service Level Agreement in the Public Service

- o COSATU component of Labour at the PSCBC through the assistance of the Essential Services Committee representative developed a draft Framework to be used a developing further MSLA in the affected Sectors.

Decision of Council:

The matter has been put on abeyance pending the engagement of Labour with the Essential Services Committee to remove certain categories.

1.6 Review of Remuneration Policy for the Public Service with the remuneration of Educators receiving priority within the said process & Review of Resolution 3 of 2009

- Labour presented a proposal on the Review of Resolution 3 of 2009 and is awaiting the Employer's response on same.
- The Employer indicated that they're still awaiting a mandate on the Review of Remuneration Policy.

Decision of Council:

Employer tabled a draft document on the Remuneration Policy to be discussed at the consultative meeting scheduled for the 29th January 2015.

1.7 Review of PMDS

- The employer will embark on a process to amend the Public Service Regulations as to establish clear norms and standards for the Employee Performance Management and Development System (EPMDS) for employees on salary level 1-12 and those on OSD;
- The employer will consult in the PSCBC with Labour on these amendments;
- Thereafter the employer will issue the revised EPMDS framework in line with the consulted norms and standards in the amended Public Service regulations to Departments for implementation; and
- The process to be concluded in the 2014/2015 FY for implementation by 1 April 2016.

Decision of Council:

Labour is still to respond to the Diagnostic Report tabled by the Employer.

2015/16 WAGE NEGOTIATIONS AND THE STATUS REPORT

1.8 Pre-Negotiations Process

- Labour proposed that prior to commencing with the negotiations, it was imperative that we engage into pre-negotiations process in order to narrow down issues that might impede the smooth running of negotiations.
- The pre-negotiations meeting was convened on the 31 October 2014 and agreed on the economic principle of the year-on-year CPI being 5.8%. This would then become the point of entry as a zero point at which negotiations would commence.

1.9 Commencement of the Negotiations Process

- The Public Service Co-ordinating Bargaining Council re-convened on the 27 November 2014 as agreed to receive the response of the Employer on the Labour's demands for 2015/16 Public Service Wage negotiations.
- Prior to the commencement of the negotiations, the Council embarked in **pre-negotiations process on the 31 October 2014** with a view of narrowing down issues that may hinder the smooth process of negotiations.
- One of the critical outcomes of the pre-negotiations process was an in principle agreement on the measure that will be used as a basis for real negotiations. The Council agreed that 5,8% Headline inflation of 2013/14 (Year-on-year) as determined by the Statistics South Africa would be used as a basis for the real negotiations. (i.e. This figure would have been used as zero point that brings all the parties to the break-even point).
- Instead of tabling the figure that would ensure the smooth process of negotiations, the Employer tabled a meager 5% multi-term increase for the Financial Years 2015 – 2017. This was clearly against the spirit of pre-negotiations process.

- This attitude of bad faith negotiations by the Employer collapsed the process at the point of commencement.

1.10 10 December 2014: The wage negotiations resumed with the Employer tabling their revised offer.

ISSUES	STATUS	
	Employer	Labour
Salary Adjustment	<ul style="list-style-type: none"> •2015/16 Financial Year: Projected CPI (5,8%); •2016/17 Financial Year: Projected CPI; •2017/18 Financial Year: Projected CPI; 	<ul style="list-style-type: none"> • 15% across the board: (Projected CPI of 5,8% + Real increase of 9,2% = 15% nominal increase.)
Term of agreement	3-Year Multi-term	Single Term
Housing allowance	Shall be dealt with separately with the Government Housing Scheme (GEHS)	<ul style="list-style-type: none"> •In the absence of Government Employees Housing Scheme (GEHS), we demand an increase of the current Housing Allowance from R900-00 to R3000.00 for all employees.

<p>Medical Aid Assistance</p>	<ul style="list-style-type: none"> •The medical aid contribution shall be adjusted by 17,6% (5,6% for 2012; 5,8% for 2013 & 6,2% for 2014). This is as a result of lack of adjustment on the medical aid contributions for the years 2012, 2013 and 2014. • There shall be further improvement on the Post-retirement benefits. 	<ul style="list-style-type: none"> • A 28,5% increase in the medical subsidy for GEMS and open scheme members with effect from 1 January 2015. • That GEMS increase be adjusted annually based on the average medical inflation of the previous year. • Equalisation of subsidies in respect of open medical schemes. • The Scheme must be administered by Government as it was initially intended and not privately so as to have improvement of benefits according to the real owners of the scheme; i.e. the members.
<p>Leaves</p>	<ul style="list-style-type: none"> • Addition of two (2) working days family responsibility leave with effect from 1 January 2015 for parents with children who have severe special needs. 	<ul style="list-style-type: none"> • Family responsibility leave to include parents in law. • Family responsibility leave to include assistance to immediate family and parent –in laws. • 6 (Six) months paid maternity leave; • 2 (Two) weeks paid paternity leave outside of the family responsibility leave; and • 10 (ten) days special leave for employees with children with special needs
<p>Payment of the 13th Cheque / Service Bonus</p>	<ul style="list-style-type: none"> • All employees will be required to make a once-off election on the date of payment of the 13th cheque / service bonus by 28 February 2015. • All new employees shall on the date of appointment make a once-off election on the date of payment of the 13th cheque / service bonus. 	<ul style="list-style-type: none"> • 13th Cheque: That with effect from 1 January 2016, serving employees be allowed to exercise a once-off choice of the month in which they wish their 13th cheque to be paid.
<p>Entry Level 4</p>	<ul style="list-style-type: none"> • The matter will be dealt with at the Remuneration 	<ul style="list-style-type: none"> • Levels 1 to 3 must be compressed such that level 4 become an entry level into the Public Service;

	Policy workshop	
Bursary Scheme for Public Service employees' children;	Employer cited un-affordability.	• The State must develop a bursary scheme for Public Service employees' children;
Recognition of Prior Learning (RPL)	The Employer will develop a policy for the Public Service to be tabled at the PSCBC for consultation.	• Recognition of Prior Learning (RPL): Development of policy on RPL;

OUTSTANDING MATTERS FROM RESOLUTION 1 OF 2012

The process of finalizing outstanding matters shall run concurrently with the 2015/16 Round of Negotiations

ISSUES	STATUS		
	EMPLOYER	LABOUR	Progress
Review of Remuneration Policy with the remuneration of Educators receiving priority & Review of Resolution 3 of 2009	Employer tabled a draft document on the Remuneration Policy to be discussed at the consultative meeting.	Labour presented a proposal on the Review of Resolution 3 of 2009 and the compression of level(s) 1-3 into 4.	Consultative meeting on the Remuneration Policy has been scheduled for the 29 th January 2015.
Danger Allowance	The employer reverted back with an inclusion of i) Social Auxiliary Workers in Child & Youth Care Centres; ii) Mine Health and Safety Inspectors.	Labour submitted a proposal with additional categories of employees who are to receive the danger allowance; Labour would like the matter to finalized at the Sectors.	The Employer does not agree to the proposal of devolving the matter to the Sectoral Councils.

Outsourcing in the Public Service & Principle of Decent Work	The Council shall review the impact of outsourcing and shall further conduct an independent study on the Principles of Decent Work.	The Council shall review the impact of outsourcing and shall further conduct an independent study on the Principles of Decent Work.	Parties agreed that the review and the impact study report shall be tabled at the PSCBC by July 2015.
Minimum Service Level Agreement in the Public Service	Employer insists that the matter should be finalized outside the Council.	Labour tabled a draft Framework to be used a developing further Minimum Service Level Agreement in the affected Sectors.	The matter would first be dealt with at the Essential Services Committee.
Review of PMDS	The employer tabled a diagnostic report on the challenges around the PMDS for consideration by Council;	Labour is still studying the report and would submit their input.	Process matter.

-End-