



PUBLIC SERVICE WAGE NEGOTIATIONS UPDATE

JULY 2021

Introduction

This bulletin serves to update members on the 2021/22 Public Service Wage Negotiations at the Public Service Coordinating Bargaining Council (PSCBC).

Update on 2021/22 Public Service Wage Negotiations

The union announced on the 28 June 2021 that members are rejecting the offer of gratuity from the employer amounting to R978 which is non-pensionable. The mandate from our members came as a result of the extensive consultation process undertaken through general member meetings across provinces. Subsequently, the facilitation process was reconvened and the employer placed a revised offer focusing on improving the non-pensionable cash allowance R978 that previously was rejected by members.

The facilitation process has been concluded on the 1 July 2021 with the following final offer from the employer:

1. Term of Agreement
 - (i) Single Term Agreement from the 01st April 2021 to the 31st March 2022
2. On Cost of Living Adjustment the employer proposed the following:
 - (i) 1.5% pay progression for all employees in the bargaining scope of the PSCBC who would not have received the normal pay progression. The 1.5% pay progression will be effectively from the 01st July 2021
 - (ii) The employer is offering a gratuity payment that is outside the baseline which will be in place from the 01st April 2021 to 31st March 2022. They are further proposing a clause in the agreement that will bind the employer to continue to pay the cash allowance until such time it is amended by a new agreement between parties.
 - (iii) The gratuity will be taxable and not in the baseline meaning not pensionable
 - (iv) The gratuity will be distributed to employees in accordance with their salary levels as per the table below:



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| Salary Level | Increment in Rands | % Increase in Expenditure | Cola Equivalent |
|--------------|--------------------|---------------------------|-----------------|
| 1 | R1220-00 | 11,7% | CPI + 7.5% |
| 2 | R1220-00 | 10,0% | CPI + 5.8% |
| 3 | R1220-00 | 8,5% | CPI + 4.3% |
| 4 | R1220-00 | 7,5% | CPI + 3.3% |
| 5 | R1220-00 | 6,6% | CPI + 2.4% |
| 6 | R1352-00 | 6,3% | CPI + 2.1% |
| 7 | R1352-00 | 5,4% | CPI + 1.2% |
| 8 | R1450-00 | 5,1% | CPI + 0.9% |
| 9 | R1450-00 | 4,5% | CPI + 0.3% |
| 10 | R1640-00 | 4,2% | CPI + 0% |
| 11 | R1640-00 | 3,8% | CPI - 0.4% |
| 12 | R1695-00 | 3,1% | CPI - 1.1% |

(a) The employer indicates that the amounts are such that after tax deductions, the net is closer to R1000-00.

3. Government Employees Housing Scheme: parties agreed that the advisory board as per the 2017 resolution must be disbanded and that a Consultative Committee and per the 2015 resolution must be established and convened before 10th July 2021. That consultative committee will develop and finalise a road map that will lead to public servants accessing houses at minus prime rate amongst others.
4. Collective Agreement for conditions of service during disastrous period: The employer is still looking at the draft agreement which was to be shared with labour by the 05th July 2021.
5. Fixed Term Contracts: the employer maintains the position that the matter is the right issue and that they will use what is entailed in the public service regulations.
6. Community Health Workers: the employer has failed to respond positively to this demand since the negotiations started and they argue that the matter must be dealt with the sector council which is the PHSDSBC.



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Conclusion

This offer will be formally be tabled in the council meeting on the 6 July 2021 for consideration by unions. Whilst the offer may look attractive in terms of the figures reflected in the table above, our principle disagreement is that the offer remains a cash allowance which doesn't address the baseline and is non-pensionable. The only difference is the additional upside down sliding scale amounts to ensure that after tax workers receive cash equivalent to at least R1000 across the board. This in essence translate to an additional R22 from the initial R978 offer.

This is happening at the back of the employer defaulting on its obligation to fulfil the terms of Resolution 1 of 2018, as result in 2020 the public servants under the PSCBC have suffered the erosion of the value of their wage at least by 3.3%, which was the average inflation.

The 1.5% pay progression is only going to benefit 39 000 plus workers who were not going to qualify for pay progression. However, an impression is created that the employer is offering an additional 1.5% which is fallacy because this was already budgeted for and did not come as a result of the negotiations. Majority of employees were already assessed and awarded to receive this money. This is part of the reversal of the collective bargaining gains announced by Treasury which included the revision of the pay progression rules.

NEHAWU together with other unions will engage with this employer's offer when is presented formally at the PSCBC guided by the mandate from our members. All other demands with value to our members must also be responded to by the employer which include implementation of Housing Scheme to ensure affordable access to housing finance for public servants, permanent absorption of Community Health Workers as part of the frontline workers at the forefront of the fighting against the pandemic, etc.

Our Special National Executive Committee scheduled for the 8 July 2021 will receive feedback from the PSCBC meeting of the 6th July 2021 and decide on the way forward which shall be communicated to members. Whatever happens we shall work very hard to defend collective bargaining in the public service and by extension across the public sector.

In essence, NEHAWU remains resolute that it shall refuse to sign any offer outside baseline, which does not contribute to the pensionable service as a matter of principle.

Amandla!

END

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