The Union Of Choice

Integrated Annual Report 2017/18

Contents

CCMA	Commission for Conciliation, Mediation and Arbitration
DBC	Departmental Bargaining Chamber
DPSA	Department of Public Service and Administration
ELRC	Education Labour Relations Council
FEDUSA	Federation of South African Trade Unions
FTSS	Full-time shop steward
GEPF	Government Employees Pension Fund
GEMS	Government Employees Medical Scheme
GPSSBC	General Public Service Sectoral Bargaining Council
LRA	*Labour Relations Act*
OSD	Occupation-specific dispensation
PHSDSBC	Public Health and Social Development Sectoral Bargaining Council
PMDS	Performance Management Development System
PSA	**Public Servants Association of South Africa**
PSCBC	Public Service Coordinating Bargaining Council

Introduction

We are pleased, as the PSA Board of Directors, to present our ***Integrated Annual Report*** for the financial year started 1 April 2017 and ended 31 March 2018. The PSA delivered a positive performance, against a volatile economic backdrop and an increasingly competitive market environment.

During the reporting period, a number of factors impacted on our business, both positively and negatively. In the trade union environment, our principle of remaining a political non-aligned union worked positively for us and this distinguished the PSA from our main competitors in the market space. PSA membership grew from 230 029 to 242 007 at year end. This exceptional growth in membership was a major driver of revenue growth, which is higher than inflation for the report period although the membership fee increase was in line with inflation.

Although the PSA Holiday Resort only makes up a small portion of the company, there are factors that are unfavourable for the hospitality business in the immediate surrounding area of the Resort. Decline in appetite for camping from members and the public resulted in a negative performance on the Holiday Resort business component and revenue decreased from R1 477 439 in 2016/17 to R1 217 618 for the year under report. The PSA Short-Term Insurance performed relatively well and it declared a dividend of R2 555 315.

In November 2017, we celebrated a decade of our social responsibility outreach and published our achievements in a publication named *The Story of the Union with a Soul - PSA – a decade of changing lives*. This book highlighted ten years of our proud social responsibility activities and serves to inspire all who belongs to the PSA to give with an open heart to the communities we function in.

The year under report is the first external audit opinion of the new appointed external auditors and the PSA Board of Directors is pleased to report an unqualified external audit opinion. The operating reserve fund is fully funded at a three-month operating expenditure level. The Board Committees, namely Audit and Risk Committee, Remuneration Committee and the PSA Short-Term Insurance Committee remained in place and reported timeously to the PSA Board of Directors.

PSA media exposure grew tremendously as a result of the organisation's vigorous actions in protecting the rights and interests of our members. We took on giant companies with questionable governance practices and played a significant role in changing legislation to ensure that our members' pensions are well looked after. The value of published media increased from some R7.8 million to more than R87.9 million.

We thank our members and trade union representatives who are loyal to the PSA, management and staff as well as our business and social partners for contributing to the good results of PSA for the financial year 2017/18.

With much appreciation

Pierré Snyman
PSA Chairperson

Management of PSA

The PSA's Board of Directors, in the absence of the General Assembly in session, acts as its representative and extension and is responsible for the control and management of the PSA's business.

Board of Directors

During the period under review the following members served on the PSA's Board of Directors:

Adv Rashied Daniels (President) – elected on 21 September 2015 – resigned on 19 September 2017

Dr Vuyo Dyantyi (Vice-President) – elected on 19 September 2016 - appointed to fulfil the duties of PSA President from 28 March 2018 until September 2018

Pierré Snyman (Chairperson) – re-elected on 18 September 2017

Annetjie Rencken (Vice-Chairperson) – re-elected on 19 September 2016

Friedah Masinga (Director) – term of office expired on 18 September 2017

Sboniso Ndlovu (Director) – term of office expired on 18 September 2017

Eugéne Louw (Director) – elected on 19 September 2016 – resigned on 30 September 2017

David Maphoto (Director) – elected on 19 September 2016

Lufuno Mulaudzi (Director) – elected on 19 September 2016

Oupa Mothswane (Director) – elected on 19 September 2016 and appointed as Interim President on 19 September 2017 until 28 March 2018

Ike Monjane (Director) – elected on 19 September 2017

David King (Director) – elected on 23 October 2017

Ivan Fredericks is the General Manager and acts as Secretary of the PSA (appointed on 1 March 2017).

PSA Board Committees

The President (Interim/Acting) attends Committee meetings in an *ex-officio* capacity. The Chairperson of the Board attends Audit and Risk Committee meetings in an *ex-officio* capacity.

The following members serve/served on the various Board Committees of the PSA:

Audit and Risk Committee
(Two meetings were held during the 2017/18-financial year)

Oupa Motshwane – attended two meetings (appointed as Interim President on 19 September 2017)

Pierré Snyman – attended two meetings

Annetjie Rencken – attended one meeting (appointed as a committee member in February 2018)

Eugéne Louw – attended one meeting (resigned on 30 September 2017)

Dr Vuyo Dyantyi – attended one meeting (appointed as a committee member on 2 November 2017)

Ike Monyane – attended one meeting (appointed as a committee member on 2 November 2017)

David King – attended one meeting (appointed as a committee member on 2 November 2017)

PSA Short-Term Insurance
(Two meetings were held during the 2017/18-financial year)

David Maphoto – attended two meetings

Sboniso Ndlovu – attended one meeting – term of office expired in September 2017)

Lufuno Mulaudzi – attended two meetings

Friedah Masinga – attended one meeting - term of office expired in September 2017

David King – attended one meeting (appointed as committee member on 2 November 2017)

Annetjie Rencken – attended one meeting (appointed as committee member on 2 November 2017)

<u>**REMCO**</u>
(Three meetings were held during the 2017/18-financial year)

Eugéne Louw – attended two meetings (resigned on 30 September 2017)

Friedah Masinga – attended two meetings – term of office expired in September 2017

Sboniso Ndlovu – attended two meetings – term of office expired in September 2017

Dr Vuyo Dyantyi – attended three meetings

Lufuno Mulaudzi – attended one meeting (appointed as committee member on 2 November 2017)

Ike Monyane – attended one meeting (appointed as committee member on 2 November 2017)

Annetjie Rencken – attended one meeting (appointed as committee member on 2 November 2017)

Members representing Structures

Chris Krüger – re-elected (18 September 2017 for term of four years) – attended three meetings

Donald Charlies – attended two meetings – term of office expired in September 2017

Logan Naidoo – attended three meetings

Phumla Dingiswayo – attended three meetings

Khwezi Madikane – attended one meeting – elected during the 2017 Annual General Meeting on 18 September 2017

PSA Fedusa affiliation

On 29 March 2017, the Board resolved that the PSA can no longer be isolated from the ranks of federations. It resolved to join the Federation of Unions of South Africa (Fedusa) – a non-politically aligned federation. On joining, the PSA was afforded the privilege of accepting a key position of Vice-President of the Public Service Committee.

The first incumbent of this post was Adv Rashied Daniels. Adv Daniels had to vacate this post when he became a full-time staff member in October 2017. Subsequently, the PSA General Manager took over the position. The PSA also has representation on Fedusa National Executive Committee (Dr Dyantyi, Messrs Esitang, Mulaudzi, Maepa and Gilbert), Management Committee (Messrs Fredericks and Maepa), Financial Committee (Mr Gilbert), Training and Education Committee (Mr Du Plessis and Mrs Kuhn), Social Justice Committee (Mr Maphoto and Mrs Kuhn), Development Committee (Mr Esitang), Public Sector Committee (Messrs Fredericks (VP), Gilbert, Snyman, Maleka, and Motshwane), National Health Insurance Task Team (Mr Maleka), Labour Market Task Team (Messrs Maepa and Gilbert), and Public and Monetary Policy Chamber Task Team (Messrs Maepa and Gilbert). The PSA has further access to the National Economic Development and Labour Council (SA) (Nedlac) and representation on the UIF Board (Mr Maphoto) and the CCMA Board (Mr Esitang).

The PSA's joining of Fedusa, increased the Federation's footprint substantially. Since the PSA joined Fedusa, 400 shop stewards from all nine provinces were trained by Fedusa. The PSA has representation in the provincial executive committees in Gauteng, Mr J Pule (Secretary), KwaZulu-Natal, Mr B Gumbi (Deputy Chairperson), Mpumulanga, Mr J Nwaila (Chairperson), Western Cape, Mr C Roestoff (Deputy Chiarperson) and Eastern Cape, Mr D King (Chairperson) and Mr A Killian (Training Coordinator).

Assistance to members

Members' rights

One of the PSA's objectives is to promote and protect members' rights and interests. With regard to the protection of members' rights, the PSA ensures the responsible and optimal utilisation of the Union's human capital, resources, and finances.

The success of the PSA in effectively protecting members' rights, lies in dedicated staff and shop stewards countrywide who regard the PSA's shared core values as the basis of operations.

The various activities undertaken by this functional area countrywide during the report period are as follows:

Conciliations	342
Arbitrations	766
Disciplinary hearings	521
Grievances	1 927
Other meetings	1 169

The provision of legal assistance as part of the PSA's objective to protect the rights of members, is one of the benefits members enjoy, ensuring that where assistance of legal experts is required, that it may be responsibly granted.

During the report period, the PSA awarded legal assistance to members at a cost of R9 324 598.05, as opposed to awards and/or settlements in favour of the PSA totalling R31 725 049.17. Some of the prominent cases handled by the PSA during the report period are highlighted:

In a historic judgment, the Constitutional Court ruled on 7 December 2017 that sections 34 and 38 of the Public Service Act are unconstitutional.

The Gauteng Department of Health (GDH) deducted R33 000 from a PSA member's salary for apparent overpayments dating back to 2010. The GDH indicated that the member owed it more that R700 000 to be deducted monthly from her salary. The GDH in 2010 made an administrative mistake by translating the member to the occupation-specific dispensation (OSD) position of Clinical Manager Medical instead of Clinical Manager Allied. It only realised the mistake in 2015 and held her responsible to repay the overpaid amount. The GDH failed to consult her and implemented the deduction unilaterally. In addition, the *Prescription Act* stipulates that any amount of money owed prescribes after three years. The PSA approached the Labour Court in September 2016 for an urgent interdict to restrain the GDH from deducting the monies. The interdict was granted on 29 September 2016. This was confirmed on 30 December 2016. The Labour Court ruled as follows: *It is declared that section 38(2)(b)(i) of the Public Service Act (Proclamation 103 of 1994) is unconstitutional as presently formulated and accordingly fails to be interpreted in a manner which conforms with the provisions of the Constitution of the Republic of South Africa, Act 108 of 1996, in particular sections 23(1), 25(1), and 34.* The Labour Court also ruled that the interpretation of the particular section is not in the spirit of the *Bill of Rights*, and it is clearly not constitutionally compliant. The matter was heard in the Constitutional Court on 18 May 2016. The Departments of Health and Public Service and Administration (DPSA) opposed the PSA's application and filed another application to the Constitutional Court, arguing that the Labour Court had no jurisdiction to declare a section of the *Public Service Act* unconstitutional. The Constitutional Court ruled that the Labour Court was within its jurisdiction when it ruled that sections 34 and 38 of the *Public Service Act (PSA)* were unconstitutional.

Judge Nkabinde, supported by nine other Constitutional Judges, then ruled that section 34 and 38 of the *PSA* were unconstitutional. She held that section 38 (2)(b)(i) did not pass constitutional muster as it permitted unfettered self-help in violation of the legality principal in section 1(c) of the *Constitution*. The Court thus ruled that an employer cannot make a deduction against an employee's salary without a court of law determining whether such a debt exists. This, in practice, means that all employers must approach a court of law before making any deduction for alleged debt against an employee's salary. The Judge also made a cost award in favour of the PSA.

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The PSA declared a dispute about the implementation of PSCBC Resolution 3/2009 on the Gauteng Department of Education's (GDE) failure to grade progress employees on salary level 6 to salary level 7, as stipulated in the Resolution. The PSA indicated that the GDE was interpreting the Resolution incorrectly. Employees on salary levels 5 and 6 could move to the next higher level once they met the prescribed criteria in terms of the Resolution. An arbitration award was received on 23 June 2014, which was not in the PSA's favour. The PSA took the matter on review to the Labour Court, which remitted it back to the Bargaining Council for arbitration *de novo*, with no order related to costs. Arbitration was scheduled for 14 June 2016. After several postponements, arbitration proceeded on 11 December 2017. The award was issued on 15 December 2017 in favour of the PSA. The award read as follows: *The senior administration clerks already appointed on salary/grade level 6 prior to the conclusion and implementation of PSCBC Resolution 3/2009 could grade progress to level 7 on meeting the time and performance related criteria set out in clause 3.6.2.2 of the collective agreement*."

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A PSA member at Naval Printing Works in Cape Town applied for the advertised position of Editor of the Navy's internal magazine. He was, however, unfairly disqualified during the short-listing process. The dispute was referred to the GPSSBC as an unfair labour practice dispute (promotion). The Commissioner ruled in the member's favour and awarded compensation. The employer took the matter on review to the Labour Court but the application was dismissed with costs.

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The PSA, on behalf of 18 members at Mpumalanga Treasury, declared a dispute on the interpretation and application of paragraph 18.1 of PSCBC Resolution 1/2012 – grading of levels 9 to 10 (Assistant Director) and levels 11 to 12 (Deputy Director). The posts were job evaluated and members qualified to be upgraded. During arbitration, the DPSA was joined to assist in interpreting the Resolution and the award was in favour of the members.

The award also provided that the implementation, which translated in monetary compensation of R12 million for members, had to be backdated from 1 August 2012.

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A member at the Department of Justice and Constitutional Development (DOJCD) in Mpumalanga approached the PSA after having worked as a Court Interpreter for 12 years, she was always overlooked when Court Interpreters were selected for learnerships offered at the Justice College to obtain a two-year National Diploma in Court Interpreting. This meant that she could not be considered for promotion in her field of work as the minimum requirement for promotion is this Diploma. The PSA assisted the member to lodge a grievance of which the outcome was that she was not selected for a learnership as she was a poor performer and a late comer. The PSA declared an unfair labour practice dispute (training). At arbitration, evidence was led, showing that the member was an excellent performer and was not a late comer. The DOJCD argued that it would be wasteful expenditure to train an employee who, according to it, was not performing optimally and was always late for work. This argument was dismissed by the Commissioner. The Commissioner found in favour of the member and ordered that the DOJCD must include her in the learnership programme. The member has since been enrolled for the learnership.

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A total of 29 members at Gauteng Emergency Medical Services were dismissed in November 2014 after embarking on industrial action, which they were not allowed to do as they were part of essential services. They were given the opportunity to appeal their dismissals. Two courses of action were taken in this matter: Interpretation/application of collective agreement dispute, and an unfair dismissal dispute. In terms of the interpretation/application of PSCBC Resolution 1/2003; an arbitration award was received on 11 May 2015. The arbitrator ruled in favour of the PSA and ordered that the Department should consider the appeals of the dismissed members and finalise these within 14 days. A letter from the attorneys representing the members was also served on the employer, demanding compliance with the arbitration award within 48 hours.

PSA addressed Parliamentary Standing Committee

The PSA was part of a delegation that met with the Parliamentary Standing Committee on Finance regarding the Public Investment Corporation (PIC) and the Government Employees Pension Fund (GEPF). The meeting yielded positive outcomes regarding control measures related to public servants' pension investments.

Following the engagement, the Committee announced that there was agreement amongst parties in the Committee on, amongst others, the following:

- There should be appropriate representation of unions of GEPF members on the PIC Board. Consideration needs to be given to amending the *Public Investment Corporation (PIC) Act, 2004* to provide for this.
- The PIC should consider investing in projects that promote inclusive economic growth, job-creation, infrastructure development, the reduction of social inequalities, and the interests of mainly the poor and lower-income strata; and projects that serve the developmental needs of the country. The Committee agreed with the PSA that this should not include investing in ailing state-owned enterprises that are badly governed, mismanage resources, serve the narrow interests of an elite, do not advance the country's developmental needs and will not provide an adequate return on investment for GEPF members.
- The PIC should seriously consider unions' proposals on an appropriate housing-loan scheme for public-sector employees who do not qualify for a loan from commercial banks.
- Unions and the relevant pensioner organisations should consider engaging effectively with the PIC and the Minister and Deputy Minister of Finance to raise their concerns and proposals.
- While recognising the onerous responsibilities of the Minister to finalise the Medium-Term Budget Policy Statement (MTBPS) in a challenging economic and political climate and pressing demands, the Committee recommends that he meets with public-sector unions and relevant pensioner organisations to address concerns and proposals as soon as possible after presenting the MTBPS to Parliament.

Following a meeting between the PIC and the GEPF to discuss developments regarding Steinhoff International Holdings, it was noted that notwithstanding the collapse in the Steinhoff share, the GEPF portfolio remained financially healthy, because of its diversified nature. The GEPF and PIC agreed that there are serious governance issues and that identified steps should be taken to secure the GEPF's interest in the Company.

The PSA's constant pressure yielded the desired outcome. An agreement was reached that the *PIC Act* will be amended to allow for union representation on the PIC Board. This will ensure that good governance principles will be adhered to and that precaution measures will be in place to ensure that members' rights and interests are protected.

The PSA also conducted a full inspection in terms of section 26 of the *Companies Act, 2008* at Steinhoff International Holdings' Head Office on 19 January 2018. The PSA demanded full disclosure of financial and administrative information in support of planned civil and criminal charges it intends launching against the company's directors and prescribed officials. The PSA also protested at the SunMet horseracing event on 27 January 2018, where the PSA believed former Steinhoff CEO, Markus Jooste's, horses would participate. Although the National Horse Racing Authority communicated to the PSA that Mr Jooste had resigned as a board member and that his horses would not take part, the PSA was of the view that he would still be part of the horseracing fraternity and would continue to make millions whilst his actions resulted in the loss of billions in pension investments of public servants. All these actions by the PSA yielded positive results in protecting members' rights and interests.

The letter was ignored. However, the appeal outcomes were only issued to the dismissed employees on 7 August 2015 and were not in their favour. After consultation with attorneys, it was decided that it would be best to refer a new dispute of interpretation/application to deal precisely with section 7.4(c), which states that: "*The employer shall not implement the sanction during an appeal by the employee*". Conciliation took place on 16 July 2015 but the matter remained unresolved. The PSA then made a request for arbitration, which was set for 6 November 2015. The award was issued in favour of the employer on 7 December 2015. Following the referral of unfair dismissal disputes, a jurisdictional ruling was received on 14 May 2015. The Commissioner ruled that the Public Health and Social Development Sectoral Bargaining Council (PHSDSBC) lacked jurisdiction to arbitrate over the dispute as the employees were dismissed for participating in an illegal strike action. Section 191(5)(b)(iii) of the *LRA* gives exclusive jurisdiction to the Labour Court if the dispute relates to dismissal for participating in an unprotected strike. Legal assistance was approved and a referral was made to the Labour Court. The matter was set for trial on 23 April 2018, on which date the Labour Court indicated that only three judges were available and that the matter could not be heard on the day as it would require a minimum of ten days to be finalised. It was then postponed to start on 18 February to 1 March 2019.

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The PSA received a favourable award in 2017 on the interpretation and application of a collective agreement at the National Youth Development Agency (NYDA) on restructuring and voluntary severance packages for staff. The NYDA incorrectly interpreted the collective agreement when a PSA member, a former manager, took a severance package and only paid him R200 000. The PSA declared a dispute and received a favourable award for R1.6 million. The NYDA registered an application to review the award in the Labour Court, but did not follow it through. The PSA then put the case on the unopposed roll, which was successfully heard in the Labour Court. The NYDA approached the PSA with a settlement offer to pay R1.2 million immediately and the remainder over six months. The member accepted the offer.

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The North West Department of Education and Sports Development (DESD) failed to pay members their allowances for working over weekends from January 2010 up to and including 2017. The matter was referred to the Council and a settlement agreement was reached that the members would be paid the allowance. The DESD, however, failed to make payment. The matter was referred to the Labour Court. Judgment on 14 March 2018 was in favour of the members. After taking up the matter with the DESD, it complied and paid the members the allowances.

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The Department of Correctional Services (DCS) failed to promote and increase the salary of a member in terms of Resolution 3/2007 after he obtained a post-graduate Diploma in Clinical Nursing Science. The PSA declared a dispute, which was arbitrated in favour of the member on 1 July 2017. The DCS was ordered to promote him and pay his arrear salary, backdated from 1 July 2014.

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A member at the Department of Social Development (DSD) was medically boarded because of ill health, but the DSD declined his incapacity leave application and intended to deduct the overpayment when he was to exit employment. A dispute was declared. The PSA argued that the DSD acknowledged the member's ill health and approved his medical retirement. It could not at a later stage disapprove his sick leave. During arbitration, a settlement agreement was reached that R360 000 would not be deducted from the member's pension payout.

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A PSA member who is employed as a foreign national employee at the North West DESD, in 2009 approached the PSA with his dispute regarding an unfair dismissal. In 2010 he received a letter confirming his appointment as a permanent employee but in 2017 the DESD stopped his salary without any communication. He then discovered that his appointment had been converted to that of a contract employee and that the contract had been terminated. The DESD only relied on legislation relating to the employment of foreign educators in South Africa, read in conjunction with the *Immigration Act,* which stipulates that foreign nationals should be employed as a temporary measure to address the shortage in scarce-skills subjects. During arbitration, the DESD admitted that an error was made during the recruitment and selection process and it attempted wrongly to address this. The Commissioner found the dismissal to be procedurally unfair but substantively fair and ordered five months' compensation for the member.

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The KwaZulu-Natal Department of Education (KZNDE) issued letters in July 2009 and November 2009 to affected employees, stating that it had acted under the mistaken belief that it was required to pay performance bonuses for the assessment cycle 2002/03 and that employees had to accept the letters as formal notification of the intention to recover the performance bonus paid to them. The PSA, on behalf of members, objected in writing, without success. The KZNDE began implementing the deductions from January and February 2010 for recovery of performance bonuses. The PSA approached the Labour Court for an interdict to prevent the KZNDE from recovering any monies and/or from making unilateral deductions from the salaries of members.

The Judge, in summary, ruled that even if the bonus amounts were incorrectly paid, the amounts comprised a "debt" as contemplated by the *Prescription Act* and had become prescribed long before the Department commenced effecting deductions. Judgment was delivered in October 2017, ordering as follows: *The Department is interdicted from making any deductions from the individual applicants' salaries in respect of payments of performance bonuses for the assessment years 2002/03. The Department is ordered to repay the individual applicants any amounts already deducted in respect of performance bonus recovery. The Department must pay the Union's costs.*

Collective bargaining

Collective bargaining on behalf of members is a core function of the Union. In support of progressive collective bargaining, the PSA, apart from participation in the various bargaining structures, is also an active participant in joint labour initiatives.

Independent Labour Caucus

The PSA, as founding member of the Independent Labour Caucus (ILC), has since 2007 continued to actively contribute as a member of this politically non-aligned body. The ILC aims to foster cooperation on matters for collective bargaining amongst like-minded trade unions and jointly represented 42% of unionised public servants during the report period.

Parties to the ILC, other than the PSA, are the National Professional Teachers' Organisation of South Africa (Naptosa), the National Public Service and Allied Workers Union (NPSWU), the Health and Other Services Personnel Trade Union of South Africa (Hospersa), the Professional Educators Union (PEU), the *Suid-Afrikaanse Onderwysersunie* (SAOU), the South African Police Union (Sapu), the National Union for Public Service and Allied Workers (Nupsaw), the United National Public Servants Association of South Africa (Unipsa), and the National Teachers Union (Natu).

Public Service Bargaining Councils

The PSA represents members within the scope of the Public Service Coordinating Bargaining Council (PSCBC) and the four Sectoral Bargaining Councils, namely the Education Labour Relations Council (ELRC), the Public Health and Social Development Sectoral Bargaining Council (PHSDSBC), the General Public Service Sectoral Bargaining Council (GPSSBC), and the Safety and Security Sectoral Bargaining Council (SSSBC). Some of the more prominent developments in these Councils during the report period are covered in this report.

Public Service Coordinating Bargaining Council

PSCBC wage negotiations

Wage negotiations for the 2018-financial year commenced in the PSCBC. Labour tabled the following demands on 6 October 2017:

- **Term** of the agreement should be for a single term.
- General **salary increase** of 12%, based on a sliding scale (levels 4 to 7 - 12%; levels 8 to 10 - 11%; and levels 11 to 12 - 10%).
- Current **housing allowance** to be increased to R2 500 and payment of the allowance to both spouses who are public servants. The savings option in the scheme should be made voluntary. Employees should be paid out their savings from the scheme upon resignation from the Public Service. A definition of a Permission to Occupy must be drawn up and circulated to all directorates for ease of implementation. The Public Investment Corporation must create a housing investment portfolio that will directly invest in the scheme.
- In terms of leave, **capped leave** to be paid out to all public servants upon resignation.
  For **family responsibility leave**, the age cap of 18 years for children who need to be assisted during illness, to be removed with an additional three days to be granted to take care of a sick parent. **Maternity leave** to be granted to male employees under a surrogacy agreement.
  Temporary incapacity leave to be granted by default to employees where the employer fails to comply with the time frame for investigation and feed-back (30 days) and hospitalisation leave to be granted automatically. Leave for **religious observance** (three days per annum) to be granted to *Public Service Act* personnel. Leave taken by **shop stewards or office bearers** while initially on vacation leave, to be converted to leave for trade union activities.
- A single, **comprehensive danger insurance** in the Public Service in line with PSCBC Resolution 5/2015, clause 3.1, with the addition of identified categories by Sectors.
- **Resolution 3/2009** to be reviewed to, amongst others, reduce time periods for progression. The employer to allow employees to be rated above average performance where such being the case and refrain from rating every employee as an average performer, *i.e.* rate as 3 as a cost-cutting measure; and the abolishment of salary level 1 to 3 and entry level in the Public Service to be salary level 4, coupled with the review of Resolution 3/2009.
- **Pay progression** to be allowed beyond top notches of salary levels as well as personal salary notches and equalisation of pay progression for all public servants.
- Immediate **lifting of the recent moratorium on filling of vacant posts**.
- All **outstanding agreements** to be finalised and implemented during the current financial year.

- **Children of public servants** who attend higher education institutions to be granted **bursaries** or be **subsidised**.

Parties agreed to a timeframe for the negotiation process, which was set to be completed by 31 March 2018. Over the period, parties entered into a facilitation process to explore movement on issues as per labour's demand. This resulted in the employer tabling an offer on 26 January 2018. After the offer was tabled, parties continued with the facilitation process, based on the employer's revised offer. The facilitation was a "without-prejudice" process and parties were exploring possible settlement on issues. The employer's offer, however, unfortunately left out core issues that were raised by members as there was no agreement on these. The employer proposed that these issues be dealt with in other processes of Council for further negotiation.

The issues excluded from labour's demand were:

- Pay progression to allow for those on top notches to progress and those on personal notches; to reduce the period for pay progression (*e.g*. current 12 and 15 years before grade progression).
- Capped leave paid out when an employee resigns from the Public Service.
- Three additional leave days to take care of sick parents.
- An extra day for religious leave.
- Pay out savings on housing allowance upon resignation.
- Voluntary participation in the housing scheme.
- Increase the housing allowance.

The employer offered the delinking of spouses to receive the housing allowance and no adjustment in terms of the housing allowance. The salary offer was also based on a sliding scale based on the consumer price index (CPI) plus a percentage for three years (an initial five-year term was reduced during facilitation to a three-year term).

Unfortunately, this process resulted in frustrations and delays. Actual negotiations on the wage increase had also not formally commenced as parties were still in facilitation. The employer subsequently reported that it did not have a mandate at that stage to continue with negotiations on the cost-of-living adjustments (percentage increase), the demands on the housing allowance, and pay progression. At the end of the report period, parties were still in facilitation and the matter remained unresolved.

Draft Foreign Services Bill

Labour raised with the employer its concern over the tabling in Parliament of a draft Bill dealing with Foreign Services. The Bill purports to amend various conditions of service for employees at foreign destinations. Labour was of the view that specific conditions of service for those employees were provided for and regulated in PSCBC Resolutions 8/2003 and 2/2012. Labour demanded that the employer suspended the parliamentary process until labour was consulted meaningfully in the Council. The employer proposed that workshops on the draft Bill be arranged through the Council. It was resolved that the Council would write to the Parliamentary Portfolio Committee, seeking time for parties to engage on the draft Bill before it was finalised in Parliament. The workshops were held in December 2016, where labour made inputs. The matter was reintroduced on 1 June 2017 in Council and it was agreed that it would stand over to the next normal Council meeting. The employer indicated at a recent meeting that it was still involved in consultation with stakeholders after the input was received. In the interim, it was confirmed that the *status quo* remained.

Review: Government Employees Medical Scheme (GEMS)

In terms of PSCBC Resolution 3/2015, parties agreed to jointly conduct a comprehensive review on the efficacy of the GEMS operating model to consider whether the objectives for which GEMS was set up were fulfilled. The Council for Medical Schemes (CMS) made a presentation to the task team, dealing with issues of legislative provisions, governance, and performance. Parties ran out of time for engagement and agreed to reconvene to conclude discussions. The task team would narrow down issues and identify specific areas for engagement with the CMS. Members were invited to submit inputs that would assist to make GEMS a better medical scheme. A collective agreement (PSCBC Resolution 4/2017) was entered into, which allowed for the establishment of a working committee that would consider the performance of GEMS on an ongoing basis. The committee would comprise of four members from the employer and four members from admitted trade unions, as well as four members from GEMS. The agreement also provided for proper representation on the GEMS Board and therefore allowed four members of admitted trade unions to the PSCBC to be appointed on the Board.

Disciplinary Code and Procedure

The employer in 2016 tabled a proposed revised disciplinary procedure and code. A Council task team was formed to work on the draft documents and make proposals. Members were invited to make inputs. The task team finalised the review and it was submitted as a draft code on the agenda of the Council for negotiation. The Council resolved that its attorneys be instructed to consider the provisions of the draft code in expressing an opinion if there was any part of the draft code that was in contradiction of already-established case law.

Draft Border Management Authority Bill

At the end of 2015, the Council engaged with the project manager of the envisaged Border Management Authority (BMA) in various workshops on the draft Bill, which was then referred to Nedlac for finalisation.

It was, however, noted that the Portfolio Committee of Home Affairs called for public comment on the draft Bill. The Council resolved to invite the BMA project manager to do a presentation to the Council on recent amendments to the Bill after the last consultation. The PSA made formal input on the draft Bill to the Chairperson of the Portfolio Committee. The PSA was informed by members at the Department of Home Affairs that certain employees in provinces were already regarded as employees of the envisaged BMA even though it was yet to be established. This was denied by the employer. Members of affected departments were invited to submit inputs *via* their Branch Chairpersons for the PSA to engage with the employer timeously on concerns before the process is finalised.

Government Employees Pension Fund (GEPF): Improvement of member benefits

The GEPF requested an opportunity to consult with the PSCBC on the amendment of, amongst others, funeral benefits for beneficiaries of the scheme. The GEPF indicated that the improved benefits were proposed to the Board following complaints by pensioners of the Fund that current benefits were below market levels and had been eroded by inflation since the effective date. Funeral benefits are regulated in clause 3.4 of PSCBC Resolution 12/2002 and any amendment must be negotiated in the Council. The Council resolved that the GEPF be advised to approach the DPSA to formally place the matter on the agenda of the Council as per clause 17 of the Constitution of Council.

The amendments included the following:

- Increase funeral benefit from R7 500 to R15 000.
- Removal of the discharge (for members with less than ten years of service) and resignation benefits anomaly – to ensure that the member does not receive less than the actuarial interest upon discharge.
- Removal of the Market-Value Adjustment - to ensure that the member does not receive less than the actuarial interest upon transfer to another retirement fund owing to market movements.
- Replacing the Orphan's Pensions with Child Pensions - to close the gaps in the GEPF-benefit structure to align with the rest of the retirement-fund industry.
- Establishing a Government Employees Pensions Preservation Fund - to allow members an option to preserve pensions proceeds with the GEPF upon exit.
- Establishing a defined-contribution Additional Voluntary Contribution Scheme - to allow members an option to increase their retirement provision while in active employment.
- Amending the application of the Clean-Break Principle from the "debt" approach to the "service-adjustment" approach - to address members' concerns by doing away with the concept of "debt and interest" in the apportionment of pensions benefits on divorce.
- Review of reduction factors in favour of an increased Spouse's Pension - to minimise cross-subsidisations.

A mandate was received from PSA members to accept the agreement, which would enhance the mentioned benefits.

The rule amendment were subjected to the Parliamentary processes and finalised. The Board of Trustees subsequently approved the amendments, with the exception of the Clean-Break Principle and Establishing a Government Employees Pensions Preservation Fund. The changes were gazetted on 29 September 2017 and implemented with effect from 1 October 2017.

Education Labour Relations Council

Transfer of serving educators in terms of operational requirements

The draft agreement was tabled in the ELRC for discussion to amend measures regarding the transfer of serving educators owing to operational requirements. The following operational requirements were identified by parties and will apply:

- Change in the learner enrolment
- Curriculum changes or a change in learners' involvement in the curriculum
- Change to the grading or classification of an institution
- Merging or closing of institutions
- Financial constraints

The employer indicated that a transfer could also take place as a result of the introduction of a new staff establishment (of the relevant school), which may provide for fewer posts than the existing staff establishment or in cases where the skills requirements of the new establishment did not match the profiles of the incumbent educators. Under these circumstances, the principal had to inform the staff of his or her institution of the new educator post establishment and the procedure that would be followed in the identification of educators who could not be accommodated on the new establishment. The process of identifying affected employees was set out in the draft agreement and included a consultation process with staff of the relevant institution by the principal of that institution. Procedures as set out in clauses 6 and 8 of the *Employment of Educators Act,1998* were to be followed. These clauses provided for the transfer of educators to other posts in the Department that matched the educator's skills and experience. The employer could only transfer an educator permanently to a particular school on the recommendation of the governing body of such a school.

The Combined Trade Union: Autonomous Trade Unions (CTU: ATU) submitted consolidated inputs on a draft collective agreement.

The inputs were to the effect that staff establishments for schools, in line with the post-provision model, would be issued annually by the Head of a provincial Education Department. Furthermore, the time period of 36 months referred to would not negatively affect the creation and/or filling of posts, the grading of schools or any other related matters in terms of relevant and applicable provisions, during that period.

The Council had debated whether to allow educators who had been declared additional to the post establishment to remain at that school for three years to sort out challenges and not issue post establishment every year. The majority party in the Council and the majority of CTU: ATU had a mandate to sign the agreement. The collective agreement was accordingly signed off.

Integrated Quality Management System

An agreement was reached in the ELRC (Resolution 8/2003) to integrate existing programs on quality management in education. The existing programs were the Developmental Appraisal System (DAS) that came into being on 28 July 1998 (Resolution 4/1998), the Performance Measurement System that was agreed to on 10 April 2003 (Resolution 1/2003), and Whole-School Evaluation (WSE Policy, 26 July 2001). The three quality management programs were integrated to constitute the Integrated Quality Management System (IQMS), signed as ELRC Collective Agreement 8/2003.

The Quality Management System (QMS) is a performance-management system for school-based educators, designed to evaluate performance levels of individuals to achieve high levels of school performance. It is critical in assessing the extent to which educators are performing in line with their job descriptions to improve levels of accountability in schools.

When the QMS draft agreement was concluded, all parties agreed to the collective agreement. The employer was confronted by the majority party in the Council, alleging that as long as the employer did not address the pay-progression challenge, it would remain consenting the collective agreement on QMS but would not append its signature. The matter was elevated to the Director-General of the Department and the principals of all parties to the Council. They proposed that the QMS be delinked from the 0.5%-pay progression. They referred the matter back to the Council for a proposal on how to deal with these two issues without resorting to industrial action. It was agreed that the item be converted to read: "Proposed process of addressing the impasse as a result of QMS and 0.5%". Furthermore, a task team was established on the proposed process and the employer is to develop a draft discussion document.

Job description: Grade-R Educators

The Council deferred the item to a task team for parties to compile a draft job description for Grade-R Educators.

The matter was also subjected to the Education *Indaba* in June 2017, where various stakeholders were to provide input. After the *Indaba*, owing to the complexity of the matter, it was recommended that it also be subjected to a workstream. The services of specialists would be secured to assist with the core description of this category of Educators. The budget, which would be considered and allocated for identified workstreams, would also include these Educators. Thereafter, the process would resume. Thus, it is work in progress.

Agreements reached: Salary Structure for Educators and Rewards, Incentive and Performance Bonus for Educators Employed in terms of *Employment of Educators Act of 1998* (*Act 76 of 1998*)

The employer indicated that the costing on the implementation of these agreements was a complex exercise. It indicated that it would appoint a service provider with intense knowledge to assist with the calculation of costs to be incurred. This task has not been completed. The matter is still on the agenda for engagement.

Public Health and Social Development Sectoral Bargaining Council

Occupational-Specific Performance Management and Development System (PMDS)

The employer embarked on a pilot process to implement an occupational-specific PMDS. Labour received a progress report from the employer on the Community Development Practitioner's customised PMDS and the piloting process of the model. This piloting process had a period of six months and was used as dummy tool for the process without negatively impacting on employees' subsequent PMDS assessments.

The employer provided labour with a comprehensive report on the implementation of the pilot project in the four targeted provinces on an occupational-specific PMDS. Training was completed and implementation of the project was being monitored. It was, however, noted that there were still challenges experienced with the implementation, which were being addressed. Labour raised concerns that the challenges would not be resolved before the new financial year commences and would therefore have an impact on the tool to be used. The employer subsequently agreed to postpone the implementation date to 1 April 2019.

Draft Policy Framework and Strategy: Ward-Based Primary Healthcare and Outreach

A draft policy was previously tabled in the Council on the incorporation of Community Development Workers into the Health Sector. During a stakeholder conference, labour was updated on the development of the policy and noted that it was in the final stages of adoption.

The issues contained in the policy that would have an impact on the conditions of service of affected employees would be tabled for engagement in the Council. Labour would also table items that impact on the conditions of service for negotiation.

Review: PHSDSBC Resolution 2/2010 - Forensic Pathology Officers (FPO)

An item was previously placed on the agenda of the Council regarding the misappropriation of FPOs. It was noted that this category of employees was tasked to perform functions for which they were not employed, including dissecting bodies, removing organs, stitching bodies, and preparing organs for investigation by Pathologists. These functions not only fall outside of their competencies, but they are not registered to perform such functions. A demand was made that these functions should be job evaluated and that the current incumbents be given Recognition for Prior Learning (recognising their experience, tailor make a short, formal qualification for them) and translate them into Pathology Assistants. This resulted in FPOs refusing to continue performing the function and the subsequent signing of Resolution 4/2017.

The regulations regarding the rendering of Forensic Pathology Services, as published on 1 September 2017 in the *Government Gazette*, were circulated amongst parties. Parties previously also agreed that the Health Professions Council of South Africa (HPCSA) be approached Public Health to form part of the task team that was establishing the register for FPOs under the ambit of the professional board for medical technology. Labour expressed concern that the registration process could require FPOs to pay for registration. The Council was also requested to obtain clarity from the HPCSA on this requirement and indicate that, in this instance, such fees must be waived until after FPOs obtained the formal qualification.

On the unilateral removal of FPOs from the OSD, the employer was still investigating the number of affected persons in Gauteng. It was also exploring means of how to incorporate FPOs back into the OSD as the process happened outside the ambit of the Council in one province only. Labour cautioned the employer that the decision was not made in consultation with labour and that any overpayments, if any, caused as a result of their removal, should not be recovered from affected members.

PHSDSBC Resolution 2/2017: Rural Allowance and OSD Amendment and Settlement Agreement (PSHS 812-16/17)

Labour previously declared a dispute on the amendment to PHSDSBC Resolution 2/2004 - Rural Allowance for Public Health Sector, Rural Allowance for Social Service Professionals, and the amendment to PHSDSBC Resolution 1/2009 – OSD for Social Services Professions and Occupations (the revision of entry levels), owing to the slow progress that was made on these matters.

Subsequently, a dual process was followed to resolve the matter. Whilst labour embarked on strike action after conciliation failed, the matter was also referred for arbitration for those who are deemed essential services. The outcome of the process resulted in the signing of Resolution 2/2017 and a settlement agreement at arbitration level. Unfortunately, the deadlines set in the agreement were not adhered to by the employer. Labour therefore, once again, reserved its rights. The employer indicated that with the recent change in cabinet, it could not finalise its mandate and requested time to ensure that the new Minister was properly briefed for it to obtain a mandate for further negotiations.

On the Rural Allowances, labour tabled a draft agreement for engagement. A time table for negotiations was adopted in the Council and negotiations were underway by the end of the report period.

Review: Danger Allowances

Danger allowances for public servants were addressed during previous negotiations in the PSCBC with the signing of Resolution 5/2015. Clause 3.1 of the agreement provided that the employer would undertake a comprehensive review of the danger dispensation applicable to the Public Service and that the modalities for the payment of the danger allowance would be tabled at the PSCBC for negotiations. Labour previously tabled a draft agreement on the review of danger allowances in the Health Sector. Although the employer was previously hesitant to engage labour in the Sector, noting that there was a process taking place on the matter in the PSCBC, it agreed to commence with negotiations. By the end of the report period, negotiations were unfolding.

Review: Uniform Allowance in Public Service

Members were requested to indicate whether the approach should be to request for an increase in the allowance or to replace the allowance with the issuing of standardised uniforms for all uniformed personnel. Labour would table a draft agreement during special Council meetings that were scheduled for negotiations to commence.

Re-introduction: Childcare and breastfeeding facilities

Labour previously tabled a draft agreement, demanding that the employer reintroduced childcare and breastfeeding facilities in the Sector. Negotiations were set to commence in April 2018.

National Chamber for Health and Social Development

National Department of Health

Resettlement Policy

The employer introduced a policy for consultation. The PSA informed the employer that it was a matter for negotiation, rather than mere consultation, within the framework as provided for by PSCBC Resolution 3/1999.

The employer subsequently introduced a draft agreement, which involved the reduction of benefits owing to financial constraint. Parties could not reach agreement on crucial aspects and the PSA declared a mutual interest dispute. Since National Health is considered an essential service, members are not allowed to embark on industrial action and therefore the decision of the arbitrator is final and binding. During the report period, sessions were conducted where parties presented their position to an arbitrator.

The arbitrator found in favour of the PSA's position that:

- It is reasonable for the applicant (PSA on behalf of members) to demand that the respondent (National Health/employer) either improves on or at least maintains its current policy provisions regarding benefits/payment of costs associated with the transfer of an employee in the public interest, within or between departments in the Public Service;
- The position of the respondent (employer), as contained in its revised policy, is not reasonable and does not meet the labour law standards of fairness, consistency and equity; and
- Affordability cannot and should not outweigh the said labour-law standards and principles.

Transfer: Port Health Services

PHSDSBC Resolution 2/2014 facilitated the transfer of employees performing Port Health Services in provincial Health Departments to the national Department of Health. The PSA placed an item on the national Chamber agenda to ensure that the Chamber fulfilled its monitoring role on the implementation of the Resolution.

The employer has since been providing labour with progress reports on the implementation of the transfer and challenges during the process. During the report period, this process continued. By the end of the report period, a few issues remained outstanding, *i.e.* payments due to employees by provinces regarding performance management, shift allowance, overtime, and travel expenses. By keeping the item on the agenda, labour continues to exert pressure on the employer to ensure that responsible provinces comply. Once this matter is concluded, the aim is to compile a closing-out report to be presented to the PHSDSBC as custodian of the Resolution. Developments will be reported in the next report period.

Integrated Performance Management and Development Policy

The employer introduced a revised policy for consultation during the previous report period. Labour was consulted extensively and the PSA presented numerous inputs. One of the main issues was to ensure that the employer consulted with labour on the scaling down of performance bonus percentages where the allocated budget was insufficient.

The other was to ensure that the moderation committee referred a report back to the supervisor and employee when considering downscaling of scores to allow for an opportunity to present additional motivation to support the initial score. Initially, the employer was not prepared to accede but the issues were then resolved.

Members were requested to provide a mandate for the adoption of the document, which the PSA Branch did and the item was removed.

Organisational structure review

The employer introduced an item and shared information with labour on the revised structure approved in December 2016, and highlighted changes and impact for noting. The employer confirmed that migration to the new structure would happen during March/April 2017 and that no employees would lose their jobs or be disadvantaged in terms of salary or conditions of service. However, in September 2017 the Department indicated that employers had been instructed by the DPSA to suspend any restructuring until further notice. The employer therefore removed the item with the undertaking that it would be re-introduced should a change in circumstances warrant.

Safety and Security Sectoral Bargaining Council

South African Police Service (SAPS): Organisational rights

The SSSBC concluded a new procedural agreement to regulate the relationship between SAPS as employer and the two recognised unions that already enjoy organisational rights in SAPS and the SSSBC, *i.e.* Popcru and Sapu.

The agreement provided for deductions of union membership by means of serial numbers allocated to these two unions only. Unions that did not comply with the mentioned process could therefore not have access to stop-order facilities.

To continue with stop-order facilities and unrestricted access to the workplace and enhance the level of service rendered to members in SAPS, the PSA successfully challenged the SAPS at the CCMA. The PSA acquired the rights contemplated in section 12 and 13 of the LRA.

General Public Service Sectoral Bargaining Council

<u>Compensation:</u>
<u>Official duties performed during meal intervals</u>

The PSA tabled this matter for discussion in the Council. In terms of the provisions of clause 9.4 of PSCBC Resolution 1/2007, compensation for employees who owing to the nature of their work, were required to remain on duty during their meal intervals would, where required, be determined in the respective Sectoral Bargaining Councils. The employer, during a Council meeting, informed labour that it identified the Department of Correctional Services (DCS) as the only Department that would be affected. Hence, the employer was already finalising a list of occupations in the DCS to be tabled and a resolution to be concluded. The PSA requested input from other departments that may have any category that could qualify to receive compensation for performing official duties during meal intervals but no inputs were received. Labour was still waiting for the employer to table a draft resolution with a list of qualifying DCS occupations. The departure of several DPSA negotiators delayed negotiations and progress in the Council. The PSA raised concern with the DPSA regarding the situation. This matter was still in process by the end of the report period.

<u>Draft Special-Leave Agreement for Sector</u>

The PSA had previously raised a concern about the inconsistent provision of special leave by some Public Service departments. Because of this, the PSA demanded that the employer should table an agreement for discussion in the Council to regulate special leave in the Sector. The draft special-leave agreement seeks to regulate leave categories of Examination; Study; Sport; Resettlement; Rehabilitation; Natural Disaster; Life Endangerment; Compliance with Legislation; Interviews in the Public Service; and Trips outside the RSA borders.

Members' inputs on the new draft proposal were received and incorporated. Negotiations commenced in the Council to conclude an agreement that would be presented to members for a mandate in terms of the PSA's mandating processes. The reshuffling of cabinet and the appointment of new mandate givers also affected progress in this matter and it was still in process by the end of the report period.

<u>Additional categories of Danger Allowances in the Public Service</u>

Danger allowances for public servants were addressed during previous negotiations in the PSCBC with the signing of Resolution 5/2015. Clause 3.1 of the agreement provided that the employer would undertake a comprehensive review of the danger dispensation applicable to the Public Service and that the modalities for the payment of danger allowance would be tabled at the PSCBC for negotiations. Clause 3.2 of PSCBC Resolution 5/2016 required that Sectors identified and agreed on new categories that could be included under the new danger dispensation.

The PSA tabled a list of categories to the employer for consideration to be included with those already identified to receive danger allowances. The PSA tabled a motivation for each additional category that was identified. The employer indicated that it would revert to the Council once it was ready to engage. Once again, the reshuffling of cabinet and the appointment of the new Minister had a bearing on progress and the matter was still in process by the end of the report period.

National Departments
(Bargaining Chambers of the GPSSBC)

In accordance with the Constitution of the GPSSBC, Departmental Bargaining Chambers (DBC) should meet at least four times a year. Most of the DBCs consequently chose to meet on a quarterly basis, except in instances where additional, urgent meetings took place. On average, almost half of the activities in all DBCs related to the review of existing human-resource policies and related policies on matters that could be construed as of mutual interest. In general, the approach to what could be considered a fair and reasonable consultation process remained a challenge. Discussions, however, took place regularly in DBCs on matters that affected members' interests. The more important issues dealt during the report period are listed by Department:

<u>Department of Home Affairs (DHA)</u>
Operational working hours

This matter relates to the unilateral amendment of the opening and closing days of Civic Services Offices. In 2015, the DHA issued a circular, compelling employees at Civic Services to open offices on Saturdays.

The PSA declared a dispute at the GPSSBC and conciliation was set down on 2 April 2015. The DHA raised a point *in limine* that the Council lacked jurisdiction to conciliate the matter as it was of the view that it was a matter of right in terms of regulations. A jurisdictional ruling was issued by the Commissioner, which held that the Council lacked jurisdiction to deal with the matter.

The PSA took the Commissioner's ruling on review to the Labour Court. On 22 September 2015, a judgment was issued by the Labour Court, which held that the Commissioner was wrong in finding that the GPSSBC lacked jurisdiction to conciliate the dispute. Subsequently, the DHA took the matter on review to the Labour Appeal Court. The Labour Appeal Court confirmed the Labour Court's judgment. The matter was then referred to the Constitutional Court by the DHA. It was heard before Chief Justice, Mogoeng Mogoeng, in front of a full bench on 28 February 2017. Judgment was delivered on 4 May 2017 in favour of the PSA. The PSA received a mandate from members to embark on a strike for the failure by the DHA to withdraw the circular. The mandate was approved by the General Manager.

The PSA received a new date for a conciliation meeting, which was scheduled for 6 June 2017. Parties could not reach agreement and conciliation failed. A certificate of non-resolution was issued. On the same day, the PSA served the DHA with a ten-day notice to embark on strike action. The strike was set to commence on 19 June 2017.

Subsequent to the PSA serving notice, a copy of a referral for an expedited arbitration was received from the DHA. The Council set the application for an *in-limine* hearing on jurisdiction to be ruled, in an expedited process for 12 June 2017. This was viewed as an attempt by the DHA to stop members from exercising their Constitutional right to strike. The purpose of the expedited arbitration was for the Commissioner to categorise the dispute on whether it was a matter of mutual interest or a rights dispute. The Commissioner, as in Courts before ruled in favour of the PSA.

Subsequently, on 15 June 2017, the DHA launched an urgent application to the Labour Court to interdict the strike. The PSA opposed the application and the matter was struck of the roll by the Labour Court. On the same day, the PSA, the DPSA and the DHA reached an agreement on DHA operational working hours at the PSCBC. The agreement is summarised as follows:

- The DHA withdrew the circular introducing the shift system (dated 2 March 2015).
- All consequences related to the implementation of the circular that negatively impacted employees would be reviewed and reversed (*i.e.* disciplinary actions, suspensions, and salary deductions).
- Saturday work would be on a voluntary basis.
- The PSA withdrew the notice of a strike.
- Parties would enter into a collective agreement on working hours at the DBC.

The strike was averted by this agreement and the opening of Civic Offices was set to be discussed at the DBC. Thus far, the DHA has not initiated further discussions on the matter and DHA offices remain closed on Saturdays.

The PSA views this as a landmark case and a victory for all government employees and not only for Home Affairs.

<u>Department of Transport (DoT)</u>

Payment of overtime: Security Officers

Security Officers were established as shift workers in 2008. This resulted in them working excessive hours without remuneration.

After much deliberation, the DoT finally agreed to pay Security Officers their overtime money from 2008 until 2016. However, the payment was only for employees in the employment of the DoT at the time of payment. The PSA fought the exclusion of Officers who left the DoT, hence the DoT undertook to get a legal opinion to determine compliance with legislative framework to avoid a situation where employees might have to pay back the money.

Driving License Card Account (DLCA) Trading Entity

Upon the establishment of the Trading Entity, the DoT ordered employees who were employed in the Chief Directorate: DLCA to join the Entity without determining the legitimacy of the Entity. Labour objected to the process, which resulted in a deadlock. This led to a facilitation process where a task team was established to address concerns. The DoT also stopped the process of forcing employees to join the Entity. An option was provided for those who were prepared to transfer to the Entity. The DoT indicated that Entity employees would be transferred to the Road Transport Management Corporation (RTMC), however, the project was suspended after the government restructuring process and labour was awaiting the conclusion of the matter.

Reconfiguration: Public Entity Oversight

The DoT engaged, without engaging labour, individual employees who would have been affected by the process, Labour subsequently tabled the matter at the DBC where the process was stopped to allow for proper consultation. The DoT, however, suspended the process until further notice and confirmed that no employee would be moved pending proper consultation and conclusion of the exercise.

<u>Sport and Recreation SA (SRSA)</u>

Restructuring

The burning issue that affected members during the report period was the restructuring process, which the employer undertook during the past three financial years. This process is still underway and SRSA consulted with the DPSA regarding its final position. National Treasury was also consulted during this process to ensure that additional funding was sourced and allocated when the new structure was approved and signed off by all stakeholders. To increase the staff establishment to fit to the new structure would require that almost 150 new posts be created. National Treasury was, however, not prepared to provide SRSA with additional funding and therefore all the additional posts had to be financed from the current budget and any savings that could be generated. This necessitated for the process to be placed on hold until additional funding could be sourced or enough savings could be generated.

PMDS

During this period, the PSA raised a concern with the Director-General regarding outstanding PMDS payments from previous financial years.

SRSA made commitments in the DBC to effect payments. Those commitments were honoured and members received their outstanding payments.

<u>**Department of Justice and Constitutional Development (DOJCD) and National Prosecuting Authority (NPA)**</u>

Senior Family Advocates LP-9 translations: Arbitration

The PSA successfully arbitrated the dispute on behalf of Senior Family Advocates who raised a concern that their salaries were incorrectly translated in terms of the OSD agreement. The arbitration award was in favour of the PSA and its members, indicating that their salaries had to be translated to LP 9 with retrospective effect from 1 July 2007.

The DOJCD took the arbitration award on review to the Labour Court. The Labour Court dismissed the review application. The DOJCD applied for leave to appeal to the Labour Appeal Court. The Judge dismissed the application and awarded cost in favour of the PSA. By the end of the report period, the DOJCD had submitted a petition to the Labour Appeal Court.

LP-10 positions: NPA

The NPA did not translate any employees to LP 10 as per the OSD agreement. Instead, various meetings took place with Deputy Directors of Public Prosecutions (DDPPs) where the NPA indicated that they would be translated to the salary scale of LP 10. The NPA also followed this promise up in writing to individual employees, even giving a breakdown and explanation of the financial impact. After the NPA's failure to implement the new salary scales for DDPPs and Prosecutors, the PSA was approached for assistance. The matter is in process to be heard by the High Court. It is the PSA's view that the NPA is in breach of contract as it had offered LP-10 contracts to DDPPs and Prosecutors. By the end of the report period, the PSA had submitted its answering affidavit that was due by 9 April 2018.

Salary increase: DDPPs

The PSA was approached by DDPPs to assist them as they believed that their yearly salary increase was still awarded by the Minister in terms of the SMS handbook but, in fact, it should be the same as per legally-qualified employees employed by the NPA and the DOJCD. By the end of the report period, the PSA had submitted the founding affidavit to which the employer submitted its responding affidavit and the PSA submitted its written arguments. All required documents were submitted and parties were awaiting the Labour Court to provide a set-down date for the matter to be heard.

Contract workers: DOJCD

Owing to serious financial constraints and cost-containment measures implemented by National Treasury, the DOJCD decided not to renew the contracts for contract workers. The PSA declared disputes and by the end of the report period, the unfair dismissal arbitration was ongoing.

After-hours bail application

Prosecutors at Magistrate Courts informed the PSA that they had received an instruction to perform after-hours bail applications. This function was previously only performed by Magistrates. Even though the instruction was lawful, a concern was raised that employees only received a standby allowance. When the matter was discussed with the employer, it was agreed that employees who perform after-hours bail applications could and should also be able to claim kilometres travelled and all the overtime worked.

<u>**Office of the Chief Justice**</u>

Employees on probation

Members informed the PSA that they had been on probation for much longer than prescribed by legislation and Public Service prescripts. Discussions lead to appointment confirmations for several employees. By the end of the report period, discussions were ongoing as not all employees on probation had received confirmation of their appointments.

Treatment of employees: Cape Town High Court

Employees at the Cape Town High Court raised concerns regarding the treatment they received. Parties agreed that the allegations should be investigated. This resulted in an *in-loco* inspection, which revealed that further interventions were needed. It was agreed between parties that a Union Management Meeting Forum would be created at the Court, which would be inclusive of national Office representatives and union representatives, nationally and locally. By the end of the report period, the matter was ongoing and the situation was being monitored by parties in the DBC.

<u>**Department of Science and Technology (DST)**</u>

Security and Receptionist uniform

Members informed the PSA that they had for the past two financial year not received their clothing allowance in terms of the Internal Clothing Allowance Policy. The PSA declared a dispute and the DST informed the PSA that it had already secured a service provider to supply the required uniforms to identified personnel. It was confirmed that the uniforms would be ready for distribution to qualifying personnel by the end of June 2017. The PSA further demanded that members be compensated for the past two financial years because they had to buy their own uniform. Discussions were still taking place by the end of the report period.

Payment: Performance bonuses

The DST indicated at the end of 2016 that owing to financial constraints, it could not pay the performance bonuses for the 2016/17-financial year. After the first meeting in this regard, the PSA convinced the DST to ensure that payment of performance bonuses was made to all qualifying employees. Parties agreed that payment would take place before the DST closed for the December holidays. This was subsequently done.

Department of Economic Development (EDD)

Non-implementation: Payment of Performance Bonus and Pay Progression 2016/17

The PSA tabled the matter following complaints from members and enquired from the EDD when payment of performance bonuses and pay progression for the 2016/17-financial year would be made. The EDD informed labour that the Director-General was dealing with the matter and would announce the payment date in due course. The PSA rejected the report and indicated that the EDD failed to comply with the DPSA's directive.

The PSA reserved its rights and invoked clause 17 of the Governance Rules for Chambers. Subsequently, payment was made to qualifying employees.

Training and development

The PSA tabled the matter following complaints from members about the EDD's unilateral decision to change the policy by introducing a maximum cap to be utilised for training and development of employees. The EDD undertook to retract the communication that introduced the cap on cost amount for training and development, which was not in line with the provision of the policy.

Closure of Satellite Offices: All provinces

The PSA tabled the matter following complaints received from members that the EDD was busy closing all Satellite Offices without consultation with the PSA. The EDD informed the PSA that management decided to close the Satellite Offices, where possible, to enable it to save costs. The Satellite Offices in Upington, Mthatha, Bethlehem, and Mpumalanga were closed by the end of December 2017. The EDD indicated that employees who were not willing to move to provincial offices would be accommodated at the Satellite Offices until alternative office space was acquired from other departments. Furthermore, the EDD indicated that if it was unable to acquire office space, employees would operate from home until an alternative placement in terms of the office space in that area was acquired. Employees would be provided with all the necessary tools required to perform their duties.

Department of Planning, Monitoring and Evaluation (DPME)

Reasonable accommodation for employees living with disabilities

The PSA tabled the matter following complaints from members that the DPME seemed not to have a policy that addressed the needs of employees living with disabilities. The PSA requested the DPME to provide the DBC with a report on the measures developed to address the needs of employees living with disabilities. The DPME indicated that in all the Departmental policies it catered for employees living with disabilities. Following deliberation, the DPME tabled a draft Disability Policy to cater for employees living with disabilities.

Government Printing Works (GPW)

GPW versus State-Owned Company (SOC)

After constant pressure by the PSA for the GPW to remain part of the Public Service and not be established as a SOC, the GPW undertook to investigate other ways to solve the issues that were deemed only solvable through the establishment of the GPW as a SOC. The GPW informed labour that it would remain as is and a benchmarking process would be undertaken to understand the salary dispensation for similar organisations. Parliament was approached to present models and proposals, hence the GPW could engage the Treasury and other role players to resolve the matter.

Job evaluation: E-Gazette posts

Owing to the slow pace and delaying tactics by the GPW to implement the outcomes of the job evaluation, the PSA declared a dispute. During facilitation, it was agreed that the 2016-job evaluations outcomes would be implemented in the next Persal salary run. All qualifying employees were upgraded and paid in November 2017.

Parking

The PSA demanded that the GPW should consider providing parking, particularly for lower-level employees, as senior-management employees were provided with this. The GPW acknowledged the problem of parking and undertook to investigate how to resolve this. It hinted that the possible relocating the GPW was also being considered whereby the issue of parking would be considered. The report and implementation were earmarked for the 2018/19-financial year.

Employment Equity (EE) plan

The lack of an EE plan resulted in unfairness in the recruitment process, whereby the shortlisting and interview panel was just informed that the CEO wanted a man or a woman in a position. The PSA tabled this matter and informed the GPW that it was a legal requirement for it to develop, through a consultation process, an EE plan to address the injustice of the past. The GPW undertook to establish the committee as required by law to ensure completion of the plan during the 2018/19-financial year.

Filling of vacant and funded positions

The GPW was not filling vacant and funded positions, which created a burden on employees to carry the load of their positions and the work associated with vacancies. The GPW agreed to fill all vacant and funded positions and commenced with the recruitment process to fill the posts.

Incomplete uniform/safety clothing: First-Aid Officers

The GPW failed to comply with its own policy to provide these employees with uniforms. For reasons known to the GPW, qualifying employees were provided with less items than required. This failure to provide sufficient items was viewed by the PSA as a health risk.

The GPW finally complied and provided employees with the complete set of safety clothing after the PSA's intervention.

Department of Mineral Resources (DMR)

OSD: Environmentalists

Several DBC meetings took place during the report period. One of the most important issues that was discussed was the implementation of the OSD for Environmentalists in the DMR at the request of the PSA. Numerous consultations took place. However, owing to the DMR's delaying tactics, the PSA had no option but to declare a dispute on the implementation and application of the said Resolution.

The DMR, in the meantime, approached the DPSA for advice as it was of the view that DMR Environmental Officers were not eligible to participate in the OSD and should therefore not be included in the OSD process. The DPSA's response supported the DMR's position and was thus not in favour of the PSA. The matter was referred to the GPSSBC for conciliation and arbitration. Initially two cases were referred to the GPSSBC regarding the non-implementation of the OSD for Environmentalists in the DMR, one in the Western Cape and one collectively at national level, following a deadlock in the DBC.

At the start of proceedings in the Western Cape matter (*PSA obo Briers*), the DMR argued that there was a national dispute on the same issue and that the two matters should be joined. The two cases were subsequently joined as well as the DPSA. After the matter was conciliated, parties did not reach consensus and the matter was referred for arbitration on 18 March 2016. At the start of proceedings, the respondent's representative raised two points *in limine*, *viz* that the members had not lodged grievances and that since the PSA was not a signatory to the agreement (Resolution 8/2009), it was not entitled to declare an interpretation/application dispute.

The PSA instructed its legal representative to apply for a joinder, which was ruled in the Union's favour. By the end of the report period, the PSA was waiting for the matter to be set down for continuation of the arbitration process.

Non-payment of Danger Allowance: Inspectors of Mines

The PSA tabled this matter at the DBC when it became apparent that the DMR was not adhering to the payment of danger allowance to Inspectors of Mines in terms of the determination and directive on Danger Allowance in the Public Service. After deliberations and consultations in the DBC, the DMR had no choice but to comply with legislation and adhere to the payment of danger allowance to Inspectors of Mines.

Review: Clothing Policy

The matter was tabled before the DBC by the PSA with the request that the wearing of ties should not be compulsory as was the position of the DMR. After consultations at DBC level, parties reached a deadlock and the matter was referred for facilitation to the Council. The PSA demanded that the *status quo* should remain on the policy as there was an agreement in place that was signed in 2012 by parties, stipulating that the wearing of ties was optional. The DMR had no choice but to concede and allow the *status quo* to remain.

Government Pensions Administration Agency (GPAA)

Absorption: Contract Workers

After deliberations in the DBC, the GPAA indicated that it had made a submission to the Minister of Finance through the Office of the CEO and recommended that the Minister approved that the GPAA considered approving the absorption of contract workers and to deviate from the requirements of the Public Service Regulations. The PSA was by the end of the report period awaiting the Minister's response.

National Department of Tourism (NDT)

Restructuring

The NDT gave the assurance that no dismissals were contemplated during the restructuring process. However, the process left three employees unable to move to Pretoria owing to personal circumstances. The PSA engaged the Minister for intervention. All remaining members were subsequently placed, of whom one opted for a severance package.

Parking

A number of employees at the NDT were not allocated parking, leaving them at risk of their cars being impounded or stolen. In the last DBC meeting, the NDT advised that it converted eight visitor parking bays for employees on the waiting list. The PSA will continue to pursue this matter.

Department of Arts and Culture (DAC)

Relocation

The DAC sourced new premises as the present building was dilapidated. A task team established by the Director-General inspected the premises and was satisfied that the needs of the DAC would be accommodated. The relocation was accordingly finalised. The DAC is currently hosted at VWL Building in the Pretoria CBD. The challenge with parking was also resolved in that the DAC secured parking for staff outside the premises. The parking is monitored for the duration of utilisation, with vehicles being guarded until the departure of the last vehicle.

Rural Development and Land Reform (RDLR)

Employee PMDS Policy

RDLR introduced a revised policy for consultation during the report period. Labour was consulted extensively and presented numerous inputs. RDLR, whilst busy with review of the policy, was compelled to align it with the amended Public Service Regulations. The alignment process was engaged in the DBC and finalised successfully to enable RDLR to comply with the Directive, which compelled implementation with effect from 1 April 2018.

Re-engineering project

This project relates to restructuring. It was tabled in the DBC when RDLR contemplated to restructure, and information was shared with labour prior to commencement of consultation. The PSA requested RDLR to provide all information to enable labour to consult effectively. Amongst information requested were the Strategic Plan, Human Resource Plan, Current and New structures, Migration Plan and the Implementation Plan. Labour requested that the approach taken by the DHA and National Department of Public Works be taken. Even though RDLR was reluctant, the PSA persuaded it. The approach proposed, amongst others, provided for the negotiation of a National Framework Agreement to direct implementation of the re-engineering process, establishment of a steering committee in which the process would be consulted and the appointment of an independent chairperson for the steering committee.

E-Recruitment system

This system was tabled by RDLR as being an automated recruitment process to replace the manual system. Unfortunately, RDLR implemented the system without consultation. This led to invocation of Rule 17 (dispute prevention) in which the Secretary for the Council intervened and assisted parties to attempt resolving the deadlock. Unfortunately, it was not resolved, and the PSA wrote a letter to the acting Director-General (ADG) of RDLR, seeking her intervention and assistance prior to referring a mutual interest dispute to the Council for conciliation. The ADG intervened at the time when the PSA was preparing to refer the dispute, and informed labour that RDLR had paired the system with the manual one as per the request by labour.

<u>Department of Water and Sanitation (DWS)</u>

Review of Conditions of Service: Construction Branch

Employees involved in the building of dams and related water-resource infrastructure are appointed in terms of section 76 of the *National Water Act* and are usually referred to as construction employees/workers. Owing to the unique working environment of these employees, the relevant section of the *Act* allows for the Director-General to appoint such employees on provisions outside the *Public Service Act, 1994*, subject to consultation with the DPSA on such conditions of employment. Construction therefore has its own, unique conditions of service, salary structure, and measures not in all regards aligned with the Public Service prescripts and provisions.

Labour requested the DWS to consider a review of these conditions of service as this had not been done since 2001. The DWS subsequently tabled a draft document. The review process had been ongoing for the last four report periods, involving numerous workshops where updated drafts were discussed and numerous communications issued to members, informing them of developments and requesting them to submit inputs. A limited response was, however, received from members.

The PSA's final, consolidated inputs, based on the first final draft, were presented to the DWS in September 2016. It acknowledged the inputs received from labour and indicated that the submission for approval to submit the document to the DPSA for consideration and engagement was on route to the Minister. After that, the DWS indicated that the Minister had referred the submission back to the Director-General to consider it during the structural review process. The DWS could not shed light on what this implied and labour expressed severe dissatisfaction with the delay.

During this report period, the other recognised trade union declared a deadlock and referred the matter for dispute intervention by the Council. The matter remained unresolved after two facilitation meetings. The PSA requested members to provide mandates/inputs on whether to declare a dispute or allow the DWS to finalise its processes with the DPSA. No response was received from members. The PSA therefore retained the item on the agenda as the majority Union in the DBC.

By the end of the report period, the DWS confirmed that the draft reviewed conditions of employment had since been approved for submission to the DPSA for concurrence. The DWS had also identified issues that did not require intervention/concurrence by the DPSA and proposed that a workshop be arranged to engage labour on these. It was indicated that the two processes would run concurrently. By the end of the report period, the matter was ongoing.

OSD: Construction

The issue relates to the DWS's failure to extend and implement the various GPSSBC Resolutions on OSD to employees appointed in terms of section 76 of the *National Water Act*, generally referred to as construction employees. The process eventually reached the stage where labour could no longer justify or tolerate the delaying tactics by the DWS to deal with this matter and a facilitation intervention by the Secretary of Council (SoC) was requested. At the facilitation meeting on 6 July 2016, the SoC made it clear that construction employees fell within the scope of the Council and therefore the relevant OSD Resolutions applied and the matter was deferred back to the DBC for the DWS to deal with.

Although the issue is a rights matter, labour had hoped that by keeping the item on the agenda the matter could be resolved collectively and amicably. However, during the report periods between 2012 and 2017, the DWS continuously frustrated progress by shifting the goal posts in every meeting and presenting new challenges and reasons for not complying with the Resolutions. Labour, towards the end of the previous report period, proposed a task team to investigate and compare information of affected employees to determine once and for all if the prejudice was perceived or real to make an informed decision on the way forward.

The DWS did not have a mandate to agree and when it came back with a mandate during the report period, a discussion on the envisaged terms of reference made it clear that the expectations between labour and the DWS on what the task team would accomplish and deal with were not the same. Labour felt that the task team was not going to resolve the matter as expected and yet again delay conclusion. Labour therefore concluded that a collective solution was not possible and that members would be advised yet again to pursue this matter on an individual basis. The item was therefore removed.

Role for labour: Recruitment and selection process

A combined labour proposal was introduced in October 2013, demanding that trade union representatives be allowed observer status in recruitment and selection processes and on related measures/conditions. After much resistance by the DWS and even a facilitation intervention by the Council, the process culminated in the signing of a collective agreement during the report period.

Department of Environmental Affairs (DEA)

Sea-Going Allowance

During 2009, the DEA entered into a collective agreement for the payment of a flat-rate Sea-Going Allowance, inclusive of overtime payment, night-shift, and standby allowances to employees performing research duties at sea. The agreement contained a clause that indicated that it would be terminated upon the signing of an OSD for the relevant Natural Scientists. The agreement therefore effectively lapsed with the signing of GPSSBC Resolution 3/2009.

The DEA took a decision to continue payment of the allowance whilst engaging and awaiting an intervention by the DPSA. Following a process over several years of identifying and involving other employers operating in the same environment and exchanging information, the DPSA indicated that since the matter involved two Departments in the Sector, it would be submitted to the GPSSBC. The matter was therefore removed from the DBC agenda since the negotiation and conclusion of a collective agreement would now be dealt with at Council level.

Department of Cooperative Governance (DCoG)

Performance Assessments: 2016/17-cycle

The outcomes of the performance assessment process for employees on salary levels 1 to 12 are utilised to consider the payment of notch progression and performance incentives. It is considered part of the monitoring function of the DBC to ensure that this important aspect of members' conditions of service is dealt with in accordance with relevant prescripts and agreements. The PSA introduced an agenda item to obtain feedback. The DCoG reported that the assessment process was concluded and that payments were made in October 2017. Based on the feedback, the item was removed from the agenda.

Department of Traditional Affairs (DTA)

Implementation: Performance assessment outcomes - 2016/17-evaluation cycle

The PSA tabled an agenda item in September 2017, requesting a report on assessments and the implementation of outcomes as well as information on possible challenges. The DTA initially indicated that owing to developments pertaining to the 2015/16-cycle as identified by the Office of the Public Service Commission, the 2016/17-assessments were put on hold. It subsequently informed labour that the matter was resolved and that all 2016/17-assessments were finalised in time for payment by the end of December 2017 as prescribed by the Public Service Regulations, 2016.

Department of Labour (DoL)

Recognition: Improved qualifications

GPSSBC Resolution 5/2014 gives effect to clause 7 of PSCBC Resolution 1/2012, which commits the employer to recognise the attainment of an improved qualification related to an employee's scope of work and that enhances the employee's performance and service delivered, including an employee whose job does not require any qualification to choose a qualification that will offer progression opportunities or career pathing. Departments had to define the qualifications relevant to their respective areas of work and that they intended to recognise. These qualifications had to be consulted with labour in the respective DBCs.

Parties at the DBC agreed to establish a task team to consult on identified qualifications. Several task team meetings took place but the task team could not reach consensus on one salient matter, *i.e.* that Inspection and Enforcement Services (IES) did not want to recognise a Human-Resource qualification as an improved qualification and argued that it did not correlate close enough to the mandate of Inspection Services.

Labour raised a concern on IES not recognising Human Resource Management (HRM) as an improved qualification for Inspectors and demanded that HRM for Inspectors be included in the list of improved qualifications. The DoL undertook to consult the Director-General and subsequently reported that HRM was not a recognised qualification for IES but conceded to advise that members who studied HRM prior the introduction of GPSSBC Resolution 5/2014 would be accommodated with an emphasis that the 10% payment would be phased out by 2020 to grant employees time to finalise their studies.

Office of the Public Service Commission (OPSC)

Relaxation: Qualification requirements

A task team was established to investigate the possibility of relaxing some required qualifications for certain posts to be advertised. Purpose being to accommodate long-serving, experienced, and competent employees who did not have relevant qualifications to advance to higher positions when advertised.

An investigation was conducted and the report with recommendations was submitted to the DBC and subsequently to the Director-General to decide on the recommendations. Unfortunately, the report was not approved as the Director-General felt that advice should be sought from the Department of Higher Education and the DPSA. The OPSC, while seeking advice, found that the relaxation was not necessary as it was covered in other prescripts that regulate the employment relationship in the Public Service, more especially the Recruitment and Selection Policy. The DBC finalised it on the basis that there was no need to develop the mechanism for relaxation when the policy provided for relaxation.

Turnaround Strategy/restructuring

The restructuring process that forms part of the strategy was unfolded successfully as 4 366 permanent employees were migrated to the new structure of the NDPW and Property Management Trading Entity (PMTE). Only 57 of these employees filed placement objections. A total of 50 objections were settled and the outstanding seven were by the end of the report period receiving attention.

Department of Basic Education (DBE)

Restructuring

Since the election of the 5th Administration of Government the DBE had been engaged in the restructuring/re-organisation of Departmental branches to align with and fully support the new mandate of the Minister and the DBE. On numerous occasions, the PSA requested the DBE to be transparent and keep labour informed of progress on the process envisaged.

DBE representatives at DBC level had on numerous occasions failed to declare and confirm whether there was a new organogram that the DBE anticipated implementing and, if so, whether the documents could be shared with the PSA. After failed attempts to get the DBE's cooperation, the PSA invoked clause 17.2 of the GPSSBC governance rules. Facilitation of the GPSSBC was sought, which resulted in the DBE being forced to share the draft version of the new organogram and to establish the task team that would be an essential part of the re-organisation processes as far as consultation was concerned.

During the report period, the PSA sponsored the DBC with a draft for the terms of reference for the departmental task team to consult meaningfully on restructuring. The purpose of the task team would be to make inputs on the existing and new organisational structure tabled at the DBC to facilitate meaningful consultation after which a new structure would be recommended to the DBC for implementation. The DBE informed parties at the DBC that it had consulted with its principals, but that the exact date for implementation had not been determined. The DBE indicated that the new organogram still needed to be signed off by the Minister, depending on the availability of funds.

Department of Human Settlements (DHS)

Regrading: Clerks

The PSA extensively engaged the DHS on the implementation of the coordination process regarding the regrading of Clerks. It was reported that only 15 clerical posts were identified for regrading, excluding the Chief Financial Officer Branch, owing to a work-study investigation process that was undertaken. Two of the posts were upgraded, four were downgraded; three were subjected to job evaluation; four were not affected, and two were subjected to a work-study investigation. A submission was sent for approval for implementation. All Clerks who met the criteria as per the agreement and outcome of the job evaluation were upgraded.

South African Defence Force and Military Veterans

Unauthorised deductions and salary reductions

The PSA mandated its attorneys to, in addition to approaching the Labour Court, also approach the PSCBC to make a referral on the interpretation and application of a collective agreement. The employer did not honour the conciliation meeting that was scheduled on 21 November 2016, and the Council had to set the date down for arbitration. The arbitration process would be dealt with concurrently with the Labour Court process by the attorneys.

The PSA was inundated with reports from members on the intention of the employer to deduct from the salary of members who were due for retirement, especially from December 2016 to date. Members alleged that the employer was confronting them to sign a consent form that was part of the booklet to be completed when one was due for retirement. After signing such, only then the process of compiling the advices to advise the GEPF of a member's retirement resumed. Some members signed the booklet in December 2016. It is to the effect that the retiree grants permission to the employer to retain an amount equal to the last month's salary by the department for the payment of possible debts. Such debts would be determined by the employer with the closing of salary account to expedite payment. The advice from the PSA's attorneys was that members should not sign-off these consent forms. If they had already submitted the signed forms, they would lose the eligibility in the dispute, *i.e. locus standi*. If the consent form was signed but not yet processed, they needed to immediately and urgently withdraw such submitted consent. Arbitration was finalised on 6 March 2018. The PSA was awaiting the outcome. The Commissioner requested further information from the PSA about the salary levels of certain employees to assess the effect and validity of the Resolution.

Demilitarisation: Finance personnel

During the process of so-called demilitarisation, which commenced during 1996, Finance personnel of the then-SANDF were taken out of the uniform dispensation and placed into the civilian/*Public Service Act* dispensation.

During 1998, individual members signed contracts, agreeing on the transfers. Throughout various discussions and much correspondence, members' concerns were raised and assurances were given by management that demilitarisation would not expose members to be worse off in the new dispensation. However, over years following the transfer, much documentation was generated, including collective grievances, wherein it was raised that members were, in fact, worse off in a few respects. Some of the unresolved issues appeared to be promotions, merit bonuses, clothing allowances, post-level reduction, and compulsory retirement age.

The collective grievances filed in 2001 and 2011 appeared to have remained unanswered or, at the very least, unresolved. At one point the State Attorney purportedly expressed the view that the contracts were not enforceable. The source document was, however, not made available. On occasion, some developments appeared to take place, such as correction of discrepancies in respect of a small group of colleagues who allegedly were members of one of the recognised parties in the DBC.

In 2013, the employer indicated that management was attending to the grievances. Recently, a general notice was issued to the effect that the unresolved issues were being discussed with certain key departments and institutions. The issue of whether the retirement age should be 60 or 65 years was still being debated. At some point, the Secretary for Defence issued an instruction, confirming compulsory retirement age to be 65 years. Such instruction was withdrawn shortly thereafter by the Chief Financial Officer.

An agreement was concluded and signed off by parties regarding the pension benefits and pensionable age. The agreement maintained the *status quo* with effect from October 1998. An amount of R267 million was transferred to the GEPF to meet its liability for re-instituting the *status quo*.

The main issues in contention are:

- Remuneration of those who under the previous dispensation were Warrant Officers and Staff Sergeants who, by all indications, over the years had fallen behind their counterparts in the Public Service;
- Pensionable age: Already addressed as outlined above;
- Disparity in salaries as against the *Defence Act* personnel;
- Promotions; and
- Insurance benefits.

Department of Public Enterprises (DPE)

Realignment: Departmental structure

The DPE informed labour that there was a need to undergo a realignment project in relation to its structure. The realignment was needed to ensure that all the divisions in the DPE performed their functions optimally and promoted the annual performance plan.

The DPE reviewed all business divisions and submitted to labour that only 3% of employees would be affected by the project. The DPE subsequently placed the alignment project indefinitely on hold. No changes were therefore affected to any employee or division.

Signing: Attendance register

Members informed the PSA that an instruction was issued that all employees had to sign an attendance register in the morning when reporting for duty and in the afternoon when leaving duty. The PSA raised this with the DPE and indicated that as the DPE's premises had an installed security system that clocked every employee's entry and exit time, it was a duplication to keep a manual attendance register. It was also shown that the signing of the attendance register was not consistently implemented. After discussions, it was agreed that the signing of an attendance register would no longer be a requirement for employees.

Office of the Presidency (OP)

Utilisation of recruitment agencies

This matter was tabled by the PSA after receiving concerns from members on the use of an agency for recruitment purposes in the Presidency. The OP, at the time, indicated that it would investigate and respond in the DBC. Meanwhile, whilst awaiting the outcome of the investigation, it was noted that the OP embarked on a tender process, inviting service providers to be part of the process of recruiting and appointing contract workers. A bilateral was held, where it was agreed that the OP would stop the tender process and adhere to the recruitment and selection policy processes. It was also agreed that the OP would extend the current contract for employees already appointed on a temporary contract for the duration of three months. This concession was to afford the OP reasonable time to embark on the prescribed process of recruitment and selection.

Partial payment: Overtime worked in February 2018

This matter was previously tabled at the DBC when a concern was raised by members regarding the partial payment of overtime. Members were informed by the OP that a new directive on overtime indicated that overtime would only be paid up to 30% of their salaries. The OP had to comply with the directive and at the time of the information, members had already exceeded the prescribed overtime. The OP reported that to resolve this issue, a submission was made to the Minister of Public Service and Administration (MPSA) to request for deviation. The response, however, was still awaited by the end of the report period. Parties also explored other proposals to resolve the matter and it was agreed that it would be further discussed during bilaterals to find a permanent solution to the problem.

Department of Correctional Services (DCS)

Interpretation and application: PSCBC Resolution 5/2009

The DCS failed to implement the agreed percentage annual wage increase (PSCBC Resolution 5/2009). The PSA declared a dispute on the interpretation and application of a collective agreement (the DCS only implemented 10.5% for salary levels 7 and 8 instead of 11%). Arbitration was scheduled for 26 March 2012 and the Commissioner ruled that the DPSA be joined as a second respondent to proceedings. Arbitration took place on 13 May 2013. After numerous postponements and delaying tactics by the DCS, arbitration was held in November 2013 and an award in favour of the PSA was received. The DCS did not implement the award and the PSA instructed its attorneys to make the award an Order of Court. Before the award could be made an Order of Court the DCS, however, filed a review application at the Labour Court. The matter was heard on 7 March 2018. Unfortunately, judgment was issued against the PSA. The Judge found that the arbitrator's failure to deal with any occupational levels other than level 7 and 8 meant that he had rendered an award that no reasonable decision maker could reach. He set aside the award and remitted it to the DBC. The PSA filed a notice to appeal the judgment.

Circumstantial Allowance/Safety in prisons

A Labour Court judgment on 12 January 2017 confirmed that a dispute regarding DCS employees' working conditions should be categorised as an interest dispute as it related to a demand for safe working conditions. The PSA welcomed the judgment setting aside a jurisdictional ruling by the GPSSBC and remitting the matter back to an arbitration in *de novo* in front of a different commissioner.

The PSA is deeply concerned about its DCS members' well-being and will continue to protect their rights and interests regardless of delaying tactics by the DCS.

The Labour Court judgment is an enormous victory - the PSA will pursue this matter until it has been resolved through the arbitration process, as ruled by the Labour Court.

Arbitration was scheduled but was postponed owing to non-availability of the Council.

Department of Agriculture, Fisheries and Forestry (DAFF)

Unconducive working environment

The PSA received complaints from members in Limpopo regarding unfavourable working conditions. The matter was tabled at the DBC. An inspection *in loco* was undertaken and it was found that the working conditions were indeed unconducive. Feedback reports were received from the areas that were visited and a task team was consolidating the reports into one document. The DAFF also previously reported and confirmed that reports of visits undertaken by various task teams were submitted and were compiled in an acceptable format and standard. These included the observations encountered and contained recommendations. Parties adopted the report. The DAFF indicated that deliberation on the reports and the final decision on the recommendation of the task team, which was to be submitted to the Head of the Department for approval, had to be agreed upon after interaction with the Directorate: Animal Health. The DAFF intended to schedule a special meeting for deliberation. The PSA emphasised that it was inundated with enquiries from members, questioning the slow progress in addressing the impasse. The PSA further demanded that should the unconducive working environment not be addressed urgently in the new financial year, members would not be staying in camps that were not adhering to health and safety requirements.

Non-filling: Vacant positions

Owing to cost-containment measures implemented by National Treasury, the DAFF decided not to fill vacant positions. Branches were understaffed and employees were overworked. This placed more pressure on existing staff. The DAFF recently lifted the moratorium and branches could motivate for the filling of vacant positions.

OSD for Scientists dispute

Members informed the PSA that the DAFF failed to translate them to OSD scales as per the collective agreement. A dispute was declared at the GPSSBC and the matter was being arbitrated. The arbitration should be finalised during the report cycle.

Department of Public Service and Administration (DPSA)

Security Officers issues and Conditions of Services for Security Officers

Security Officers raised a concern that the DPSA was not providing transport for Security Officers working shifts. Parties could not reach an agreement and the matter was escalated to the SoC to attempt to resolve it through a facilitation process. During facilitation, parties agreed to refer the matter back to the DBC for further deliberations and discussions. The matter was still being discussed by the end of report period.

Labour observer status during interviews

Members requested that the PSA be allowed to sit in as observers during interviews. The matter was discussed with the DPSA and ultimately it was agreed to grant labour observation status during all interviews.

National Treasury (NT)

Organisational Structure: Audit and Review

The NT previously made a presentation, giving an indication of its intention to embark on an organisational review. The purpose of the review was to:

- Align the organisational structure with the strategic objectives of the NT;
- Implement the Employee-Initiated Severance Package (EISP) as per the DPSA Determination; and
- Implement an early-retirement process for employees attaining the age of 55 to 59 as per the *Government Employees Pension Fund Act* pertaining to early retirement.

The PSA took note of the presentation and sought clarity on the target and timelines on the following matters:

- The number of employees in the age bracket of 55 to 59 years;
- What would happen to employees who were 60 years and older;
- What would employees benefit if they opted for the Voluntary Severance Package (VSP); and
- Whether the NT already commenced with the process of reviewing the organisational structure, and if so, to provide a progress report.

The PSA previously emphasised that the NT should consider consulting employees who had been in the organisation for a lengthy period, as opposed to consulting only managers on the review of the organisational structure. The NT indicated that regarding early retirement, there were 55 employees. There were four or five who did not contribute to the pension fund and would not be affected. There were 35 employees between 55 and 59 years who were about to attain the retirement age of 60 years. The NT clarified that all employees between 55 and 59 years who had not yet attained the age of 60, would be penalised by 0.33% per year between the member's age and the age of 60. However, the proposal was to waive the penalty as an incentive to employees. The NT would therefore be liable for the value of the penalty and employees would have the option to take their package as a lump sum from the GEPF.

The NT indicated the following with regard to the VSP option on the table:

- It would be linked with the organisational review, particularly for employees whose positions were not on the structure;
- The NT would negotiate with employees to consider the VSP; and
- The implications on taxation would be a blanket approach based on a tax directive - Sars would be engaged, should members show interest.

At a subsequent meeting, however, it was raised that the tabling of the matter was premature as the NT was still seeking approval for the process. It was noted that the *status quo* would therefore be maintained as there were no developments. The item remained on the agenda of the DBC for reporting purposes and would be further discussed when approval was obtained.

Working conditions: Senior Security Officers (SSOs)

PSA members raised concerns with regard to the working conditions of Senior Security Officers (SSOs). The matter was tabled for discussion in the DBC. The NT cited that the issues raised were more of operational requirements and it was agreed that parties would engage in a multilateral to resolve the working conditions of SSOs.

Further Education and Training Colleges (FETC)

Transfer of staff

During the 2013/14-report year, the Minister for Higher Education introduced the Further Education and Training Amendment Bill via a *Government Gazette* notice for inputs from all stakeholders. The PSA submitted inputs as part of the Independent Trade Unions (ITU: CTU) in the ELRC.

The Amendment Bill was promulgated as the *FETC Amendment Act, 2012* (*Act No 3 of 2012*) during the report period. This *Act* makes provision for the DHET to take over the responsibilities of further education in South Africa. All the processes in terms of the transfer of functions, buildings, equipment, *etc*. were finalised. The only outstanding matter was the transfer of staff, which needed to be done in terms of section 197 of the *LRA*. Against the PSA's advice, a collective agreement was reached between the new employer (DHET), the old employer (FETCEO), and Nehawu in the FETC Bargaining Unit under the GPSSBC. The signed and ratified collective agreement did not provide for the transfer of all staff. The actual transfer of staff that was set to take place on 1 April 2015, was being monitored by a national task team as well as provincial task teams in every office. Although the PSA did not sign the agreement, it remained active in the task teams to ensure the job security of non-transferring employees as far as possible.

Parastatals

The PSA represents members at a variety of parastatal institutions. Highlights of events in some of these institutions are reflected in this report.

South African Weather Service (SAWS)

Collective bargaining at the SAWS is regulated in terms of the Constitution of the SAWS Bargaining Forum. Bargaining Forum meetings took place in terms of an agreed year plan. Wage negotiations were concluded when parties signed an agreement whereby employees received a 7%-increase across-the-board.

State Information Technology Agency (Sita)

Salary negotiations

After the tabling of the salary demands for the 2017/18-financial year, Sita took more than three months to respond to the demands, hence the PSA approached the CCMA to conciliate on the refusal of Sita to negotiate. After the rejection of the final offer, a dispute was declared and a non-resolution certificate was issued. An insufficient number of members participated in the balloting. Sita unilaterally implemented the salary increment as follows, without the signing of an agreement, backdated to 1 April 2017:

- Levels A1 – C5 - 6% across-the-board plus once-off payment of 0.4%.
- Levels D1 – D5 - 4% across-the-board plus once-off payment of 1.7%.

The demands related to alignment of salary scales, compulsory retirement age of 65, encashment of annual leave, salary-disparity investigation, introduction of 13th cheque, and an agency shop agreement were rejected. The issue of merit increase was still under discussion by the end of the report period.

South African Social Security Agency (Sassa)

Salary negotiations: 2018/19-financial year

The PSA tabled its wage demand on 1 February 2018. Amongst others, the wage demand included a demand for Sassa to create posts graded at level 6 and to grade progress employees currently appointed at level 5 but remunerated at level 6 to such position and to recognise past years of service on level 5 for these employees proceeding to a salary level 7 in accordance with clause 3.6.2.2 of PSCBC Resolution 3/2009. Sassa requested an opportunity to consult its principals to obtain a mandate and committed to revert to the Forum within two months.

During a special Forum meeting on 23 February 2018, the PSA requested the Chairperson to guide on a process for negotiating the proposal in line with clause 14.4 of the Constitution of the SNBF. The PSA further proposed the date of 6 March 2018 for Sassa to table its counter proposal. However, Sassa indicated that it did not support the PSA's proposal and would only revert to the Forum on 27 March 2018 to indicate whether it would be able to embark on wage negotiations.

The PSA indicated to Sassa that the attitude it displayed seemed to undermine and disrespect the PSA and the collective bargaining process.

Furthermore, the PSA regarded this as failure to negotiate by Sassa, which left the PSA with no option but to exercise its right in terms of the *LRA, 1995*, as amended. On 12 March 2018, the PSA declared a mutual interest dispute with the CCMA for conciliation. The process was still unfolding by the end of the report period.

Future plans post Cash Paymaster Services (CPS) contract

A workshop was held in September 2017, where Sassa gave a progress report in the form of a presentation. It contained, amongst others, compliance with a Constitutional Court ruling on submission of quarterly reports on how Sassa planned to ensure that the payment of social grants after the expiry of a 12-months period, as well as the services that Sassa would phase in between 2017 and 2018.

The PSA placed on record that it was concerned about the way Sassa engaged with labour at the Forum. The PSA indicated that since 2014/15, it had requested Sassa to table a detailed, written plan in relation to the plans in taking over the service of the payment of social grants, and how this would impact on Sassa employees. The PSA indicated that the delay to provide the requested information posed a significant challenge for labour in ensuring that the rights and interests of members were protected. Furthermore, the PSA indicated that the delay would have a huge impact in ensuring that the payment of social grants was administered effectively and efficiently as required by the *Sassa Act* as the PSA would not allow a situation whereby the rights and interests of members would be adversely affected because of failure by Sassa to table the plan for consultation/negotiation. Sassa once again apologised to the PSA and undertook to provide the PSA with the necessary information as soon as possible.

Public Protector SA (PPSA)

Constitution of Bargaining Forum

The Constitution of the PPSA Bargaining Forum was signed by parties in October 2017.

Levy and Agency Shop Agreements

These agreements were signed in October 2017, with effect from 30 November 2017.

Government Employees Medical Scheme (GEMS)

The PPSA acceded to the PSA's demand to equalise the subsidy of open medical aid to that of GEMS with effect from 1 April 2018. It also undertook to invite service providers to make a presentation of their products to employees to assist them in selecting the medical-aid scheme of their choice.

South African Revenue Service (Sars)

For the period under review, the Sars National Bargaining Forum (NBF) addressed and resolved several matters of mutual interest.

The PSA has a vibrant, active negotiating team in the NBF, consisting mainly of FTSSs, assisted by the PSA. During the report period, the PSA's membership percentage increased to above 50% in the NBF and the solidifying of the PSA's position as the leading Union of Sars employees.

Wage agreement

The PSA signed a three-year, multi-term agreement, regulating conditions of service and wage increases for the 2016/17, 2017/18, and 2018/19-financial years. For 2017/18, employees received a 7.3%-salary increase.

Hay-Grading dispute

Sars embarked on a job evaluation process (Hay Grading) in 2003 and serious concerns and dissatisfaction were raised by PSA members regarding the process that was followed. Despite numerous attempts by the PSA to have the matter arbitrated in terms of Sars private arbitration procedures, Sars continued to frustrate the process. The PSA was about to file paperwork at the High Court, requesting the Court to appoint the arbitrator to finalise the outstanding arbitrations. All the required paperwork had been submitted by the end of the report period.

Field-Worker allowance dispute

Sars decided to withdraw from the collective agreement that regulated the Field-Worker allowance. This allowance was paid to Field Workers who utilised their personal vehicles to perform their activities. The withdrawal resulted in Sars phasing out the allowance over four years. The PSA declared a dispute on behalf of a group of members in KwaZulu-Natal who forfeited the travel allowance. The dispute was heard by the CCMA. A ruling was issued in favour of the PSA that the collective agreement varied the employment contract and the mere fact that Sars withdraw from the collective agreement did not give it the right to also withdraw the monitory value that was derived from the collective agreement. Sars subsequently lodged a review application to the Labour Court. Both the PSA and Sars submitted the required affidavits and were awaiting the Labour Court to set down the matter before a Judge for arguments.

<u>South African Local Government Association (Salga)</u>

The PSA is the majority Union, with full organisational rights, and was by the end of the report period engaged in concluding the recognition agreement and the establishment of a bargaining forum.

<u>National Health Laboratory Service (NHLS)</u>

Wage agreement 2017

The most important aspects of the wage agreement, with effect from 1 April 2017, were as follows:

- Annual salary increases of 7.3% for employees on grade A-D1.
- Measures relating to the implementation of three projects, *i.e.* Proficiency, Progression and Insourcing.
- Three days paternity leave independent of family responsibility leave, effective from August 2017.
- Shop stewards' leave increased to ten days per annum and pooled, effective from August 2017.
- Rural Allowance criteria to be reviewed to include or remove places that might have been inconsistently included and/or excluded, to bring about fairness to the application of rural allowance benefits.
- Medical-Aid Subsidy - Employer contribution was increased for employees on A - C bands from 74.6% to 75%, backdated to 1 April 2017 and the medical-aid cap to R2 639.17 per month.

Meetings during the year mostly focused on ensuring that aspects of the wage agreement were complied with.

<u>National Youth Development Agency (NYDA)</u>

Salary negotiations

All employees earning below the 25th percentile received a 7.5%-salary increase for the financial year 2017/18, whilst all employees above the 25th percentile received between 0.5% and 3.5%.

<u>Council for GeoScience</u>

Salary negotiations

Agreement was reached on the following settlement:

- 7%-increase on the annual salary increment for all employees, excluding Executive Managers.
- Implementation date of increment was 15 July 2017, retrospective to 1 April 2017.

<u>Companies Intellectual and Property Commission (CIPC)</u>

Salary agreement

- Employees received an 8.8% cost-of-living adjustment and a performance increase of 1.5%, 2%, and 2.5% for performance scores of 3, 4, and 5 respectively.
- The new benefit of R120 for parking allowance was established.
- Encashment of leave of not more than five days per annum.
- Establishment of a collective bargaining forum for the entities in the Department of Trade and Industry (DTI).

Owing to the directive by the Minister of DTI, the establishment of the central collective bargaining forum was under way where issues of mutual interest for all entities would be bargained.

<u>Human Sciences Research Council (HSRC)</u>

Negotiations on salary increases for the 2018-financial year commenced on 7 March 2018. The HSRC tabled an opening offer of 4.5% and once-off payment of R3 500. The demand from labour was a 9%-increase across-the-board, with a flexible mandate of 7.5%. During negotiations, the HSRC increased its offer to 5.5% with once-off payment of R4 300 as a final offer.

This offer was subjected to the mandating process, where the majority of members granted a mandate for acceptance.

Group Branch Public Service Pensioners

Management Committee

The Management Committee of the Group Branch comprises *Gideon Serfontein* (Chairperson), *Manie Lemmer* (Vice-Chairperson), *Dianne Kloka-Speight* (Secretary), *Buks Jordaan* (Deputy Secretary), *Hannes Botha*, *Louis Janse van Rensburg*, *Rita Bessenger*, *Rienie van Blerk*, *Koot Myburgh*, and *Eddie Trollip* as well as elected Chairpersons of Regional Committees.

During the period 1 April 2017 to 31 March 2018, the Management Committee met five times to carry out its responsibilities and execute matters assigned to it by the PSA Board and the PSA's Annual General Meeting.

Regional Committees

Four functioning Regional Committees handle and promote the interests of Group Branch members at regional level.

- The Waterberg Regional Committee, chaired by *Jakkie van Dyk*, serves the Waterberg and surrounding areas. The Deputy Chairperson is *Koos Smit,* and the Secretary is *Johan Els*.
- The Cape Peninsula Regional Committee serves the Cape Metropole and surrounding areas. The Committee is chaired by *Rob Moody*, the Deputy Chairperson is *Faldela Martin*, and the Secretary is *Basil May*.
- The Southern Cape Regional Committee serves George and surrounding areas. *Stan Davis* is the Chairperson, and the Secretary is *Joan Booysen*.
- A Regional Committee was re-launched in January 2018 to serve Bloemfontein and surrounding areas. The Committee functions under the chairpersonship of *Eben Fischer*, the Deputy Chairperson is *Karel van den Berg,* and the Secretary is *Thys Lotter*.
- Under the leadership of *Penie Matekeza*, preparations have progressed well to establish a regional committee for Mahikeng and surrounding areas in the new financial year.

Domestic rules

The Group Branch's domestic rules were accepted in principle at the August 2017 Management Committee meeting. Work is continuing to ensure that the rules are on par with the *PSA Statute* before submission to the PSA Board.

Membership and recruitment

The Group Branch played an active role in alerting PSA members who are about to retire that they can join the PSA as associate members upon retirement. In addition, the Group Branch management continued with its project to update its member database throughout 2017.

A major milestone in the quest for increased membership was PSA management approval of the Group Branch's request that shop stewards who recruit retiring PSA members as associate members receive an incentive payment.

Enquiries: Pension and post-retirement medical assistance

Over the past year, the Group Branch assisted numerous members to resolve their queries regarding pension matters and post-retirement medical assistance, thus continuing to provide a timeous and quality service to members.

Social responsibility

The Group Branch is conscious of the need to become involved in actual matters impacting on communities and continues to support the PSA's initiative to make donations to worthy non-profit organisations. One such organisation is *Klub Helpmekaar* in Modimolle that was nominated by the Waterberg Regional Committee and received a donation from the PSA in 2017.

Special events

The Group Branch's 55th Members' Meeting, attended by 65 members, was held on 26 October 2017. A regional highlight was the 100th birthday celebration in April 2017 of Mr Dohnen, a Group Branch member living in Riversdal.

Liaison with other organisations

Regular liaison with similar organisations, such as the Welfare Forum for the Aged, that meets under the protection of the Centurion Council for the Aged, takes place on an ongoing basis to ensure that the Group Branch keeps up to date with matters concerning the interests of retired persons in connection with medical and social services.

Provincial service-delivery overview

Eastern Cape

Mthatha **-** Engagement with shop stewards to identify challenges affecting members yielded positive results. Items not resolved in engagement with the employer were escalated to Chambers or available remedies. This approach was successful with most cases being dealt with at institutional level.

The celebration of Workers' Day in Mthatha was a huge success. The PSA highlighted the issue of taxi violence that claimed many lives in the area.

Almost 800 members attended. The march ended with the handover of a memorandum to the Deputy Director-General of the Department of Transport. Nurses' Day was celebrated at Nelson Mandela General Hospital in Mthatha, Centane Hospital, and Idutywa Hospital. The Inter-sectoral Members' Meeting was held in Ngcobo (1 March 2018) and Qumbu (2 March 2018) with some 800 members in attendance. PSA Day on 7 July 2017 was celebrated with members at the Department of Social Development in Mthatha.

Port Elizabeth - The Provincial Office achieved success through a focus on strategic objectives. Through the protection of members' rights and the promotion of their interests, the Office ensured that members received value for their membership fees. Letters of demand were, for example, sent where employers defaulted on commitments to adhere to awards in favour of members to be paid outstanding monies due to them. The PSA, where necessary, instructed the Sheriff of the Court to remove state assets. Government vehicles were removed from the Departments of Education and Health and the Compensation Commissioner to be auctioned. In one instance, on the morning of the auction the outstanding monies of members plus 15% interest and the PSA's legal costs were paid by the Department. Structures assigned to the Office met the prescribed three times during the report period. The GPSSBC and ELRC Branches had a special Branch meeting to attend to the elections of Board members.

In improving visibility through the hosting of special events, the Office celebrated Nurses' Day at the Provincial and Dora Ngiza Hospitals in Port Elizabeth.

Free State

Engagement with shop stewards yielded positive results, with most cases being dealt with institutionally. The celebration of Workers' Day in Bloemfontein was a huge success with 600 workers being visited. PSA staff and shop stewards visited four hospitals and four SA Police Service offices to thank employees on duty for their efforts. PSA Day was celebrated with members of the Department of Home Affairs regional office. Nurses' Day was celebrated at four hospitals with tokens of appreciation being given to nurses on duty. The Inter-sectoral Members' Meeting was the highlight of the year with 8 500 members attending the various meetings across the province during November and December 2017.

Gauteng

Johannesburg - During the report period, the Provincial Office strived to serve members collectively and individually through various activities to add value to their lives. Collectively, one of the most important issues that was continuously brought to the attention of the Gauteng Provincial Government (GPG), was the appalling state of government offices and workplaces that fail to comply with the standards of the *Occupational Health and Safety Act (OHSA)*.

It was agreed in a facilitated process in the Gauteng GPSSBC Chamber to establish a task team to investigate the conditions of buildings and make proposals to the Gauteng Premier's Office. The PSA is the only Union to address the matter with the GPG. The attitude of departmental managers frustrated the matter as they failed to see the seriousness of the matter and disregarded employees' health and safety. The PSA successfully negotiated the relocation of the head offices of the Departments of Infrastructure Development and Education to buildings that comply with *OHSA* standards.

As a result of the PSA's negotiations, the GPG budgeted an additional amount of more than R300 million for the new financial year to upgrade departmental buildings.

The Office declared a dispute in Gauteng on the interpretation and application of section 18.1 of PSCBC Resolution 1/2012 for qualifying employees for an upgrade on salary levels 9 to 12. The Office of the Premier signed a settlement agreement with the PSA to upgrade all qualifying posts on levels 9 to 12 as per the Resolution. The assistance of Gauteng Treasury was, in the meantime, called in to assist with the verification process of qualifying employees. The task team was finalising the audit process after which an implementation plan would be concluded.

Various special events were celebrated by the Office during the report period. The PSA's 97th birthday was celebrated at the Office of the Premier with members from nearby offices. On 1 December 2017, a successful Inter-sectoral Members' Meeting was held at Leeuwkop Prison Grounds.

Pretoria - The Provincial Office prioritised service delivery during the report period, with a strong focus on member feedback. A shadowing system, where shop stewards actively learnt from Labour Relations Officers by attending hearings with them, created capacity. The nomination of four full-time shop stewards (FTTSs) brought much-needed relief. The Office was also assisted by the release of a member to the Office as part of a special task team operating at the Department of Public Works.

The full-time office bearer was a source of great help in the Office. The FTSSs were actively involved in the Health and Social Development Sector, the Department of Education, and Sars, thus alleviating pressure with hearings and arbitrations.

With regards to collective bargaining, a lot of work was done at parastatals, including Sasseta, South African Pharmacy Council, Agriseta, and the South African Nursing Council.

During May 2017, the Workers' Day celebration was a success with some 350 members attending the event. In December 2017, an Inter-sectoral Members' Meeting was held in a joint effort with the Johannesburg Office.

Business partners such as *Law for All*, *Sanlam*, *Regent*, and *Dignity Funeral Schemes* rendered valuable services and their attendance of open days added value to these events.

KwaZulu-Natal

Durban -The PSA once again during the report period proved to be at the forefront in pursuing matters of a collective nature at the various Bargaining Chambers. The PSA is the majority Union at the GPSSBC and one of the fastest growing unions in the PHSDSBC Bargaining Chamber. During the past year the PSA successfully negotiated issues on the upgrading of Drivers, Security Guards, Escorting Policy for Nurses, overtime for Road Traffic Personnel, and unilateral deductions from members' salaries.

One of the most significant issues on the individual front was the recovery of Performance Bonus for the 2003/04-financial year from members at the Department of Education.

> The PSA ensured that almost 200 members were paid their performance bonus retrospectively after it was wrongfully deducted from their salaries.

The Province hosted a successful Inter-sectoral Members' Meeting in Durban on 23 March 2018 with some 600 members from all sectors attending. The establishment of district/town committees assisted the communication process. The re-routing of queries from the Office to institution shop stewards also eased communication with members.

Pietermaritzburg **-** The Provincial Office achieved a 90% success rate in disciplinary hearings, 68% in arbitration hearings, and 75% in addressing grievances of members. The Office is responsible for the KZN PSCBC Chamber where issues were addressed that varied from the Permission to Occupy (GEHS) to provincial policies being initiated at the request of the PSA.

Workers' Day was celebrated at Madedeni Hospital with messages of goodwill and snack packs delivered to members on duty.

The Office co-sponsored and attended the Annual Provincial Sports Gala for Mental Health-Care Service users at Townhill Psychiatric Hospital in Pietermaritzburg by hiring tents and sponsoring a trophy. Edendale Hospital was assisted with its Service Excellence Awards ceremony.

Staff members were assisted with the representation of members by two Office Bearers and shop stewards. The Office also had regular interaction with business partners such as *Dignity Funeral Schemes* and *Metropolitan*.

Limpopo

In achieving the strategic objective of protecting the rights and promoting the interests of members, the Provincial Office concluded various disciplinary hearings, conciliations and arbitrations during the report period. The Office reached settlement agreements and won arbitration awards on behalf of members of substantial monetary value.

In November 2017, PSA members at Malamulele Department of Home Affairs in Limpopo complained about their poor working conditions. After several attempts to engage with the DHA to solve the problem, the PSA approached the Department of Labour to intervene as it was argued that the two mobile trucks and tent did not comply with the regulations for a safe working environment as set out in the *OHSA*. The premises at Malamulele was subsequently closed by the Department of Labour.

The Office celebrated Women's Day at the Civic Center at Lebowakgomo where members flocked from the surrounding areas such as Capricorn and Sekhukhune.

Mpumalanga

All Bargaining Chamber meetings were attended and the Provincial Office participated by continuously placing new items on the agenda of Chambers and participating in negotiations and discussions. The Office successfully compelled the employer at the PHSDSBC to investigate compliance with the occupational health and safety of Social Workers' offices. This resulted in the employer committing to fix all the offices in the 2018/19-financial year to comply with health and safety legislation. The PSA also successfully negotiated the translation of Nurses and placing them according to the departmental organogram. Member structures were fully involved with collective bargaining.

Labour Relations Officers, FTSSs and shop stewards assisted members in disciplinary hearings, conciliations and arbitration with a 78% success rate and a substantial monetary value. Successes included, amongst others, the implementation of PSCBC Resolution 1/2012 (level 9 -10 and 11-12), which the employer back paid 18 members from the Department of Treasury, PMDS incentive bonus, members who were unfairly dismissed, and members appointed to act in higher posts without being remunerated.

Northern Cape

In pursuing the strategic objective of protecting the rights and promoting the interests of members, the Provincial Office represented members in numerous cases during the report period.

The Office participated in all Chamber meetings and adopted ten policies in the Northern Cape PHSDSBC Bargaining Chamber. No collective agreements were signed during the report period apart from the one signed at the GPSSBC Chamber on the shut down of departmental offices during the festive season.

North West

Three Labour Relations Officers, with the assistance of Senior Clerks, dedicated shop stewards and FTSSs, attended to enquiries from members and successfully represented members in grievances, disciplinary hearings, conciliations, and arbitrations. Arbitration awards in favour of members resulted in them receiving substantial awards.

The PSA was actively involved in provincial Chambers of the GPSSBC, PHSDSBC, and PSCBC. The Office was also responsible for negotiations in three parastal institutions. *i.e.* North West Development Corporation, Mmabana Arts and Culture, and Golden Leopard Resorts. During the report period, the Office collectively represented members at these institutions with wage negotiations.

Western Cape

The Provincial Office's service to members remained the centre of offering to PSA members and prospective members. Services included arbitrations (55% success rate), conciliations, disciplinary hearings (70% success rate), grievances, and collective bargaining meetings, including workplace forums, task teams, Exco and Chamber meetings. Six new matters were brought before Court with another six still ongoing from the previous year.

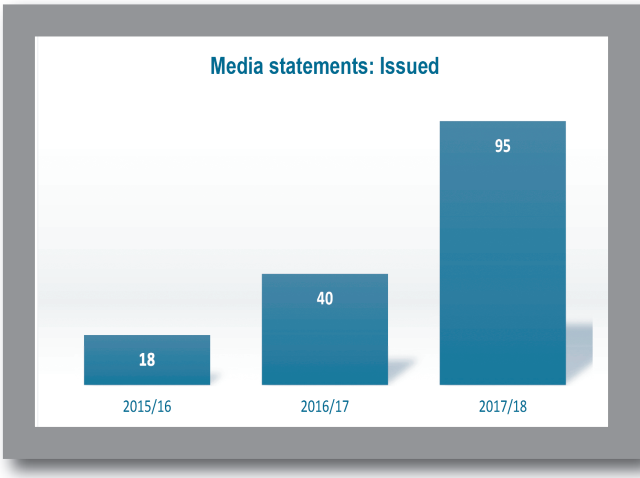
The relationship with business partners remained sound. Their role and function at workplace meetings and structure meetings added value.

Communication with members

The PSA's communication strategy evolved during the report period. The Union was robust on social media platforms as well as in the media.

During the report period, 95 media statements were issued. Topics covered included, amongst others, maladministration in state-owned entities, socio-economic issues affecting workers such as fuel and electricity increases, investments of public servants' pensions, working conditions in the Public Service, and labour matters.

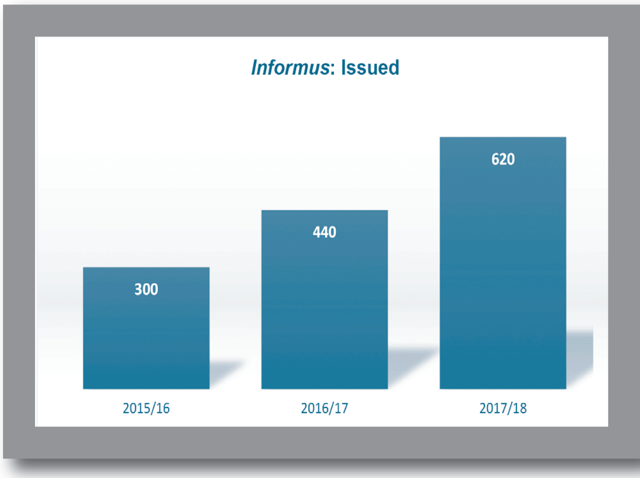
The PSA also issued various joint media statements with Fedusa. These interventions, as well as media interviews and several well-attended media briefings, contributed to exceptional media coverage for the Union during the report period amounting to an advertising-value equivalent of more than R87.9 million compared to some R7.8 million during the previous report period.



PSA provincial management was trained in media proficiency, including radio and television interviews. A service provider that coordinated several media interviews for PSA was engaged on a short-term contract during the report period.

The PSA's social media presence on *Facebook*, *YouTube*, *Instagram,* and *Twitter* was marked by steady growth during the report period. Members are increasingly relying on these platforms for information and updates from the PSA.

During the report period, the format of the members' electronic newsletter, *Informus*, that conveys work-place specific information and updates, was changed. The information carried in the newsletter is now summarised to ease understanding and readability, with a link to the website for more information. A total of 620 of these newsletters were issued to members during the report period.



PSALink, *PSA explains*, *PSA opinion*, all form part of electronic communication with members. The publications are sent to members and published on the PSA website.

The website (*www.psa.co.za*) is also vital in communicating with members. The website remains the window of the Union. Information is updated daily for members' convenience. More than 73 000 unique visitors were recorded during the report period, compared to 64 000 for the previous period.

The PSA mobile site (*m.psa.co.za*) is a mobile-friendly version of the website and provides on-the-go information to members.

Ask@psa.co.za is an electronic helpdesk where members can submit enquiries that are routed to relevant stakeholders for swift assistance. This communication channel can also be accessed via the PSA website. During the report period, 35 548 enquiries were handled.

The *PSA magazine* is distributed to members every three months via email, SMS and conventional posting. Competitions in the magazine contributed significantly to member-on-member recruitment during the report period.

Departmental interventions such as newsletters and flyers during National Branch Annual General Meetings and open days were also produced. The National School of Government, Department of Social Development, Department of Telecommunications and Postal Services, Department of Trade and Industry, and the Department Tourism were covered in the report year.

The PSA's interactive, hosted-discussion sessions, *PSA Today for Tomorrow, Let's talk*, was held twice during the report period at the PSA Head Office and at the Department of Social Development.

Surveys are regarded as a valuable means of gaging customer needs and satisfaction. The PSA therefore deploys survey units in all of the Union's offices.

Feedback received from the independent service provider during the report period indicated that the PSA's services are rated very positively by members with a compliment-complaint ratio (percentage) of 89:5 compared to 84:9 in the previous report period.

Communication is key in any organisation and the PSA will continue to enhance its service offering to members.

Fringe benefits

The PSA, in addition to its service to members and in line with its core business of protecting and promoting their rights and interests in the workplace, also offers a range of national and provincial fringe benefits to members. These benefits are in the form of group or other products at discounted rates to place members in a better bargaining position than the public. The PSA has a close relationship with its business partners nationally and at a provincial level where they are also actively involved in many PSA activities, including joint social responsibility initiatives.

During the report period, the following contracts for new national fringe benefits were negotiated and concluded:

Homebid (May 2017): An estate agency that only charges 1.95% commission plus Vat, saving sellers of homes 6.5% on commission.

Finwell (July 2017): Debt mediation, debt counselling, and financial education.

Livesaver Legal (July 2017): Legal services and protection as well as emergency roadside assistance provided by *Europ Assistance Service.*

PSACLUB (July 2017): A free reward system included in PSA membership, where members can earn discounts, points and coupons on ordinary, day-to-day purchases from PSACLUB shops. PSACLUB deals are split into three categories, namely:

Points shops where members can earn points: By purchasing from these shops, members accumulate points that can be exchanged for goods such as airtime, grocery vouchers, movie tickets or an exotic holiday.
Discount shops: By purchasing from these shops, members receive an immediate discount. Members only need to show the applicable shop's voucher on their phone to qualify for the discount.
Coupons: Members can get rands off on selected product items by presenting their coupon code at point of sale.

Getbucks (September 2017): Loans from R500 to R10 000 with one- to six-month payback term and also assists with making wise financial decisions.

Auto and General (September 2017): Lifestyle protection value-added products - Personal Protection Plan, Accident Cover, and Personal Accident Cover.

Thuthukani (21 February 2018): Home-improvement finance at a discounted rate. Home-improvement loans are paid directly to supplier. *Thuthukani* can also provide a cash payout benefit of 20% of total loan amount for labour-related cost in relation to home improvement.

The **PSA Short-term Insurance** has 5 746 members. The facility is insured by *Guard Risk* and administrated by *Alexander Forbes*. The PSA has a short-term insurance contract with ***Indwe***, an independent short-term insurance broker.

Funeral schemes and services are available through ***Assupol***, ***Dignity***, ***Hollard***, ***Old Mutual***, ***Metropolitan***, ***Zisekele***, and ***Sanlam***. **Assurance and other products** are available from ***Old Mutual***, ***Metropolitan***, ***Assupol***, ***Optivest***, ***Zisekele***, ***AIG***, ***Hollard***, and ***Sanlam***. Funeral services are rendered at discounted rates to PSA members by ***Doves***.

Legal services are provided by ***Community Legal Clinic***, ***Legalex***, and ***Lipco Law***.

Emergency rescue services with the ***Automobile Association*** are provided to members at a discount.

An agreement with ***Barloworld Motors*** provides free on-the-road charges to members (license, registration cost, delivery cost, pre-delivery inspection cost and number plates).

Old Mutual Finance provides consolidations, unsecured personal loans, and a fully-transactional account known as a Money Account. Members can obtain **education finance** from ***Fundi*** to further their studies.

Optivest provides quotations and broker appointments for medical schemes and healthcare-related products to PSA members. *Optivest* also liaises with medical schemes regarding unpaid claims. *Jenus* provides medical advice and gap cover.

In total, more than 101 000 policyholders are making use of the various schemes.

The **PSA Holiday Resort**, near East London in the Eastern Cape, offers equipped chalets and camping facilities at discounted rates for PSA members.

Other exclusive benefits administered by the PSA include the **PSA Funeral Benefit** where, in the event of a member's death, the dependents or next of kin can approach the PSA (within six months of the death) for financial assistance with funeral costs. This R3 000 grant is awarded on an *ex-gratia* basis, subject to available funds. By the end of the report period, a total of 798 claims, to the value of R2 340 000 had been paid, representing 103 more claims than during the previous report period.

The **PSA professional indemnity cover for nursing staff and medical technologists** is unique in the trade union industry, as cover has been secured at an initial R1 million, per member, per year, with no limitation, at no additional cost to the member. The scheme is administrated by *Garrun Insurance Brokers*.

The **PSA insurance cover for its office bearers** offers such members, or their substitutes, who serve the PSA in an official capacity, *e.g.* to assist members in labour matters, or when attending official PSA meetings, comprehensive insurance cover on death or permanent disability.

Membership growth and retention

The membership of the PSA increased by 11 978 members from 230 029 to 242 007 during the report period. It equates to a growth of 5.2%.

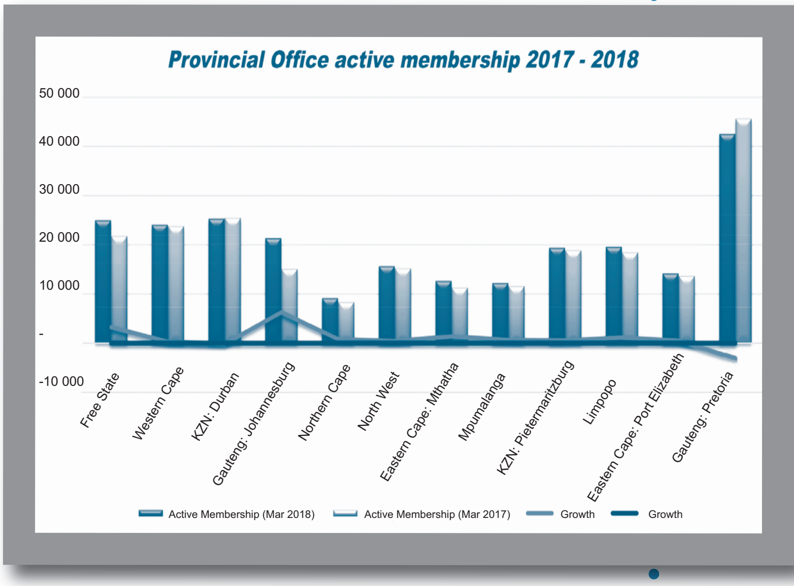
The growth in membership can be attributed to innovative ways of recruiting and retaining members.

This includes targeting identified sectors, utilising social media platforms and a project to reinstate "non-active" members. The PSA invested into the training and development of staff and shop stewards and is reaping the benefits.

The following statistics illustrate the core activities undertaken by the PSA's Liaison component to give effect to membership growth and retention:

Points visited - 15 839, members addressed - 13 8738, non-members addressed - 34 282, branch meetings attended - 244, training sessions (shop stewards) - 172, distance travelled - 459 828 km, and members recruited - 18 725.

The graph below demonstrates the matrix of recruitment and retention for the report period.



Provincial overview

Eastern Cape

Mthatha - The Provincial Office's success during the report period is attributed to vigorous involvement in special-day activities and social responsibility programs. Through several recruitment drives and open days that were held, the enhancement of visibility and improvement of service delivery were supported. This success could not have been achieved without the involvement of all stakeholders, including PSA business partners.

Port Elizabeth - The consistent involvement of PSA structures, shop stewards, FTSSs, Liaison Officers, and Senior Clerks resulted in positive recruitment results. The Office concluded six new fringe benefits for members in the Eastern Cape.

Free State

The Provincial Office's success during the report period can be attributed to vigorous involvement in special-day activities and social responsibility programs. Recruitment drives and open days, the enhancement of visibility and improvement of service delivery rendered positive results. This success could not have been achieved without the involvement of shop stewards and dedicated Liaison Officers. For the calendar year 2018, the PSA in the Free State will be the majority union in the PHSDSBC and the GPSSBC.

Gauteng

Johannesburg - The Provincial Office reached its recruitment target for the report period. One of the Office's Liaison Officers was amongst the top ten recruiters.

Pretoria - All of the Provincial Office's Liaison Officers exceeded recruitment targets.

KwaZulu-Natal

Durban - The 2017/18-year proved to be a tough year for recruitment as there was a moratorium on the filling of posts in the Public Service. Despite this, Liaison Officers and shop stewards excelled in their recruitment efforts - five of the Office's shop stewards were amongst the top ten recruiters for the 2017/18-financial year.

Pietermaritzburg - The Provincial Office experienced a slight drop in membership compared to the previous year. Cost-cutting measures in the Public Service contributed to the decrease in recruitment potential. One Liaison Officer was the second-best recruiter in the PSA for 2017. One of the Office's shop stewards featured amongst the top ten dedicated shop stewards.

Limpopo

The Provincial Office's approach of integrating the efforts of all stakeholders yielded results. The Office was identified as showing the highest net growth amongst all the PSA Provincial Offices for the report period. The contributions of FTSSs were also recognised when certificates of excellence were handed to the top ten recruiters where Limpopo was well represented.

Mpumalanga

The optimal utilisation of shop stewards, FTSSs and the assistance of business partners, especially *Dignity Funeral Schemes*, *Metropolitan*, and *Old Mutual*, contributed to the success in recruitment. The declaration of every Friday as a recruitment day contributed to visibility and, as a result, membership in the province grew during the report period.

Northern Cape

In respect of adhering to the strategic objective that relates to growing the PSA membership, the approach to integrate functions of staff members at the Provincial Office contributed to a growth in membership.

North West

A substantial number of new members were recruited during the report period. This was mainly as a result of the dedication of Liaison Officers, FTSSs, shop stewards, office bearers and members. Two of the FTSSs shop stewards ended amongst the top ten shop steward recruiters nationally.

Western Cape

The Provincial Office, inclusive of the administration, office bearers and structures, followed the theme "Team First" during the report period and focused on living the core values of the PSA as a team. The province ended 2017 with a positive membership gain. Liaison activities to recruit members included PSA open days, recruitment drives, and tours.

Structure empowerment

The PSA's structures form an important part in the overall service rendered to members. Together with the Board of Directors and the Administration, structures perform a critical role in ensuring that PSA norms and standards are maintained and members subsequently get value for their money.

The office that was established to administer the affairs of twelve National Branches has proved to be successful. Branches are functioning very well and are rendering a meaningful service to the respective membership bases.

The Board of Directors, in terms of section 27 of the *PSA Statute*, disbanded the following Branches as they no longer complied with the criteria minimum size of a PSA Branch: Civil Aviation Authority, Health Professions Council of SA, and Law Society of SA.

If a group of members qualifies to elect five shop stewards in terms of the *LRA* or an organisational right agreement, it may be established as a Branch by the Board.

Provincial overview

Eastern Cape

Mthatha **-** During the report period, the Office trained 40 shop stewards, thus completing the training of all the regions. The training was to empower them to improve their skills when representing members during grievance procedures, disciplinary hearings and be knowledgeable as far as the PSA's product offering is concerned to enable them to recruit new members. All structures assigned to the Office held the required number of meetings to ensure that matters of mutual interest are discussed and members are informed of developments at their respective workplaces.

Port Elizabeth **-** The Labour Relations Officers and Liaison Officers trained 120 shop stewards to assist the Office with recruitment, disciplinary hearings, grievances, arbitrations, and conciliations. They were also trained practically as they were taken with trained staff as trainees.

Free State

During the report period, the Provincial Office trained 140 shop stewards in various fields, which also included training from Fedusa. The training was solely to empower them to improve their skills when representing members during grievance procedures, collective bargaining, and disciplinary hearings and be knowledgeable as far as the PSA product offering is concerned to enable them to recruit new members. All structures assigned to the Office held the required number of meetings to ensure that matters of mutual interest were discussed and members were informed of developments in their respective workplaces.

Gauteng

Johannesburg **-** The Provincial Sectoral Branches conducted the three branch meetings as per *PSA Statute* provisions. Member structures were also empowered by induction training sessions presented by PSA staff. Some branch members also had the opportunity to attend Fedusa training sessions and workshops.

Pretoria **-** The Provincial Office maintained all its structures, *i.e.* Branches and Committees. The 2017-financial year saw the election of new shop stewards. New managements were elected for all structures. Structures held three structure meetings during the financial year and were informed of the PSA objectives and operational plan.

The Office offered training to shop stewards on various topics related to the disciplinary process, grievances, arbitrations, collective bargaining, ethics, and the *PSA Statute*.

KwaZulu-Natal

Durban **-** The constant demand for service from members placed a considerable strain on resources. The assistance of chairpersons and shop stewards is no longer a luxury but imperative. In this regard, Chairpersons and dedicated shop stewards who not only assisted in recruitment but more importantly in grievances, disciplinary hearings, and arbitrations, are thanked. It has become a norm that in all hearings, shop stewards must accompany Labour Relations Officers to gain experience and exposure. Shop stewards are encouraged to ensure that the PSA delivers excellent service to members. Training of shop stewards is conducted on an ongoing basis and a mentorship strategy is in place to ensure that structures and shop stewards are empowered.

Pietermaritzburg **-** Members are indirectly involved in collective bargaining at grass-roots level by submitting collective bargaining items via shop stewards to the Office. Training was provided to various groups of shop stewards over the reported period, ranging from basic shop stewards training to training of Chairpersons and Secretaries of Branches and Committees to training interventions provided by the GPSSBC and Fedusa. Quite a number of open days were held during the course of the report year to introduce prospective members to the PSA, which shop stewards assisted with.

The two Provincial Offices had three meetings with Provincial Chairpersons of all Branches and Committees during the report period where issues such as the affiliation with Fedusa, the Offices' operational plan and budget as well as the necessity of cohesion amongst structures were discussed.

Limpopo

Adherence to the strategic objective of empowering member structures, received attention when a group of some 35 identified shop stewards were trained on how to be more effective union representatives. The activities of the Office for the period under review were concluded on a high note with an Inter-sectoral Members' meeting in Thohoyandou, which was attended by 462 members.

Mpumalanga

Capacity building was conducted to 210 structure members and newly-elected shop stewards. Labour Relations Officers were committed to the development and practical training of shop stewards. The CCMA conducted training on the implementation of Resolution 1/2003 (disciplinary code and procedures) and 20 shop stewards were trained. The Public Service Commission furthermore trained 20 shop stewards on grievance procedures. An Inter-sectoral Members' meeting was held. Structure members, Board members and officials from the PSA Head Office attended the function. Business partners *Metropolitan* and *Dignity Funerals* were given an opportunity to address members.

Northern Cape

The Provincial Office achieved the strategic objective to empower members structures by pairing local shop stewards with Labour Relations Officers as observers in cases. Although no formal training for structures was given, the Chairpersons and Secretaries of Branches received training on their roles and responsibilities. Identified shop stewards also received training organised by the CCMA and Fedusa during the period under review.

North West

Member structures were trained on how to handle grievances and disciplinary hearings. This training took place in Mmabatho, Vryburg, Taung, Ganyesa, Christiana, Klerksdorp, Brits, Mogwase, Rustenburg, and Lichtenburg. This training was also extended to Branches and Committees, *i.e*. ELRC, GPSSBC, DWS, TVET, and PHSDSBC. The province hosted a successful Inter-sectoral Meeting from 28 February to 1 March 2018 in Rustenburg.

Western Cape

A total of 58 structure meetings were held during the report period, including the successful Inter-sectoral Meeting with 250 delegates from 17 PSA structures in attendance. A recruitment competition was held as part of the event, with 212 new members being recruited over the three-week duration of the competition. Eight basic induction training sessions were presented to 112 shop stewards and one advanced training session was presented to 25 nominated delegates in collaboration with Fedusa.

Social responsibility

Interventions aimed at societal upliftment form and important aspects of the Union's activities. The PSA, during the report period celebrated a decade of formal social responsibility initiatives. The journey was captured in a book, *The Story of the Union with a Soul - PSA - A decade of changing lives*, launched in November 2017. The publication captured the highlights of PSA's investments to make a difference in the lives of South Africans. A copy of the book is available on the PSA website.

National projects

Social responsibility in the report year strived to include members to work with the PSA in identifying community needs. Shop stewards and chairpersons were invited to nominate worthy projects for the PSA to support.

Seven shop stewards nominated charities of their choice – Ithembelihle Community Project in Eastern Cape received R10 000 towards educational kits for orphans, Mqekezweni Jnr Secondary School received R6 953 for their sports facilities, Sunvalley After-Care Centre received R10 000 for a gas stove, Boikutsong Safety Home received beds and mattresses valued at R8 771.93, Natest Primary received R10 000 toward renovations to its feeding-scheme facilities, a donation of R8 653.60 went to Ikageng Drop-in Centre for renovations to the centre that takes care of children, and Bono Foundation was allocated R10 000 in support of tutor remuneration.

An amount of R2 000 was allocated to a member to nominate a charity organisation of choice via social media. The amount was donated to the organisation that was supported the most by fellow social-media members.

PSA Branches are annually requested to nominate needy welfare and charity organisations. Six nominations were received and R4 100 each was allocated to *Klub Helpmekaar*, Mphadzha Maduwa Community Creche and Phluso Community Development Project in Limpopo, Bethany Home Place of Safety in Eastern Cape, and Age Sechaba Community Projects and Jehova Jireh Orphanage in Gauteng.

The PSA recognises that food gardens have the potential to generate income for beneficiaries with a life-long impact on communities. Food gardens were during the report period established in the Eastern Cape (Siyaphambili Community Project), Northern Cape (Home Sweet Home Old Age), North West (Lapa La Botlhe Aged Care), and Limpopo (Masungulu Centre for Elderly).

The PSA annually awards the Stiglingh Memorial Bursary to students engaged in studies in Medicine and Natural Sciences from funds allocated by the late JH Stiglingh. During the report period, an amount of R30 000 was approved and awarded to three qualifying students, each receiving R10 000.

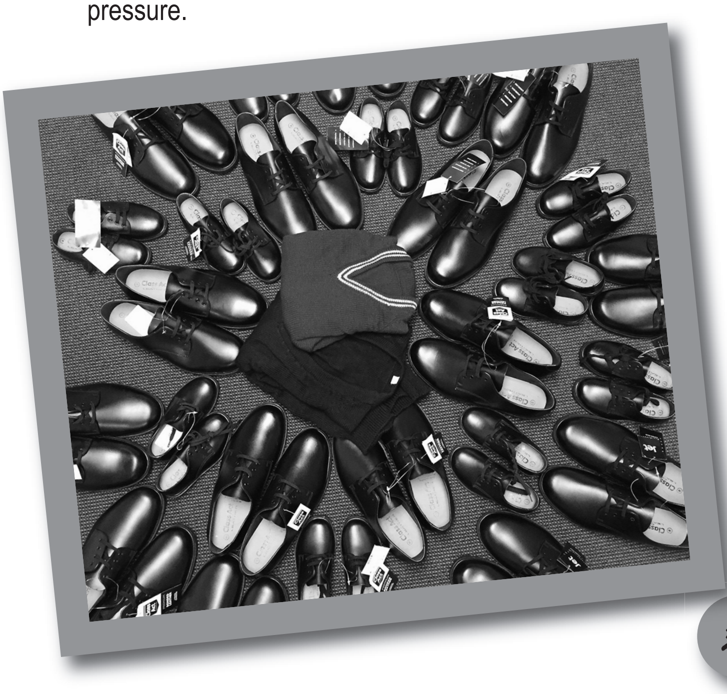
Children and youth development have always been the centre of most projects the PSA has undertaken.

During the report period, the PSA also purchased 457 pairs of school shoes for learners of Tanyi Primary and Walaza Junior Secondary in Port Elizabeth as well as RD Williams Primary and JJ Dreyer Primary in the Northern Cape.

The PSA donated 445 school bags to learners from Buhlebuzile Senior Phase and Phopo Primary in Mpumalanga as well as Bennie Groenewald Primary and Ikhaya Senior Primary in the Northern Cape. This was to assist learners who carry books to school in plastic bags in poverty-stricken areas.

Sling bags to the value of R30 000 were produced from recycled T-shirts by a service provider who has gained from the PSA's upliftment projects.

In the wake of a water crisis in the Western Cape, the PSA donated 5 000 litres of water to the province to help alleviate pressure.



One of the PSA's long-standing initiatives has been the donation of school jerseys. The PSA donates thousands of school jerseys to needy learners across the country yearly. In 2017, the PSA donated more than 5 000 school jerseys to schools in the Free State, KwaZulu-Natal, the Northern Cape, North West, the Eastern Cape, and Mpumalanga as identified by PSA Provincial Offices.

Provincial projects

Eastern Cape
Mthatha **-** The Provincial Office distributed school jerseys to two schools with the neediest of learners. Soccer kits and balls were donated to children of Nciphizeni community and much-needed office equipment went to the community in Mqhekezweni. Owing to the popularity of school food gardens, the PSA contributed towards the garden project in Mdlankomo. Educational toys were donated to the Thembelihle Project in Cedarville that caters for vulnerable children. Mandela Day was celebrated by giving sanitary towels and baby food to the Ikhwezi Lokusa Orphanage.

Port Elizabeth **-** On Mandela Day, staff and FTSSs cleaned up the beach between Pine Lodge and Cape Reserve. The Office also participated in the school jersey project where 500 jerseys were supplied to learners in rural areas.

Free State
The Provincial Office participated in two jersey projects and donated a photocopier to a rural school in Xhariep district. Mandela Day was celebrated by providing sanitary towels to learners in QwaQwa and the Office painted a NGO orphans' house. The annual PSA Golf Day saw 120 golfers participating with the proceeds going towards a R20 000 donation for sport development.

Gauteng
Johannesburg **-** A social responsibility project was arranged at a school for learners with special disabilities where sports equipment was donated by the Gauteng ELRC Branch.

Pretoria **-** Blankets were distributed in the city centre to people sleeping on the streets. Staff participated in Mandela Day by visiting Kingdom Life Orphanage to donate non-perishable items and other supplies.

KwaZulu-Natal
Durban **-** On Mandela Day, a soup kitchen was erected at Prince Mshiyeni Hospital where almost 200 patients were served soup. School jerseys were donated to a school in an informal settlement in the Phoenix region and a shelter was erected at the school so that the children could enjoy lunch breaks with protection against the weather.

***Pietermaritzburg* -** The Provincial Office donated school jerseys to Zibukezulu Technical High School in Imbali and to Bhekundi Secondary School in Wembezi, which was much appreciated by learners and parents. Gratitude was also expressed towards the PSA for donating jerseys to Sanelisiwe Primary School where the Union was complimented as being the first to assist the community. Staff and FTSSs celebrated Mandela Day by cleaning pavements in Jabu Ndlovu Street. Northdale Hospital received a donation of apples for an outreach program in Mphopomeni Township. The Office also donated a gift voucher to Emuseni Centre for the Aged in Edendale, which was used to purchase plates and soap for residents.

Limpopo
Winter in Limpopo is a difficult time for some communities. With the high rate of unemployment, mothers find it almost impossible to provide warmth to their children when going to school during this season. The Provincial Office assisted a school in the rural area of Houtboschdorp, where 90% of parents are recipients of child-support grants. The PSA came to the rescue by supplying school jerseys to learners. On Mandela Day, PSA staff contributed money and went to the streets of Polokwane where they spent time and enjoyed soup and bread with job seekers who struggle to get jobs in town.

Mpumalanga
The Provincial Office and structures demonstrated the value of the PSA as caring union and showed kindness by identifying needy schools in deep-rural areas for donations of school jerseys and school bags. The Office also donated chairs, tables, cups, a gas stove, and cylinder to a welfare institution.

Northern Cape
School jerseys were donated to Carnavon Primary and Hantam Primary Schools in Calvinia. The sponsoring of a food garden in Colesburg and distribution of school bags to Richmond Primary and High Schools as well as Ikhaya Senior Primary in Richmond ensured the entrenching of the PSA's standing as a Union with a soul. Mandela Day was celebrated in Kimberley when PSA staff prepared and served soup and bread rolls to less fortunate people on a chilly 18 July 2017.

North West
The Provincial Office participated, amongst others, in the jersey project, where school jerseys were donated to needy learners. The PSA's Stiglingh Memorial Bursary was awarded to two students studying at North West University's Potchefstroom Campus.

Western Cape
The Provincial Office hosted a soup kitchen at old-age homes in Gouda and Porterville. The Office also participated in the national school jersey project by supporting Eros School in Cape Town.

PSA employment profile

On 1 January 2018, the PSA commenced with the implementation of its approved Employment Equity Transformation Plan and Procedures (EETPP) for the five-year period 1 January 2018 to 31 December 2022. During the report period, *i.e.* 1 April 2017 to 31 March 2018, the PSA's overall workforce profile reflected an increase of 0.27% from 91.53% as at 31 March 2017 to 91.80% at the end of the period under review in respect of employees from designated groups. Employees from the non-designated group decreased from 8.47% (21) at the end of March 2017 to 8.20% (20) at the end of the report period.

The PSA's representivity statuses in the respective occupational levels as at 31 March 2018 were as follows:

Occupational Level	Overall designated Target % (94.7% = EAP)	Current Designated % (filled positions)	Current Non-designated % (filled positions)
Top Management	94.7%	100.00% (3)	0.00% (0)
Senior Management	*75%	0.00% (0)	100.00% (1)
Middle Management	*85%	70.83% (17)	29.17% (7)
Skilled Technical	*93%	90.20% (92)	9.80% (10)
Semi-skilled	94.7%	97.89% (93)	2.11% (2)
Unskilled	94.7%	100.00% (19)	0.00% (0)

**Reasonable goals within next five-year period.*

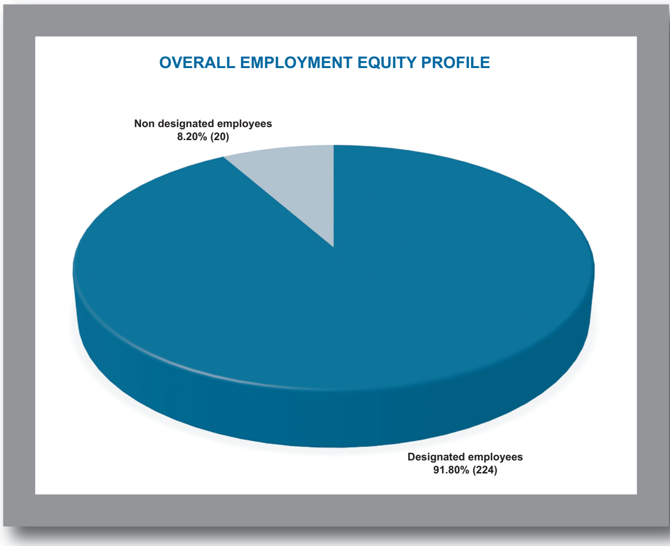
At the end of the report period, 39.75% (97) of the PSA's workforce consisted of male employees, whilst 60.25% (147) of its workforce constituted female employees. The Economically Active Population of South Africa consists of 55.2% males and 44.8% females.

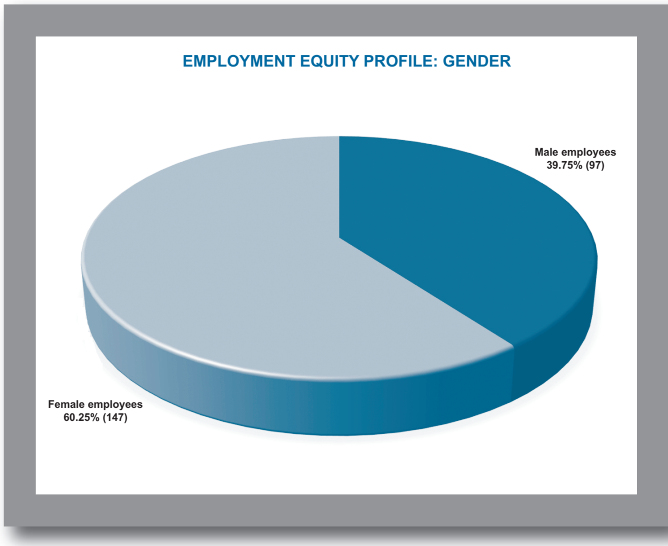
Since 31 March 2017 until the end of the period under review, 100% (11) of employees recruited by the PSA came from the designated groups and 0% (0) from the non-designated group. A total of 88.89% (8) of employees promoted from within the PSA came from the designated groups and 11.11% (1) from the non-designated group. Terminations for the said period constituted 93.75% (15) from the designated groups of which 25% (4) were white females. The non-designated group constituted 6.25% (1) of the terminations.

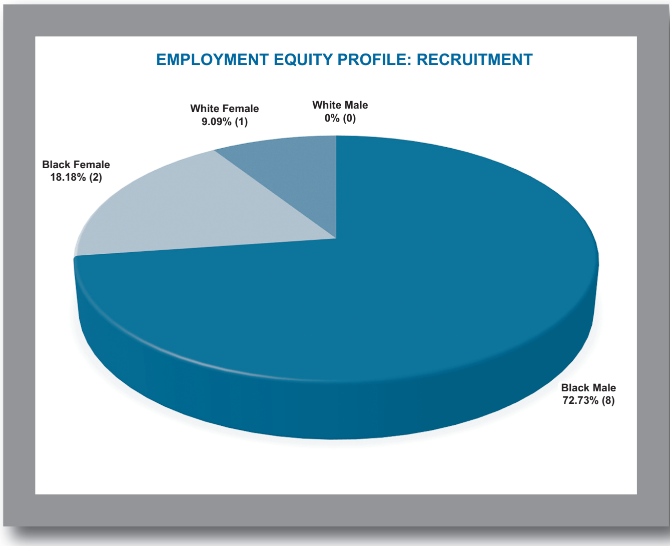
The PSA is committed to and has been working aggressively towards a transformed workplace. The slower progress made with transformation in the senior- and middle-management levels may be attributed to the non-filling of vacant positions during the period under review and lower turnover in these levels in the PSA.

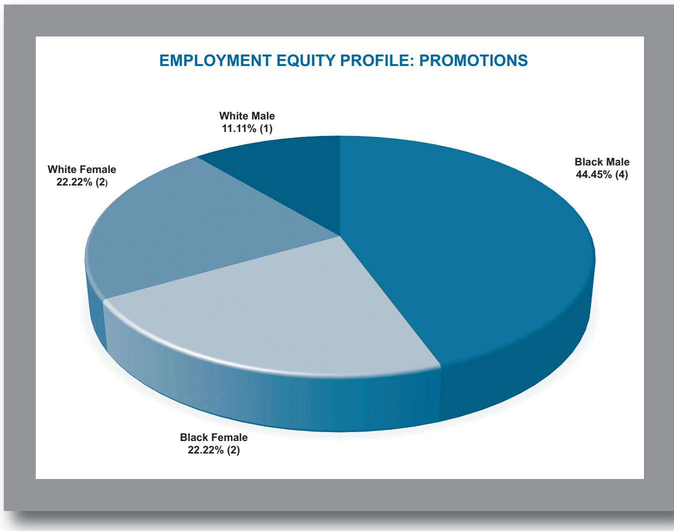
PSA workforce profile as on 31 March 2018

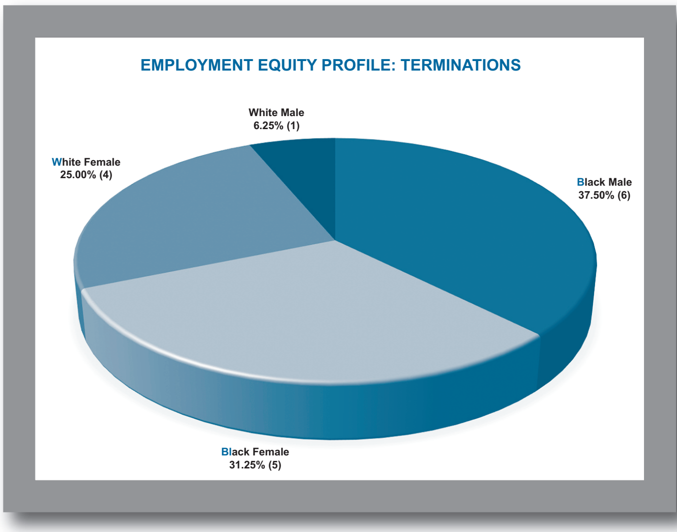
Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	1	1	0	0	0	0	0	0	0	3
Senior management	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	8	0	1	7	2	1	0	5	0	0	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	37	5	5	10	25	5	0	15	0	0	102
Semi-skilled and discretionary decision making	16	0	0	2	47	11	4	15	0	0	95
Unskilled and defined decision making	2	0	0	0	16	1	0	0	0	0	19
TOTAL PERMANENT	64	6	7	20	90	18	4	35	0	0	244


OVERALL EMPLOYMENT EQUITY PROFILE
Non designated employees
8.20% (20)
Designated employees
91.80% (224)


EMPLOYMENT EQUITY PROFILE: GENDER
Male employees
39.75% (97)
Female employees
60.25% (147)


EMPLOYMENT EQUITY PROFILE: RECRUITMENT
White Female
9.09% (1)
White Male
0% (0)
Black Female
18.18% (2)
Black Male
72.73% (8)


EMPLOYMENT EQUITY PROFILE: PROMOTIONS
White Male
11.11% (1)
White Female
22.22% (2)
Black Male
44.45% (4)
Black Female
22.22% (2)


EMPLOYMENT EQUITY PROFILE: TERMINATIONS
White Male
6.25% (1)
White Female
25.00% (4)
Black Male
37.50% (6)
Black Female
31.25% (5)

Environmental footprint

The PSA is the owner of Farm 803, Quenera Mouth East, which is 184 2059 ha in extent. The PSA is also the holder of the mining rights, and holder of the mining authorisation, and is actively mining on the property. The mine is approximately 15 km north of East London in the Eastern Cape on the main road to Gonubie, close to the N2. The mine is an open-cast mine and the material being mined by means of extraction by an excavator is primarily building sand.

The PSA, as a responsible mining owner, approaches the mining operations as a holistic cradle-to-grave undertaking by taking cognisance of all economic, social, and environmental aspects to achieve sustainable development of South Africa's mineral resources.

The PSA affirms the commitments to the *Mineral and Petroleum Resources Development Act* to, amongst others, protect the environment for the benefit of present and future generations.

For the PSA to comply with the prescripts of the *Act*, and to attain the commitment to the ecological impact of mining operations, it has appointed *Aurecon* to, amongst others, act as environmental consultants to monitor and minimise the ecological impact the mining operations might have on the environment.

Aurecon is an international consulting company which, amongst others, recognises the need for economic growth in conjunction with social development and the protection of the environment. With this in mind, the PSA appointed *Aurecon* as environmental consultant to execute services taking into consideration statutory as well as common-law provisions. *Aurecon* acts as a liaison between contracted parties, governing bodies, and the PSA.

In line with the above, *Aurecon* performs various functions associated with environmental protection, such as frequent environmental audits to determine top-soil protection, removal and relocation of various plant species and the introduction of specific indigenous plants. *Aurecon* also acts as a liaison between the PSA and the Department of Mineral Resources to finally sign off on all areas previously mined and fully rehabilitated.

Social and ethical conduct

The aim of the PSA Ethics and Fraud Hotline, which is administered by *KPMG* on behalf of the PSA, is to enhance a honest work ethic, while it provides employees with a method to bring any unethical and/or fraudulent business practices to the attention of management. The Hotline is specifically designed for PSA employees only and serves as an independent platform between management and employees.

It was also established to create further capacity to the already-existing "whistle-blowing" policy of the PSA. The PSA Hotline operates 24 hours a day, seven days a week, including public holidays. No complaints were received for the report period 1 April 2017 to 31 March 2018.

Financial governance and performance highlights

As an employee organisation, the PSA is registered in terms of the *Labour Relations Act, 1995* as a trade union. The PSA is recognised and admitted to the various relevant bargaining councils to protect and promote the individual and collective rights and interests of its members.

The PSA conducts its business operations as a "Non-Profit Company" of the *Companies Act, 2008* and in terms of its Memorandum of Incorporation (MOI) as a Non-Profit Company (NPC), it has no share capital and the liability of its members is limited to one month's subscription in the event of dissolution.

The trade-union activities of the PSA are the core business, while it also operates a holiday resort, sand mine and the PSA Short-term Insurance under licence from *Guardrisk Insurance Company Limited* for the benefit of its members.

The Directors are required by the *Companies Act, 2008* to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements. The Directors acknowledge that they are ultimately responsible for the system of internal control established by the PSA and place considerable importance on maintaining a strong internal control environment. To assist the Directors in discharging their responsibility in this regard, the Audit and Risk Committee has oversight over financial governance and risk to assist the Board with its financial responsibility.

The Board also established an Internal Audit Function to provide oversight to obtain reasonable assurance regarding management's assertions that objectives are achieved for effectiveness and efficiency of operations, reliability of financial information and compliance with laws and regulations.

The external auditors are engaged to express an independent opinion on the financial statements of the PSA. The PSA's auditors are *SizweNtsalubaGobodo Inc.* who were appointed in September 2016. *SizweNtsalubaGobodo Inc.* have issued an unqualified audit opinion regarding the financial affairs of the PSA for the year ending 31 March 2018.

The actual surplus for this period is R17 678 191 and the consolidated net surplus of the PSA is R48 908 092 due to the East London property being revaluated to the amount of R31 229 901.

The summarised financial performance of the different business divisions of the PSA is indicated under item 2 on page 7 of the financial statements.

The statement of cash flows indicates positive cash flows as at the end of the financial year.

According to the Board of Directors' report for the financial year ended 31 March 2018, the Financial Statements support the financial viability of the PSA and reflect the view that the PSA will be a going concern in the foreseeable future based on its potential to raise adequate revenue to meet its obligations.

The Board of Directors would like to draw your attention to the following points:

- Reconciliation of Equity paragraph 3 on page 8 of the Annual Financial Statements, which indicates the liquidity of retained income.

The audited detailed Financial Statements of the PSA for the year ended 31 March 2018 are fully set out from page 43 of this report, and do not, in our opinion, require further comments.

Annual financial statements for the year ended 31 March 2018

PUBLIC SERVANTS ASSOCIATION OF SOUTH AFRICA NPC
(Registration number 1942/015415/08)
Trading as PSA

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.
Issued 17 September 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Trade Union
Directors	Dr CV Dyantyi (Interim President) Mr P Snyman (Chairperson) Mrs AC Rencken (Vice-Chairperson) Mr D Maphoto Mr OJ Motshwane Mr L Mulaudzi Mr I Monyane Mr D King
Registered office	563 Belvedere Street Arcadia Pretoria 0007
Business address	563 Belvedere Street Arcadia Pretoria 0007
Postal address	PO Box 40404 Arcadia Pretoria 0007
Auditors	SizweNtsalubaGobodo Inc Chartered Accountants (SA) Registered Auditors South Africa
Secretary	Mr IP Fredericks
Company registration number	1942/015415/08
Tax reference numbe	9009987166
Preparer	The annual financial statements were internally compiled by: N Ndlela B.Com (Acc)

Index

Preparer

N Ndlela
B.Com (Acc)

Published

17 September 2018

Audit and Risk Committee Report

This report is provided by the Audit and Risk Committee appointed in respect of the 2018 financial year of Public Servants Association of South Africa NPC.

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the company and include:

Name	Date of appointment	Audit and Risk Committee	Termination date
Mr OJ Motshwane	19 September 2016	1 out of 2	
Mr P Snyman	25 August 2010	2 out of 2	15 March 2018
Ms AC Rencken	15 March 2018	1 out of 1	
Dr V Dyantyi	02 November 2017	1 out of 1	
Mr E Louw	19 September 2016	1 out of 1	30 September 2017
Mr I Moyane	02 November 2017	1 out of 1	
Mr D King	02 November 2017	1 out of 1	

The committee is satisfied that the members have the required knowledge and experience as set out in Section 94(5) of the Companies Act, 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act, 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The committee held 2 scheduled meetings during 2017/2018 and the members of the committee attended the meetings as indicated above.

3. External auditor

The annual general meeting has appointed SizweNtsalubaGobodo Inc. as the independent auditor and Gerard Musthan as the designated director, who is a registered independent auditor, for the 2018 audit.

The audit committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act, 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act, 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Annual Financial Statements

Following the review of the annual financial statements the audit committee recommend board approval thereof.

Audit and Risk Committee Report

5. The Effectiveness of Internal Control and Risk Management

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Companies Act and the King IV Report on Corporate Governance requirements, Internal Audit which has been outsourced provides the Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors and the Audit Report on the annual financial statements it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly we can report that the system of internal control for the period under review was efficient and effective. The Committee is directly responsible for the recommendation to the Board and approval at the Annual General Meeting of the independent Auditor's appointment.

On behalf of the audit committee

Dr CV Dyantyi
Chairperson Audit and Risk Committee

Pretoria

Public Servants Association of South Africa NPC

(Registration number 1942/015415/08)
Trading as PSA
Annual Financial Statements for the year ended 31 March 2018

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 10 to 12.

The annual financial statements set out on pages 13 to 52, which have been prepared on the going concern basis, were approved by the Board of Directors on 25 July 2018.

Approval of financial statements

Mr P Snyman (Chairperson)

Rencken
Mrs AC Rencken (Vice-Chairperson)

Dr CV Dyantyi (Interim President)

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Public Servants Association of South Africa NPC for the year ended 31 March 2018.

1. Nature of business

Public Servants Association of South Africa NPC was registered in South Africa with and in terms of the Companies Act 71 of 2008, as a Non Profit Company and in terms of Section 96 of the Labour Relations Act 1995, and operates as a trade union. In terms of its Memorandum of Incorporation, it has no share capital and the liability of its members is limited to the amount of the membership fees due by them to the PSA in terms of the Memorandum of Incorporation as at the date of dissolution. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

As an employee organisation, the Public Servants Association of South Africa NPC (PSA) is recognised and admitted to the various relevant bargaining councils to protect and promote the individual and collective rights and interests of its members. Apart from the aforementioned function the company is also involved in other operations in the interest of its members.

The PSA Insurance Services operates under license from Guardrisk Insurance Company Ltd. According to the agreement the company shares in the profits and losses of the undertaking.

The risk attached to the liability for losses is neutralised by 100% reinsurance taken out against any risk with regards to losses.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The summary of the financial perfomance and position of the PSA are tabled on the next page:

Directors' Report

2018 Reconciliation of net income/(loss)	Membership	Holiday resort accommodation	Sand	PSA Short-Term Insurance Contract	Total
Income	299,594,479	332,742	1,329,388	59,316,592	360,573,201
Cost of sales	(51,377)	-	(43,239)	(3,600,000)	(3,694,616)
Other income	3,975,984	46,009	-	2,387,060	6,409,053
Employee costs	(175,780,932)	(1,004,959)	(494,877)	-	(177,280,768)
Other expenses	(111,546,697)	(851,231)	(144,953)	(55,548,337)	(168,091,218)
Property revaluation	30,992,440	-	-	-	30,992,440
	47,183,897	**(1,477,439)**	**646,319**	**2,555,315**	**48,908,092**

2017 Reconciliation of net income/(loss)	Membership	Holiday resort accommodation	Sand	PSA Short-Term Insurance Contract	Total
Income	278,041,361	448,335	1,286,503	52,015,567	331,791,766
Cost of sales	(520,110)	-	(42,395)	(3,299,689)	(3,862,194)
Other income	3,975,984	46,009	-	2,285,803	6,307,796
Employee costs	(162,375,691)	(1,016,578)	(509,596)	-	(163,901,865)
Other expenses	(100,251,455)	(695,384)	(74,226)	(52,580,237)	(153,601,302)
Property revaluation	2,259,074	-	-	-	2,259,074
	21,129,163	**(1,217,618)**	**660,286**	**(1,578,556)**	**18,993,275**

2018 Reconciliation of net assets/liabilities	Membership	Holiday resort accomodation	Sand	PSA Short-Term Insurance Contract	Total
Assets	143,704,918	34,580,933	145,260	25,578,187	204,009,298
Liabilities	(23,953,769)	(36,320)	(1,118,474)	(6,409,937)	(31,518,500)
	119,751,149	**34,544,613**	**(973,214)**	**19,168,250**	**172,490,798**

2017 Reconciliation of net assets/liabilities	Membership	Holiday resort accommodation	Sand	PSA Short-Term Insurance Contract	Total
Assets	122,865,376	4,640,871	144,856	23,882,496	151,533,599
Liabilities	(19,236,134)	(14,907)	(1,392,871)	(7,269,561)	(27,913,473)
	103,629,242	**4,625,964**	**(1,248,015)**	**16,612,935**	**123,620,126**

Directors' Report

3. Reconciliation of Equity

Capital development reserves	-	2,000,000
Social and welfare reserve	-	1,000,000
Strike reserve	-	2,000,000
Funeral benefit reserve	-	3,000,000
General reserve	-	6,686,448
Swedish AIDS education fund reserve	-	37,420
Stiglingh reserve	568,844	560,589
Insurance reserve	5,709,320	5,709,320
Sand rehabilitation reserve	-	3,500,000
Revaluation reserve	44,480,014	13,487,574
Market-to-market and PSA Short-Term Insurance Contract reserves	47,964,599	42,373,241
	98,722,777	**80,354,592**

General reserves excluding the PSA Short-Term insurance contract, are represented by the liquidity of the retained income and is tabled below:

Retained Income		
Cash and cash equivalents (Excluding PSA Short-Term Insurance Contract)	18,733,835	18,431,631
Other assets (Non cash assets)	55,034,186	24,833,903
	73,768,021	**43,265,534**

4. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	
Adv R Daniels (President)	President	Non-executive Independent	Resigned 18 September 2017
Dr CV Dyantyi (Interim President)	Vice President	Non-executive Independent	Appointed 19 September 2016
Mr P Snyman (Chairperson)	Chairperson	Non-executive Independent	Appointed 19 September 2017
Mrs AC Rencken (Vice-Chairperson)	Vice Chairperson	Non-executive Independent	Appointed 19 September 2016
Mr E Louw	Other	Non-executive Independent	Resigned 30 September 2017
Mr OJ Motshwane	Other	Non-executive Independent	Appointed 19 September 2016
Mr D Maphoto	Other	Non-executive Independent	Appointed 19 September 2016
Mrs GF Masinga	Other	Non-executive Independent	Resigned 18 September 2017
Mr L Mulaudzi	Other	Non-executive Independent	Appointed 19 September 2016
Mr NS Ndlovu	Other	Non-executive Independent	Resigned 18 September 2017
Mr I Monyane	Other	Non-executive Independent	Appointed 19 September 2017
Mr D King	Other	Non-executive Independent	Appointed 23 October 2017

Adv R Daniels (President) resigned as a non-executive director effective 19 September 2017, after being appointed to the position of Deputy General Manager: Management Services.

Directors' Report

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

The Board of Directors approved the disposal of the holiday resort and sand mine at the Board meeting of 28 March 2018.

9. Auditors

SizweNtsalubaGobodo Inc. were appointed as external auditors for the company for 2018.

10. Secretary

The company secretary is Mr IP Fredericks.

11. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 25 July 2018. No authority was given to anyone to amend the annual financial statements after the date of issue..

Sizwe Ntsaluba Gobodo

AUDIT • ADVISORY • FORENSICS

INDEPENDENT AUDITOR'S REPORT

To the members of the Public Servants Association of South Africa NPC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Public Servants Association of South Africa NPC (the company) set out on pages 13 to 52, which comprise the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2018, and financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Public Servants Association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises of the Directors' Report, as required by the Companies Act of South Africa and the Audit and Risk committee Report. The other information does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SizweNtsalubaGobodo Inc.

Director: Gerard Musthan CA (SA)
Registered Auditor

25 July 2018

20 Morris East Street
Woodmead
2191

Statement of Financial Position as at 31 March 2018

	Note(s)	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	4	69,816,183	37,005,641
Intangible assets	5	3,306,891	3,328,960
Investments	6	72,511,294	59,202,751
Motor Vehicle Loans	7	7,859,647	8,332,412
		153,494,015	**107,869,764**
Current Assets			
Inventories	8	597,021	648,493
PSA Short-Term Insurance Contracts		19,168,250	16,612,935
Trade and other receivables	9	10,482,433	5,608,295
Investments	6	589,563	589,563
Motor Vehicle Loans	7	944,181	1,751,824
Study Loans		-	21,094
Cash and cash equivalents	10	18,733,835	18,431,631
		50,515,283	**43,663,835**
Total Assets		**204,009,298**	**151,533,599**
Equity and Liabilities			
Equity			
Reserves		98,722,777	80,354,592
Retained income		73,768,021	43,265,534
		172,490,798	**123,620,126**
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	12	241,749	881,277
Retirement benefit obligation	14	3,840,000	3,508,000
Provisions	13	1,118,474	1,073,268
		5,200,223	**5,462,545**
Current Liabilities			
Trade and other payables	16	23,975,344	20,710,959
Finance lease liabilities	12	801,702	538,421
Retirement benefit obligation	14	150,000	248,000
Provisions	13	1,391,231	953,548
		26,318,277	**22,450,928**
Total Liabilities		**31,518,500**	**27,913,473**
Total Equity and Liabilities		**204,009,298**	**151,533,599**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2018 R	2017 R
Revenue	22	301,254,793	279,776,199
Cost of sales		(51,472)	(520,110)
Gross profit		**301,203,321**	**279,256,089**
Other operating income	23	1,218,615	1,469,001
Other operating expenses	24	(290,101,373)	(265,680,393)
Operating profit/ (loss)		**12,320,563**	**15,044,697**
Investment income	25	1,214,869	2,010,728
Finance costs	26	(1,233,393)	(1,150,979)
Profit / (loss) for the year		**12,302,039**	**15,904,446**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability/asset		14,000	858,000
Gains / (Losses) on property revaluation		30,992,440	2,259,074
Total items that will not be reclassified to profit or loss		**31,006,440**	**3,117,074**
Items that may be reclassified to profit or loss:			
Stighling fund adjustment		8,255	8,650
Available-for-sale financial assets adjustments		3,036,043	1,541,660
PSA Short-Term insurance contract		2,555,315	(1,578,555)
Total items that may be reclassified to profit or loss		**5,599,613**	**(28,245)**
Other comprehensive income for the year	27	**36,606,053**	**3,088,829**
Total comprehensive income / (loss) for the year		**48,908,092**	**18,993,275**

Statement of Changes in Equity

	Funds	Revaluation reserve	Mark-to-market reserve and PSA Short-Term insurance contract	Other non-distributable reserves	Total reserves	Retained income	Total equity
	R	R	R	R	R	R	R
Balance at 01 April 2016	**551,939**	**11,228,500**	**42,410,139**	**23,933,188**	**78,123,766**	**26,503,087**	**104,626,853**
Profit for the year	-	-	-	-	-	16,762,447	16,762,447
Other comprehensive income	8,650	2,259,074	(36,898)	-	2,230,826	-	2,230,826
Total comprehensive income for the year	**8,650**	**2,259,074**	**(36,898)**	**-**	**2,230,826**	**16,762,447**	**18,993,273**
Balance at 01 April 2017	**560,589**	**13,487,574**	**42,373,241**	**23,933,188**	**80,354,592**	**43,265,534**	**123,620,126**
Profit for the year	-	-	-	-	-	12,302,039	12,302,039
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**12,302,039**	**12,302,039**
Transfers	-	-	-	(18,223,868)	(18,223,868)	18,186,448	(37,420)
Remeasurement of defined benefit	-	-	-	-	-	14,000	14,000
Other Comprehensive Income	8,255	30,992,440	5,591,358	-	36,592,053	-	36,592,053
Total comprehensive Income for the year	**8,255**	**30,992,440**	**5,591,358**	**(18,223,868)**	**18,368,185**	**18,200,448**	**36,568,633**
Balance at 31 March 2018	**568,844**	**44,480,014**	**47,964,599**	**5,709,320**	**98,722,777**	**73,768,021**	**172,490,798**
Note(s)	18&27	19&27	21&27	20		27	

Statement of Cash Flows

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Cash receipts from members and customers		301,205,232	279,234,297
Cash paid to suppliers and employees		(288,787,680)	(256,697,230)
Cash generated from operations	28	12,417,552	22,537,067
Interest income		1,214,869	2,010,728
Finance costs		(1,233,393)	(1,150,979)
Net cash from operating activities		**12,399,028**	**23,396,816**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(4,781,465)	(2,936,273)
Sale of property, plant and equipment	4	92,408	298,345
Purchase of other intangible assets	5	(254,041)	(1,762,258)
Movement in PSA Short-Term insurance contract		2,555,315	(1,578,556)
Movement in financial assets		(9,577,915)	(17,420,113)
Motor vehicle loans granted		(6,014,702)	(6,241,262)
Receipts on motor vehicle loans		6,230,474	6,315,593
Study Loan repaid		84,937	179,106
Study Loan granted		(63,843)	(189,871)
Net cash from investing activities		**(11,728,832)**	**(23,335,289)**
Cash flows from financing activities			
Movement in funds (capitalised)		8,255	8,650
Finance lease payments		(376,247)	1,265,878
Net cash from financing activities		**(367,992)**	**1,274,528**
Total cash movement for the year		**302,204**	**1,336,055**
Cash at the beginning of the year		18,431,631	17,095,576
Total cash at end of the year	10	**18,733,835**	**18,431,631**