



# Annual Report 2010/11

*The Public Servants Association of South Africa (PSA), as a trade union and service organisation, has the sole mission of protecting the rights and promoting the interests of the people who are the very reason for its existence - this duty is guided by the key values of loyalty, transparency, respect, integrity, consistency and service excellence, which binds the PSA, as the union of choice, to its members.*



# Chairperson's message

The Public Servants Association (PSA), despite building a reputation as a leading public sector trade union, continues to strive to remain a service organisation that renders a speedy, convenient and quality service in a cost-effective manner, to ensure that it attains market leadership and remains unique and competitive in the public sector. The PSA protects the rights, promotes the interests of its members individually and collectively in the relevant social-dialogue structures and recruits prospective members in the public sector.

Representation by competent staff members and shop stewards is done in a committed, dedicated and ethical manner, thereby ensuring that members' expectations are exceeded. The PSA continuously communicates with members and other stakeholders regarding work-related issues.

This report, covering the period 1 April 2010 to 31 March 2011, a time during which the PSA also celebrated its 90th year in service of its members, aims to provide an overview of the vast spectrum of activities that occupied the PSA.



Paul Sello - Chairperson

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# Service delivery

## PSA management

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. During the report period of 1 April 2010 to 31 March 2011, the following members served on the PSA's Board of Directors:

Ms Oniccah Lefifi (Vice-President)

Mr Paul Sello (Chairperson)

Mr Jurie Saal (Vice-Chairperson)

Mr Peter Tlowana (Director)

Ms Annetjie Rencken (Director)

Adv Rashied Daniels (Director)

Mr Ronny Maepa (Director)

Mr Pierré Snyman (Director)

Mr RED Williams (President - service was suspended on 25 November 2010 and terminated with effect from 9 December 2010)

Dr Sayeda Khan (Director - service was terminated with effect from 12 January 2011)

Mr Danny Adonis is the General Manager and acts as Secretary of the PSA.

## *PSA Board Committees*

The following members serve on the different Board Committees:

### Audit

Mr Jurie Saal (Chairperson), Mr Paul Sello, and Mr Pierré Snyman (elected on 25 August 2010).

### Cell Captive

Mr Jurie Saal (appointed as Chairperson on 25 August 2010), Mr Peter Tlowana and Ms Annetjie Rencken (both elected on 25 August 2010).

### Remuneration

Mr Ronny Maepa (appointed as Chairperson on 25 August 2010), Ms Oniccah Lefifi (elected on 25 August 2010), Dr Sayeda Khan (service was terminated with effect from 12 January 2011) and Adv Rashied Daniels.

### Members representing Structures

Mr Ashley Mc Anda, Mr Dirk Matthysen, Ms Faldela Martin and Mr Rob Moody. These four members were elected during the PSA Annual General Meeting held on 20 September 2009 and were re-elected on 22 September 2010 for a period of four years.



# Assistance to members

Assistance to members, irrespective of the complexity thereof for the Union, offers a “lifeline” to the member in need and often poses challenges to the PSA.

During the report period, 174 759 members, representing an increase of 38% compared to the previous year, were assisted by the PSA in a variety of matters including transfers, salaries, overtime and leave by means of personal interviews, facsimiles, e-mails, and letters. In the process 536 750 km were travelled.

Some of the arbitrations were legally-technical and in view of the fact that PSA staff and shop stewards had to deal with a heavy workload during the report period, it was sometimes necessary to make use of the services of attorneys. In the process the PSA incurred legal expenses totaling R5 706 168, representing an increase of 47% on the previous year's expenses. The monetary value attached to settlements and rulings in favour of the PSA and its members, however, also increased by 47%, amounting to R13 263 808. Apart from attending 1 895 meetings, the PSA also dealt with 116 court cases during the report period.

The following statistics reflect a portion of the workload of the PSA's Members' Rights component:

Day-to-day enquiries                    174 759

Conciliations	331 (shop stewards) 508 (staff)
Arbitrations	235 (shop stewards) 245 (lawyers) 593 (staff)
Disciplinary hearings	1 430 (shop stewards) 42 (lawyers) 754 (staff)
Grievances	3 325 (shop stewards) 5 412 (staff)

The PSA would like to thank all shop stewards, full-time shop stewards and staff for the excellent work done during the report period in support of achieving the PSA's objectives. It is, however, clear that in some Provincial Offices the need exists for shop stewards to become more involved in assisting members in order to enhance the PSA's capacity in terms of service excellence.

Despite the challenges that the PSA experienced during the report period, the results achieved serve as evidence of the PSA's abilities as a leading trade union.



# Collective bargaining

Collective bargaining on behalf of members in the various bargaining structures represents an important function for the PSA.

## Independent Labour Caucus (ILC)

The PSA, as founding member of the ILC, has since 2007 continued to 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 40% 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 Service 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) and the United National Public Servants Association of South Africa (Unipsa).

The PSA represents members in the Public Service Coordinating Bargaining Council (PSCBC) and three Sectoral Bargaining Councils, namely the Education Labour Relations Council (ELRC), Public Health and Social Development Sectoral Bargaining Council (PHSDSBC) and the General Public Service Sectoral Bargaining Council (GPSSBC). The most important events in these Councils during the report period are covered in this report.

## Public Service Coordinating Bargaining Council (PSCBC) and Sectors

Negotiations during the report period were again dominated by wage negotiations and protracted strike action. Furthermore, negotiations in all the Sectors came to a halt when the Public Service strike action began and only commenced in earnest in February 2011. The bulk of this report is therefore dedicated to the PSCBC, the wage negotiations, strike action, the subsequent agreement and commencement of the next period's wage negotiations.

### *Wage negotiations 2010/11*

In view of the fact that the wage agreement for 2009/10 was a single-term agreement, which was implemented with retrospective effect from 1 July 2009, wage negotiations for 2010/11 had to take place afresh.

In terms of clause 3.2 of the agreement, a timeframe of 30 October 2009 was initially set for finalisation of salary negotiations for the 2010/11-financial year with the purpose of influencing the budgetary processes of Government. Parties were, however, informed when negotiations had to commence, that the budgetary processes for the period had already been finalised. It became clear that it would not serve any purpose to rush wage negotiations for 2010 as the budgetary processes could not be influenced as intended when the agreement was signed.

The PSA was the first union to be ready with its salary demands. The PSA's mandate from its members was that it should demand no less than an increase of Consumer Price Index (CPI) plus a real wage increase and that the implementation date for the annual general increase for public servants should be 1 April 2010.

The PSA tabled a demand for an increase of 11% across-the-board. In addition, it also raised other issues relating to service benefits, including increasing the housing allowance from R500 per month to R1 650 per month, extending the maximum medical-aid subsidy of R2 570 per month (currently payable only to members of the Government Employees Medical Scheme (GEMS)) to employees who belong to other medical-aid schemes. The employer, at a PSCBC meeting, tabled a counter-offer to labour's demands.

The offer in respect of the salaries for public servants was 5,2% across-the-board from 1 July 2010 and on the outstanding matters from PSCBC Resolution 1/2007, including the housing allowance, the employer only wanted to engage labour after concluding on wages. The employer also rejected labour's demand that its contribution to medical aid be the same for all employees, irrespective of whether they belong to GEMS or not.

Labour rejected the offer and the employer was requested to, in view of the inadequacy of the counter-offer, return to the table with an improved offer. The employer continued to argue that labour's demands were unreasonable as the figure (11%) was more than double the projected inflation rate. Furthermore, as the country was experiencing a recession, the employer argued that it did not have the necessary funds to meet the demands. The employer, however, "improved" on its offer of 5,2% by offering an additional 0,1%, making up a total 5,3% across-the-board increase from 1 July. The employer remained steadfast in its refusal to increase the contribution to the medical aid - it was not willing to even consider the matter - and insisted that it would only be ready to engage labour on the other outstanding matters from PSCBC Resolution 1/2007 (inclusive of the housing allowance) after conclusion of the wage agreement.



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At a later meeting, the employer's revised offer of 5,3% across-the-board (without improving on any other benefits) as from 1 July as opposed to 1 April, left the PSA with no other option but to declare a dispute on the employer's failure to reach an agreement on salaries and conditions of service.

The PSA's view was that the employer's improvement of the offer by 0,1% at the time was wasting time with no intention of reaching an agreement. The PSA concretised the dispute by filing the necessary referral forms required by the Constitution of the PSCBC.

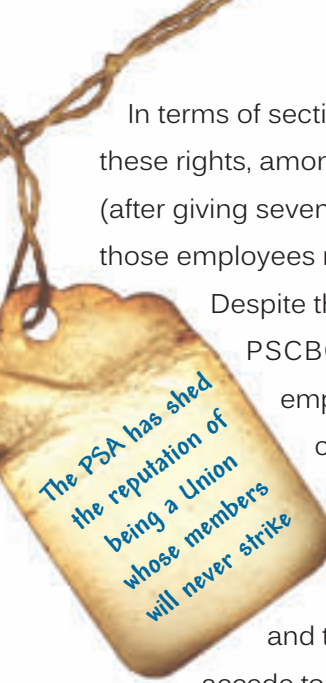
When the employer invited labour back to the negotiation table, the PSA had high expectations that it would realise the seriousness of the situation and be as committed as we were to resolve the dispute in order to avoid strike action. The PSA negotiators were at the meeting, however, informed by the employer that they would not be included in any further discussions until they agreed to withdraw the dispute. The PSA informed the employer that it was committed to resolve the matter, but that it could not withdraw the dispute until there was an amicable settlement. The unions affiliated to Cosatu supported the State as employer and also insisted that the PSA should leave the negotiations. The Cosatu-affiliated unions even went so far as to withdraw their dispute and collaborated with the employer to force the PSA to also withdraw its dispute.

The PSA made it clear to the employer and the Cosatu-affiliated unions that although it remained open to discuss solutions to the dispute, it was unable to withdraw the dispute as it could only act upon the instruction of its members. The PSA also pointed out that the PSCBC Constitution allows for conciliation in the case of a deadlock.

In view of the fact that the PSA was committed to explore all avenues in an effort to resolve the matter, it encouraged the employer to participate in such a process of conciliation within the prescribed 30-day period. The PSA placed it on record that strike action would be inevitable if we were unable to convince the employer to significantly improve on its wage offer and address the housing allowance.

The PSA, after realising that the employer was not going to improve its offer, decided on to commence with strike action in the Public Service on its own in an effort to force the employer to improve on its offer. The PSA's commitment to members is, to at all times, protect their rights and promote their interests in an assertive, innovative and ethical manner. It is for this reason that the PSA stuck to its guns and advised members that if the dispute remained unresolved, or 30 days expired without it being resolved, the respective parties (PSA and the employer) may exercise their rights.





In terms of section 64 of the *Labour Relations Act*, these rights, amongst others, include industrial action (after giving seven days' notice) to the employer for those employees not working in an essential service.

Despite the expulsion of the PSA from the PSCBC by the rest of labour and the employer, these unions were unable to convince the employer during all the meetings they had without the PSA being present, to improve on its offer of 5,3% by more than 0,9% and the employer continued to refuse to accede to the demand to equalise its contribution to the medical aid and parties merely subjected this matter to a task team. There was also only a slight movement on the issue of improving on the housing allowance with an insignificant amount of R100 per month.

Based on the fact that the PSA was not present at any of these meetings, its demands remained unchanged (10,5% from 1 April 2010 with a housing allowance of R1 650 per month and an equalisation of the employer's contribution to the medical aid). The PSA was the only union challenging the employer's failure to adequately meet labour' demands and consequently remained in dispute with the employer until the rest of labour joined it - these parties, however, agreed to an extension of the conciliation period and the PSA proceeded alone with its historic strike.

A certificate of non-resolution of dispute was issued to the rest of labour on 9 June 2010 when they also failed to reach a settlement. These developments came after the employer refused to improve on its offer of a 6,5%-increase across-the-board for public servants and unions were demanding an 8,5%-increase for their members. Other issues relating to service benefits, such as increasing medical-aid subsidies and the housing allowance from R500 per month to R1 000 per month, were also raised. What followed after the PSA's historic move to commence with strike action on its own became one of the longest, joint labour strike actions in the history of the South African Public Service.

When the strike was suspended in September 2010, the duration of negotiations had spanned some six months (of which the PSA was "expelled" from the PSCBC for three of those months). The unions (inclusive of the PSA) finally agreed to a 7,5%-salary increase and an offer of R800 per month on the housing allowance. This period of negotiations and the resulting strike action proved that without the PSA present in the PSCBC and making a contribution on behalf of its members, parties will be involved in unproductive and protracted negotiations. It also proved that the PSA had shed the reputation of being a union whose members will never strike and had indeed become a force to be reckoned with and taken seriously.

## *Wage negotiations 2011/12*

In terms of clause 7 of PSCBC Resolution 4/2010 (last year's wage agreement), the annual substantive wage negotiation process should be aligned with the State's budget process. This implies that negotiations for 2011 should have commenced as soon as possible. The PSA consequently, after obtaining mandates from its member structures, tabled its demands for the 2011/12-financial year at a PSCBC meeting on 25 November 2010. Once again, the PSA was the first union to take action, as the unions affiliated to Cosatu were not ready to table their demands.

The employer, in response, indicated that it did not have a mandate to engage the PSA on its demands, but that it would study the demands and report back at the next PSCBC meeting. The PSA indicated that, in view of the undertakings made during the previous round of negotiations, which culminated in PSCBC Resolution 4/2010, a negotiated salary agreement in respect of the 2011/12-financial year should be concluded as soon as possible. It was the PSA's view that negotiations should commence as soon as possible to avoid protracted negotiations and the PSA thus continued pressuring the employer to table a counter-offer.

The PSA's demands were set out in a "position paper" and can be broadly outlined as follows:

- The PSA's approach during the new financial year's round of salary negotiations is to make provision for an inflation-related increase (CPI). Over and above inflation and with a view to ensure that public servants' salaries are not eroded, a real increase of 5% should also be granted.
- The implementation date in accordance with PSCBC Resolution 4/2010 must be 1 May 2011.
- The PSA's demand is for a single-term agreement.
- The PSA also demands that the following measures be addressed during this new round of wage negotiations. These details were also set out in the "position paper":

- ➡ Pay Progression
- ➡ Grade Progression (career-pathing)
- ➡ Housing Allowance
- ➡ Danger/Special Danger Allowance
- ➡ Threshold for overtime calculations
- ➡ Medical subsidy
- ➡ Recognition of improved qualifications and long-service awards
- ➡ Capped leave
- ➡ Pensions

The Cosatu-affiliated unions were only ready to table their demands in 2011. The PSA met with the rest of labour and the demands were subsequently consolidated and later tabled at a special PSCBC meeting on 15 February 2011.

The following demands were raised as requiring priority attention:

- An across-the-board increase of 10% for the single term of 2011/12 and which must be implemented with effect from 1 May 2011.
- The process in respect of the housing allowance set out in PSCBC Resolution 4/2010 must be finalised by the agreed date of 31 March 2011, failing which the current allowance of R800 per month must be increased to R1 650 per month and, in addition, the allowance must be paid to all employees, irrespective of their marital status.
- The employer's contribution to all medical-aid schemes must be equalised in line with its contribution to GEMS. The demand in respect of the medical-aid contribution must also cover the following issues in respect of pensioners as part of the demand:

- ↪ The medical-aid subsidy for all pensioners (on so-called open schemes as well as GEMS) should be delinked from the medical subsidy for public servants still in service.
- ↪ The minimum medical-aid subsidy for pensioners should be increased to R2 224 per month.
- ↪ The existing formula for the calculation of the medical-aid subsidy (for open schemes) should apply (2/3 to a maximum of R2 224).
- ↪ The medical-aid subsidy for pensioners should be increased annually by the CPI plus 3%.

The employer, in response to these consolidated demands, at the special PSCBC meeting on 22 March 2011, made the following counter-offer:

- Multi-term salary agreement up to 2016 (i.e. five years) with a projected CPI of 4,8% for 2011/12.
- Subsequent years' salary adjustment based on the projected CPI.
- "RDP"-house scheme for employees on salary levels one to three from 1 June 2011, provided that they comply with set criteria.

A new housing scheme will be implemented for all employees in the Public Service by no later than 30 April 2013, which is in conflict with clause 4 of Resolution 4/2010 (salary agreement) which stating that a new home-ownership scheme will be implemented on 1 April 2011. The employer placed it on record that labour's demand for the equalisation of the medical-aid contributions is unaffordable and advised that employees who want a higher medical-aid subsidy should join GEMS. The employer also tabled a demand to the effect that working time in the Public Service should be reviewed and that the review process be subjected to research over a three-year period.

It was clear that the employer's response did not seek to earnestly address labour's demands and showed no sense of urgency in dealing with all the issues raised by labour.



Hence, labour rejected the employer's offer and demanded that it be revised and tabled in the PSCBC on 24 March 2011.

Further developments in the PSCBC in respect of the 2011/12-financial year will be covered by the next report.

### ***National Pensions Task Team***

#### **Phase Two: Recognition of non-pensionable service as pensionable service for public servants affected by past-discriminatory pension practices**

On 24 May 2010, the Minister of Public Service and Administration officially launched phase two of the process to ensure redress for public servants and former public servants (or their dependants/beneficiaries) who had suffered prejudice as a result of discriminatory practices in respect of pensions.

The process stems from provisions in PSCBC Resolutions 7/1998 and 12/2002. The PSCBC established a national task team to oversee the process and both labour and the employer are represented on the task team. To implement the redress, the PSCBC also facilitated the establishment of task teams in all Provinces and National Departments to ensure the capturing of applications for the recognition of previous years of service as pensionable.

The various provincial and national task teams are the first line of contact and assist applicants with the completion of application forms, verification of documentary proof and compliance with one of the identified categories. They also ensure that the documents reach the PSCBC task team, which will then submit it to the Government Employees Pension Fund (GEPF).

The PSA took the initiative, in most instances, to introduce the item on the agenda of Bargaining Chambers and to ensure that the task teams get established.

The Department of Public Service and Administration (DPSA) also secured the support of dedicated employees in the human resource components of Departments and provinces to assist with the activities of the task teams, provide the necessary office space and other necessities such as computers and stationery and access supporting documents in the employer's records or archives, when required. The closing date for applications was extended to 31 March 2012.

### **Education Labour Relations Council (ELRC)**

The ELRC, during the report period, attended to matters which were identified for collective bargaining in public education.

A list of priority areas such as the revision of the teacher appraisal system, Education Management Service (EMS), job evaluation for Office-Based Educators

Teaching and Learning Specialists and Senior Teaching and Learning Specialists, Recognition of Prior Learning (RPL), Revision of the Personnel Administration Material (PAM) as well as abnormalities and back logs received attention.

Various task teams were established and it is foreseen that their progress reports on the Teacher Laptop Initiative, Post Provision Norms (PPN), Teacher Performance Appraisal and PAM should be available during the next report period.

## Public Health and Social Development Sectoral Bargaining Council (PHSDSBC)

The PSA has annually grown in the Public Health and Social Development Sector and it is the largest independent union representing members in this Sector. The PSA regards the duties performed by members in the PHSDSBC as of the utmost importance as the health and well-being of the broader public are dependent upon the services rendered in this Sector.

Unfortunately, the Sector has lost suitably-qualified employees over the last couple of decades as the importance of retaining these staff was not realised by the employer until it was almost too late. The Sector is currently burdened by not only poor working conditions, but is also hampered by a continued shortage of qualified staff.

The PSA was one of the unions who realised that the situation had to be addressed urgently and was therefore the co-signatory of the 2007-wage agreement in terms of which an occupational-specific dispensation (OSD) had to be negotiated for those categories of occupations which were regarded as “scarce” and which required a dispensation to improve the dismal situation in the Sector. The PSA and the rest of the unions signed the subsequent agreement relating to the OSD for the Nurses occupations. The agreement sought to address and recognise experience, qualifications and training in speciality areas.

Although not all the concerns were addressed and the required experience for appointment and advancement to higher categories were too high, this first “special” dispensation at least set the stage for further improvements to be negotiated. When it came to light that the employer in the various Provinces was not implementing the agreement correctly, the PSA and other unions in the Sector took the matter to Court for adjudication.

The Court agreed with us and the resultant settlement agreement which was reached with the employer was made an Order of Court.

It soon became apparent that the employer did not foresee the financial implications of implementing various OSDs across the Public Service. Three dispensations (Social Service Professions, Medical Cluster and Therapeutic, Diagnostic and Related Allied Health Professionals) to be negotiated in the Sector therefore had to pay the price in respect of different implementation dates, required years of experience and consistent recognition of qualification requirements across the Sector. This led to the first unprotected strike by the medical cluster and, in particular, Doctors. The PSA was one of the unions that fought tirelessly for the best-possible outcome for the respective dispensations.

Owing to varying implementation dates and other primary areas of concern, such as the recognition of experience and specialities and entry levels of Professionals, the PSA could not obtain sufficient mandates from members to sign these agreements. Those unions representing the majority of employees in the Sector did, however, sign all the agreements in respect of the OSD and therefore the agreements are binding, not only on their members, but on all employees (and the employer) in the Sector.

These developments in the Sector, particularly in relation to the various OSDs, make it clear why employees should join the PSA. Only if the PSA becomes the union representing the majority of employees in the Sector, can it follow the example of the GPSSBC and set the pace in respect of the improvement of members' interests in the PHSDSBC. It is, however, not only the responsibility of the PSA to recruit and retain employees in the Sector, but it is also the duty of each PSA member and shop steward to see to it that this goal is accomplished. This will not only benefit the PSA, but more importantly, its members will reap the fruits.

### ***National Chamber: Health and Social Development***

The Chamber met on a regular basis and for this report period the PSA remained the majority union in the Chamber with a vote weight of 65,78%.

Although the National Department of Health is undertaking a process of restructuring, the employer representative in the Chamber refused to acknowledge this and resisted the introduction and discussion of the matter in the Chamber. The PSA had to put the employer on terms before parties came back to the negotiating table to commence with the consultation process as required by law. The focus has been on the top-level structure and it is not yet clear how this will impact on other levels. The PSA will be included in further meetings of the "fit for purpose structure" task team.

The employer indicated that no job losses are envisaged, but the possibility of transfers and relocation to other Provincial Administrations cannot be excluded. The PSA will, however, ensure that a fair process is followed when the employer considers the requests of those employees who cannot relocate.

## General Public Service Sectoral Bargaining Council (GPSSBC)

During the report period, the PSA became the majority union in this Sector. This implies that no agreement can be signed with the other unions without the PSA being a signatory.

The PSA, as majority union, contributed in ensuring that the OSD agreements for various occupational groups were signed and implemented. The Council was faced with huge challenges and demands resulting in the need to increase the levy amount to meet operational costs. Funding for GPSSBC activities was discussed extensively and PSA members gave a mandate to increase the levy from R2 per employee to R4 per month. The total contribution of both employee and employer is thus R8 per month. The increased levy amount will go a long way in ensuring that the GPSSBC continues to render an efficient and effective service to employees within its scope.

## ***National Departments of the GPSSBC***

As already mentioned, Departmental Bargaining Chambers met on a regular basis apart from the period during which the Public Service strike action took place. Meetings only resumed in February 2011.

### Department of Home Affairs

The Chamber, during the report period, finalised the implementation of the “Turn-Around Strategy” and the PSA was instrumental in ensuring that this Strategy was introduced without infringing on the rights and interests of members. This proved to be successful as very few disputes and grievances flowed from the implementation process.

The PSA took a strong position and forced the employer not to unilaterally amend its working hours. The employer, as a consequence, attempted to approach the Labour Court on an urgent basis for a Declaratory Order to the effect that it is within its right to change the working hours unilaterally. The PSA, in line with its commitment to members, opposed the employer in Court. The PSA was successful in defending the matter as the employer could not prove urgency. The employer, however, still proceeded with the unilateral implementation of the new working hours and the PSA was forced to declare a dispute. During conciliation, the employer raised a point *in limine* that the Council does not have jurisdiction to resolve the dispute and the conciliator ruled in favour of the employer.



It was the conciliator's view that the employer was acting within its right to amend the working hours in terms of the provisions of the *Basic Conditions of Employment Act*. In further pursuing the interest of members, the PSA referred the outcome to an attorney to obtain a legal opinion on whether the conciliator had acted within her legal power in making such a ruling. The opinion was, by the end of the report period, still being awaited.

### Department of Justice and Constitutional Development

The Chamber met on a quarterly basis. Since the employer failed to implement the second phase of the OSD for legally-qualified employees in the Department according to the timeframe as indicated in the OSD agreement, the PSA made an application to the Labour Court to make the settlement agreement an Order of Court. Once a Court date was set, the employer was under tremendous pressure to comply with the implementation of the second phase, which was finalised by the end of the report period. The PSA also successfully pressurised the employer to implement the outcome of the job evaluation for Prosecutorial staff.

### National Treasury

The Chamber met on a quarterly basis during the report period. Regular discussions took place on matters that affected members' rights and interests.

The most important issue negotiated was the restructuring of the GEPP and its configuration into the Government Pensions Administration Agency (GPAA). The employer initially applied the process in terms of section 189 of the *Labour Relations Act, 1995 (LRA)*. It was only after extensive pressure from the PSA that a process in terms of section 197 of the *LRA*, which was the correct process to follow, was agreed upon. The GPAA was subsequently established as an entity and members' rights and interests were protected throughout the process.

### Department of Agriculture, Fisheries and Forestry

The Chamber met on a regular basis and addressed matters such as the restructuring and amalgamation of Fisheries and Forestry into the Department of Agriculture, which will subsequently be known as the Department of Agriculture, Fisheries and Forestry.

The employer tabled the macro structure for consultation whereafter a functional structure will be tabled for consultation. The PSA will ensure that members' rights and interests are protected throughout these processes. The employer also agreed that job security is to be a priority, but could not guarantee that job content will remain the same. The restructuring in the Department is a priority and weekly meetings are being scheduled to ensure effective consultation.

A burning issue that was addressed was the job evaluations that took place and the down-grading of several posts in the occupational class: Economist. The matter was referred to the relevant Minister for urgent intervention and a decision to exclude Economists from the job-evaluation exercise at national level was being investigated by the end of the report period.

### **Department of Labour**

This Chamber met regularly. The employer, during the report period, intended to restructure the entire Department based on the Cabinet-decision that all Departments needed to render a reasonable, accessible service to the public. The Department intended to restructure its Head Office, the Unemployment Insurance Fund and the Compensation Fund. The expertise of the International Labour Organisation was utilised and project teams were established to consult stakeholders, including recognised trade unions (including the PSA) in the Department.

The Consultative Forum took a leading role in this regard. The issue was tabled at Chamber level and it was consequently decided that a task team be established where engagement will take place. Several task team meetings were held, but by the end of the report period the process had not been finalised.

Extensive consultation took place in respect of policies, of which most were operational in nature. The Department provided several tools of trade for employees to execute their duties. Pool cars, labeled as “Green Cars”, were introduced. The other policies, which were fully and extensively consulted with labour, were:

**Travel policy:** An operational policy where Inspectorate divisions were affected in terms of the utilisation of pool cars. Provincial Executive Managers had approved the acquisition of the subsidised cars without taking into consideration whether the required kilometers will be covered in terms of the guide from the Department of Transport. The PSA, however, insisted that this be done and ensured that a fair process was followed.

### **Performance Management and Development**

**System (PMDS):** The PSA insisted that labour be represented on the Local Review Boards to ensure that fairness prevails. Although the employer initially did not accede to this demand, the PSA insisted and provided relevant motivation. The employer finally acceded to the demand and the policy was subsequently adopted.

### **Department of Human Settlements**

The Department was faced with the challenge of taking over housing projects undertaken by parastatals, which were subsidised by the Department. The *Thubalethu* Housing Project was disestablished and all its employees had to be absorbed into the Department.

The PSA addressed the situation of both existing and incoming employees by ensuring that the new organisational structure, which was subjected to consultation with labour, was able to absorb both groups of employees. The PSA ensured that this was done before the DPSA was approached by the employer to ratify the structures. All the employees were absorbed and appropriately placed. Thanks to its diligence, the PSA was in a position to recruit the bulk of the newly-absorbed employees.

The PSA also negotiated with the employer for the introduction of orientation courses for newly-absorbed employees from the private sector in order for them to familiarise themselves with the public sector.

#### **Departments of Cooperative Governance and Traditional Affairs**

The former Department of Provincial and Local Government was separated in terms of a Cabinet decision and the relevant GPSSBC Resolution into two separate entities, namely the Departments of Cooperative Governance and Traditional Affairs respectively. The two structures were approved by the DPSA and now have separate Chambers to deal with issues of mutual interest. It is foreseen that these two Chambers will be fully-functional during the next report period.

#### **Statistics SA**

The Chamber operated effectively and regular meetings took place. Discussions took place on a quarterly basis on matters affecting the interests of members, including the review of policies. In the last Chamber meeting it was agreed that a departmental task team will be established to deal with the review of policies as most policies were last reviewed in 2001. The task team will first deal with all the crucial policies which include, amongst others, the Recruitment and Selection Policy and the Performance Management System. The Chamber played a vital role in preventing labour disputes and assisted to foster good relationships between the employer and the admitted unions.

#### **Sport and Recreation SA**

The Chamber operated effectively and meetings took place in terms of the Chamber's year calendar. Matters affecting the interests of members were discussed on a regular basis during Chamber meetings. A burning issue that affected members was the alleged overpayment of the 8%-performance bonus and transitional allowance which was paid out to members for the 2005/06-financial year. Members were instructed by the employer to pay back those monies they allegedly wrongfully received. After the PSA took legal steps, the employer decided to write off the debt.

### **Department of Tourism**

The Chamber was established in July 2010 as a result of changes to Cabinet as announced on 10 May 2009, which led to the reconfiguration of the Public Service. This resulted in the split of the former Department of Environmental Affairs and Tourism into the Departments of Environmental Affairs and Tourism respectively. The GPSSBC formally disestablished the previous Chamber and established a new Chamber for the Department of Tourism on 26 July 2010 in accordance with GPSSBC Resolution 4/2010. The first issues that were discussed were policies for the new Department. Consultation took place in the Chamber and most policies, including those on Recruitment and Selection, Leave and the Performance Management System, were adopted for implementation.

### **Department of Higher Education and Training**

The Chamber met on a quarterly basis. Regular discussions on issues affecting members' interests took place. The PSA ensured that the GPSSBC Secretariat oversaw and administered the Chamber to ensure effective participation of all admitted parties. By the end of the report period, the Chamber was reviewing policies. This process commenced as a result of a proclamation, which included the transfer of certain functions from the Department of Labour, the Higher Education Directorate and Further Education and Training Colleges (FETC) to the newly-established Department of Higher Education and Training.

The process should be finalised during the next report period.

### **Department of Basic Education**

The Chamber met on a quarterly basis. A Departmental task team was, at the insistence of the PSA, established with a view to, amongst others, address the review of policies following the split or reorganisation of the original Department of Education into the Departments of Basic Education and Higher Education and Training respectively. The PSA also ensured that a task team was established to deal with Departmental policies as a result of restructuring.

### **Department of Trade and Industry (DTI)**

The GPSSBC established a new Chamber for the Companies and Intellectual Property Registration Office (Cipro) separating it from the DTI because of restructuring. The restructuring of Cipro was discussed at a joint meeting between the DTI and Cipro. The PSA put pressure on the employer to consult properly in the relevant forum to deal with restructuring issues, identify pitfalls and avoid any ambiguities during restructuring. The PSA ensured that there were no resulting job losses. A new organisation was established in terms of the *Companies Act, 2008* (Act 71 of 2008), which created a new Companies and Intellectual Property Commission (CIPC). The intention was to enhance the service delivery of Cipro and the Office of Company and Intellectual Property Enforcement (OCIPE).



### Department of Mineral Resources

The Chamber operated effectively and more than the required quarterly meetings were held. Since the separation of the former Department of Minerals and Energy to form the Department of Mineral Resources (DMR) and the Department of Energy, the Chamber met twice. The PSA persuaded the employer that the OSD for Environmentalists should also be applied to the Occupational Class: Environmental Officer in the DMR. The employer, after consultation with the DPSA, received approval to implement the stipulations of this OSD in the Department.

### Public Administration Leadership Management and Academy (Palama)

The Chamber operated effectively under a new management and the PSA remained the majority union. The GPSSBC is also overseeing and administering this Chamber. Regular discussions on matters affecting the interests of members took place in the Chamber, which included the regular review of policies. During the last Chamber meeting for the report period, further realignment of the organisation was the most contentious and pressing issue on the agenda.

The PSA advised all members adversely affected by the unilateral changes of the existing contract of employment to lodge individual disputes.

### Department of Transport

Various issues affecting the interests of members were discussed in the Chamber, including the matter of Road Transport Management Corporation (RTMC) seconded staff members, who now fall within the ambit of Essential Services. The PSA played an important role in all discussions relating to employees to be seconded to the RTMC. Several human resources policies were also reviewed.

### Department of Rural Development and Land Reform

The Chamber met on a regular basis and during the report period the PSA remained the majority union with a vote weight of 61,08%. For the last three years restructuring was the most contentious issue on the agenda. The reconfiguration of the Public Service following Cabinet's 2009-decision resulted in yet another change in the name and mandate of the Department with the addition of rural development which, in turn, led to another review of the structure in 2010. This effectively means that the Department had been subjected to restructuring processes for the past three years. The greater part of 2010 was spent on the finalisation of the latest organisational structure which was subsequently approved in March 2011. The employer all along maintained that no retrenchments were envisaged and that no employee would be worse off in terms of salary level and conditions of service when migrated to the new structure.

The new organisational structure would effectively increase the Department's number of posts from 4 513 to 7 467, but the employer does not have the funds to fill all posts simultaneously. The new posts will therefore be filled over a period of time.

It has since become clear that not all employees will be absorbed on the new organisational structure owing to the change in the Department's mandate and strategic/operational plan and may be carried out of adjustment or additional to the new establishment. The employer was warned to expect a substantial increase in unfair labour practice disputes with regard to unfair demotions. Members were assisted with the lodging of such disputes.

Going forward, the focus will be on ensuring that the migration of employees is done in a fair, consistent and transparent way. For this purpose, the criteria to select employees for absorption into available posts, especially where there are more employees than posts in some branches/directorates, will be crucial. Labour was adamant that for the initial phase, employment equity should not be one of the criteria. This will ensure that all members are given priority when posts are filled and not further prejudiced because of circumstances beyond their control.

The employer launched *Project Vulindlela* for the digitisation of records and documents involved in the lodging of Deeds relating to the change in ownership of property and the Cadastral process showing the extent, value and ownership of land in South Africa. A project team was awarded the tender to drive this process. It was acknowledged that *Project Vulindlela* will have substantial implications on various fronts which will necessitate continuous and extensive communication between and involvement of all stakeholders. A Change Management Forum (CMF) was established, consisting of project team members, the employer and labour representatives. The CMF only met once during the report period, but it is intended to meet on a monthly basis going forward for as long as it may be required. Continuous feedback to affected members remains a PSA priority.

It was envisaged that the Project would impact in one way or another on the total workflow in the Branches Deeds Registration and Cadastral Surveys. It was still unclear by the end of the report period as to exactly what the impact and implications were going to be. No job losses or retrenchments are envisaged, but it is anticipated that employees will have to be retrained to adapt to the new *modus operandi*. In cases such as those of Messengers, where the jobs may become obsolete because of the electronic submission of applications, training will ensure that they can be absorbed in other occupational categories.

In January 2009, the employer took a decision to unilaterally terminate the Piecework and Production Incentive Scheme at Deeds Offices with effect from 1 February 2009. The initial approach by the PSA was to bring an urgent application in the Labour Court against this decision, but upon investigation and discussion it transpired that the employer had, in fact, not implemented the decision. The reduction in work volumes, owing to the recession, impacted to the extent that there was not enough work to fully support the quotas for the piecework system which made it possible to pay incentive bonuses.

The PSA, however, still considered the decision by the employer to be in contempt of a Labour Court Order of November 2006 in terms of which the quotas for the piecework system and the norms for the data and micro-film schemes were agreed to. The PSA therefore requested the employer to confirm whether the intention was to withdraw the applicable measure or to suspend the performance of additional work as a result of low work volumes. The fact that the employer left the matter hanging and gave contradictory responses was not acceptable to the PSA. The employer was approached yet again and placed on terms to give a clear and unequivocal undertaking that the Incentive Scheme remains in place and that when work volumes increase, the Scheme will be implemented.

During the report period, answering and replying affidavits were exchanged, but parties could not reach agreement on key aspect, namely that the Incentive Scheme remains in place and that when work volumes increase, it will be implemented again. The matter was therefore referred to the Labour Court for a hearing which has been set for 24 August 2011.

### Department of Water Affairs

The Department of Water Affairs and Forestry was reconfigured with the transfer of the Forestry function to the Department of Agriculture, Forestry and Fisheries. The Chamber met on a regular basis and during the report period the PSA remained the majority union with a vote weight of 54,52%.

The Department had been in a state of gradual disintegration for most of the report period owing to the suspension and subsequent dismissal of its Director-General and the suspension of other key senior-management employees. This impacted on operations and frustrated feedback to labour in the Chamber. After labour objected to the lack of commitment by employer representatives, it was agreed that should the tendency continue, the Chairperson would formally lodge a complaint to the relevant Minister *via* the Council.

Burning issues that were attended to in the Chamber during the report period were:

**OSD:** The non-implementation of the OSD was a main focus area with labour having to exert continuous pressure on the employer, via the Chamber, in bilateral meetings and also by means of grievances, to implement. The employer finally implemented phases one and two and was busy preparing for the implementation of phase three whilst awaiting a determination from the DPSA that will guide Departments in this regard. The PSA assisted employees who indicated that they were translated incorrectly.

**Transfer: Working for Water Programme (WfW):**

The Minister of Water and Environmental Affairs approved the transfer of the Natural Resources Management Programmes (NRMP) such as Working for Water, from the Department of Water Affairs (DWA) to the Department of Environmental Affairs (DEA). It was the intention of Government that the Programme will form part of the envisaged National Resource Management Branch to be established in the DEA.

The focus of the new Branch will be to get all “green issues” under one roof. Virtually the entire staff component of the DWA’s NRMP was appointed on contract. A substantial number of these contracts expired at the end of November 2010, but all have so far been renewed. It was emphasised that no job losses are envisaged, with all indications being that the process will, in fact, create more job opportunities.

The PSA was also represented in the GPSSBC’s Chamber for the DEA and was therefore ideally placed to protect members’ rights and interests.

**Transfers: Employees involved in Water Services:**

The employer was during the report period still involved in various transfer processes around Water Services. The various PSA Provincial Offices facilitated the process of reaching agreements on the transfer of benefits and conditions of service.

**Independent Complaints Directorate (ICD)**

The PSA is one of three active unions in the Chamber with a vote weight of 37,50%. At least two of the three unions must be in attendance for the Chamber to quorate and this presented a challenge during the report period owing to the lack of continuity by representatives and the involvement of the other two unions. The main focus of the Chamber was around the following:

**Establishment: Independent Police Investigative**

**Directorate (IPID):** The ICD was established in April 1997 to investigate complaints of brutality, criminality and misconduct lodged against members of the South African Police Service (SAPS) and the Municipal Police Service (MPS). It obtained its legislative mandate from section 53(2) of the *South African Police Act* (Act No 68 of 1995).



This way of operating has, amongst others, compromised the independence and credibility of the ICD and a decision was taken to convert the ICD into the IPID as a separate and independent body with its own legislation. The *Independent Police Investigative Directorate Bill* is therefore in the process of being finalised, but has not been promulgated yet. The *Bill* aims to ensure the independent oversight of the SAPS and the MPS. It is foreseen that the process will eventually impact on the establishment, job descriptions and conditions of service of employees.

#### **Department of Correctional Services (DCS)**

Deliberations in the DCS during the report period focused largely on problems emanating from the implementation of the seven-day establishment as well as other challenges relating to the implementation of GPSSBC Resolution 2/2009.

This agreement gives effect to the implementation of an OSD for Correctional Services Officials, centre-based and non centre-based Correctional Officials. The implementation of a twelve-hour shift system proved especially problematic as it exacerbated the human resource shortage in the DCS. These problems resulted in a meeting with the Minister of Correctional Services, where the PSA succeeded in reinforcing principles which were previously agreed upon as the premise for the implementation of new shift systems in the DCS.

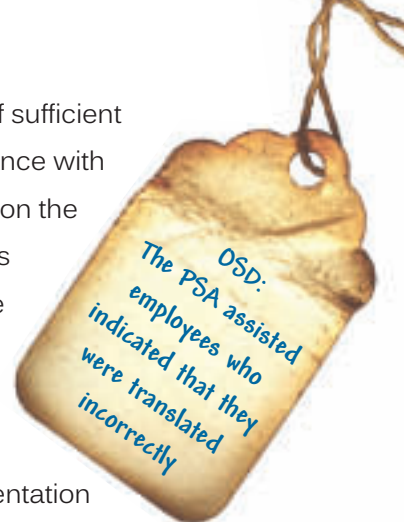
These include the availability of sufficient human resources and compliance with safety standards. Negotiations on the implementation of shift systems were ongoing by the end of the report period.

The PSA declared disputes on matters relating to the implementation of the OSD. Of specific importance is the dispute on the implementation of the second phase of the OSD as well as the application of leave in the DCS. These negotiations have not been finalised.

During 2010, the DCS was affected by continuous changes in its executive management, which negatively impacted on programmes initiated by the previous National Commissioners, such as the Relationship Building by Objective (RBO) process. These changes were especially prevalent in the human resources environment and had a serious impact on the effective functioning of all labour-related processes.

#### **Department of Arts and Culture**

The Department introduced a number of policies for consultation during the past year, namely Remunerated Overtime, Official Working Hours, Resettlement Expenditure, Job Evaluation, Employment Equity, Corporate Clothing and Leave.



The PSA, however, held that the policies on Leave, Resettlement Expenditure and Remunerated Overtime be negotiated. The employer initially hesitated and insisted on consultations. A bilateral meeting was held between the PSA and the employer during which the relevant clauses of PSCBC Resolution 3/1999, which require negotiations on these policies, were brought to the employer's attention. It was resolved that the three policies will be negotiated and not consulted. The PSA had started this process by the end of the report period.

Another important matter refers to the operational development exercise of the Department and which is nothing other than a restructuring process. The Department undertook an investigation into a possible restructuring process, which was apparently approved by the DPSA. The PSA pointed out to the Department that it cannot proceed with the implementation prior to consultations with labour. The Department attempted to avoid consultations with the PSA as the majority union. The PSA, in turn, indicated that no other matters would be entertained in the Chamber until the employer was willing to properly inform labour of its proposed restructuring plan and consult on the matter. After two Chamber meetings had to be postponed because of the employer's unwillingness to engage labour in this regard, the employer called for a "*bosberaad*" and scheduled a special Chamber meeting to consult with labour.

### Department of Public Service and Administration (DPSA)

The major outstanding issue which was dealt with was negotiations/consultations on the return of employees who were seconded to the Public Service Sector Education and Training Authority (PSETA). The PSETA was placed under administration for a number of reasons and went through a difficult time during the past year. The extent of the problems led to the Minister of Higher Education and Training's decision to extend its lifespan with one year only. As a result, job security at the PSETA became a major concern.

The PSA engaged as part of labour with the PSETA and the DPSA on discussions regarding the return of seconded employees to the DPSA. A committee was established to deal with these discussions and make recommendations on the return of staff, timeframe, positions staff would be absorbed in and the extension of secondment periods for staff who wished to stay on at the PSETA for a fixed period. As a result of this intervention by the PSA, the majority of staff members were absorbed into positions at the DPSA. The positions which the employees indicated they wished to be absorbed into were, however, already filled despite an undertaking from the DPSA that these positions were kept for the seconded staff who wished to return. As a result, some staff members were absorbed into positions which are not funded. The DPSA was, by the end of the report period, obtaining approval for the funding of these posts.

Policies on Bereavement, Procedure on Management of Debtors and on Managing Sexual Harassment were also adopted after consultations with labour.

### **South African Police Service (SAPS)**

The PSA, as a minority trade union in the Safety and Security Sectoral Bargaining Council (SSSBC), has no organisational rights in the SAPS and is also not an admitted party to the SSSBC. This, however, did not prevent the PSA to indirectly assist members. Amongst a number of minor enquiries, the PSA also dealt with two major issues in an indirect manner. Members were concerned about the fact that an agreement that was signed in 2006 in the SSSBC in terms of which Constables and Warrant Officers could be upgraded, was never implemented. The PSA realised after studying the agreement, that it made no provision for a process to implement the agreement and that its implementation was further hindered by a National Commissioner Instruction in 2008.

In terms of the Instruction, staff would have to wait for the National Commissioner to invite them to apply for upgrading. The Commissioner simply never did so. The PSA took the matter up with the principals of SAPU (an ILC party in the SSSBC) after which a new agreement was signed in the SSSBC which not only enabled Constables and Warrant Officers to be upgraded, but also made provision for promotions to the ranks of Lieutenant and Major.

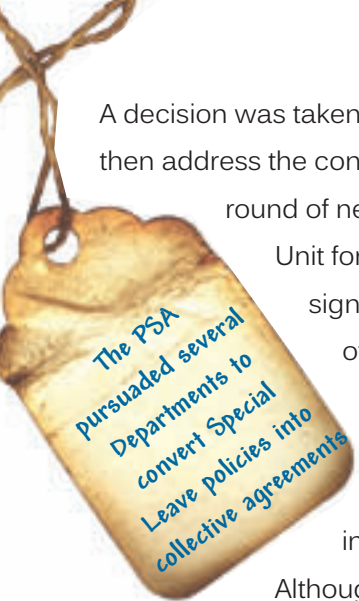
The PSA's position with regard to the SAPS, however, remains problematic and the PSA will have to consider steps to drastically increase its membership in order to be able to represent members properly.

### **Department of Economic Development**

Although this Department was established in terms of a Presidential proclamation, it has not yet been properly established and staffed. Discussions and negotiations on transferring staff from the DTI were the only activity in the Department's Bargaining Chamber.

### **Further Education and Training Colleges (FETC) (Support Staff):**

The FETC Bargaining Unit was extremely busy the past year. After arguments on the legality of the Bargaining Unit for Support Staff were laid to rest, it started negotiations on bringing parity to the salaries of staff that were appointed by Colleges and staff transferred to Colleges from the Public Service in 2008. The Colleges-appointed staff's salaries and conditions of service were far lower than those of their *Public Service Act* colleagues. In some instances, Colleges-appointed staff received no employment-related benefits. Parties realised that in order to address the inequalities, substantial funds had to be made available from the Department of Higher Education and Training. Calculations showed that it would not be possible to address both the salaries and conditions of service in a single financial year.



A decision was taken to first bring parity to salaries and then address the conditions of service in a second round of negotiations at the FETC Bargaining Unit for Support Staff. An agreement was signed in February 2011 after months of collecting and collating information in respect of salaries of Colleges-appointed staff. The agreement was ratified in the GPSSBC and implemented. Although the agreement was implemented, there were individual enquiries regarding translation to the Persal system. These matters were taken up by the PSA with the Further Education and Training Chief Executive Officer.

Parties recently started collecting information on the conditions of service of Colleges-appointed Support Staff. All the information has not yet been received. The matter is, however, being discussed in a task team which will, after studying all the collected information, draft an agreement to be tabled at the FETC Bargaining Unit for Support Staff.

### **National Department of Public Works**

The PSA, as one of the active unions admitted to the Chamber, protected the jobs of its members employed by the Department and deployed at the Zonderwater Sewage Plant.

The Department wanted to replace these employees by a private contractor. The PSA opposed this in order to protect the jobs of affected employees. It was resolved that the employees will continue with their normal duties whilst the contractor renovates the plant.

### **Public Service Commission**

The PSA persuaded the employer to convert the Leave Policy into a collective agreement. The agreement was, by the end of the report period, being negotiated at Departmental Bargaining Council level. The PSA also requested the employer to benchmark that agreement with the one negotiated at the Department of International Relations and Cooperation, which was ratified by the GPSSBC. The Chamber was mainly busy with consultation of policies. Policies that were adopted include those on Uniforms and Security.

### **Department of International Relations and Cooperation**

The Special Leave collective agreement, which the PSA persuaded the employer to convert from a policy to a collective agreement, was ratified by the GPSSBC and most Departments are now using it as guideline when negotiating their collective agreements on Special Leave. The Special Leave collective agreement is applicable to all employees of the Department with the purpose of regulating employees' absence from duty by means of granting special leave of absence within its framework.

The restructuring of the Information Technology Component unfolded without job losses or any form of prejudice thanks to the PSA keeping a watchful eye on processes and proceedings. Employees were transferred from the old to the new structure in terms of the matching and placing criteria and the few issues that emanated were resolved amicably.

### **Presidency**

The employer was persuaded to convert its Special Leave policy into a Special Leave collective agreement. The persuasion was influenced by the fact that leave is no longer a privilege but a right in terms of Chapter Three of the BCEA of 1997 as amended. It is not only a right but an employment standard or condition of employment that needs to be negotiated to conclude an agreement as opposed to be consulted to develop a policy. It was agreed that the Special Leave Policy will be converted into a Special Leave collective agreement through the Departmental Bargaining Chamber (DBC) processes.

### **Other matters**

The PSA wrote a letter requesting the Secretary of the GPSSBC to establish a Chamber for Performance Management and Evaluation, a newly-developed Department coming from the Presidency. At the time of print the Chamber was in the process of being established.

During November 2010 members reported the violation of the Performance Management and Development System (PMDS) Policy emanating from non payment of performance bonuses for the 2009/2010

performance cycle to qualifying members. After considering all available options to address this malpractice, at the time of print, PSA had appointed a firm of Attorneys to assist with the matter.

## **Parastatal institutions**

### **Legal Aid South Africa**

The PSA obtained information from the employer on compliance and implementation of the OSD resolution for Legal Professionals. The information was cascaded to members through the *PSA Informus* in which members were advised to file individual grievances if they were dissatisfied with the implementation.

### **State Information Technology Agency (Sita)**

The PSA was involved in a well-planned recruitment drive that enabled it to meet a 30%-threshold of the total workforce. This entitled the PSA to commence negotiations on access, union subscription fees, organisational rights contemplated by the *LRA* and other relevant organisational rights such as the utilisation of the employer's resources.

The PSA referred an organisational rights dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA) and consequently Sita was compelled to refrain from unnecessary delays and resume negotiations to finalise the organisational agreement. The agreement was finalised and by the end of the report period it was being polished to address identified shortcomings before a mandate for signature is sought from the PSA principals.



## **Public Protector SA**

The Bargaining Forum was established on 10 June 2010. However, prior to this, the PSA was faced with many challenges, including the employer's refusal to bargain. After numerous delays in the process, the PSA referred a dispute to the CCMA on 6 May 2010 in terms of refusal to bargain by the employer. The matter was set down by the CCMA for conciliation on 7 June 2010. Parties, however, agreed to settle the matter and the Organisational Rights Agreement was subsequently signed on 10 June 2010.

Meetings took place as per an agreed year planner and the Chamber had three Bargaining Forum meetings during the report period. The PSA is still facing some minor challenges though, which include obtaining the services of an independent Chairperson to ensure impartiality. Consultations took place between the PSA and the employer to resolve this matter in a manner that will be fair for all stakeholders.

Another issue the PSA had to deal with in the Forum was the completion and submission of Security Clearance forms by PSA members. Consultation took place between the PSA and the employer after members were dissatisfied with the manner in which this process was being dealt with by the employer. After consultation, the employer committed itself to providing an awareness campaign to sensitise members regarding this issue.

This process should have commenced during February/March 2011, but owing to the resignation of the Security Risk Manager, the campaign was temporary put on hold.

The PSA also indicated that policies that were concluded outside the Forum had to be reviewed. This included, amongst others, policies on PMDS and Recruitment and Selection, which the PSA regarded as crucial policies affecting its members. These policies will be tabled during the next Bargaining Forum meeting scheduled for June 2011.

## **South African Social Security Agency (SASSA)**

The SASSA National Bargaining Forum is a new Bargaining Forum which was established on 29 October 2010.

The most contentious issue that was discussed in the Forum was the Improved Grants Application Process (IGAP). This process was initiated by the employer to improve the turn-around time in terms of the grants application process. However, problems arose when employees on salary level five, who were previously doing the work, had to make way for newly-appointed employees on salary level seven with a view to have them deal with the new grants application process.

In the last Bargaining Forum meeting during the report period the employer was requested by the PSA to return to its principals and obtain a mandate on how best to deal with this matter going forward.

### **National Health Laboratory Service (NHLS)**

Wage negotiations in 2010 led to an annual increase of 8% on total package cost to company for pay bands A to C and 7% on total cost to company for pay bands D and above. In addition, a 5%-cost to company increase was agreed on for the core occupational categories of Medical Technician, Medical Technologist, Biomedical Technologist, Laboratory Manager, Scientist and Pathologist. This is referred to as a “Core Skills Allowance” and will fall away if an employee migrates to a non-core position. The maximum employer medical-aid contribution was increased to R1 900 per month for employees in pay bands A to C. The shift allowance remained at 40% (of hourly rate) but the Rand value was increased to R25 (per hour), whichever is the greater. Implementation took effect on 1 July 2010. Parties also agreed to an 8% non-pensionable allowance with effect from 1 October 2010 to be awarded to those categories of core occupations that are working in areas deemed as rural or an area where the employer is unable to attract a particular category of staff. The allowance will be forfeited if an employee migrates to a laboratory or position where the criteria no longer apply.

The classification of the term “rural” and the “areas where the employer is unable to attract a particular category of staff” were determined by the NHLS and implemented after consultation with labour.

### **Human Sciences Research Council (HSRC)**

Negotiations on the improvement of service conditions were surprisingly difficult during 2010. Owing to the international economic recession, the income of the HSRC was seriously affected as a large part thereof is derived from international donor institutions. After declaring a dispute on the matter, the PSA succeeded in securing an annual increase of 6% based on total cost to company.

### **South African Weather Service (SAWS)**

Collective bargaining at the SAWS is regulated in terms of the constitution of the SAWS Bargaining Forum. Negotiations on the improvement of service conditions resulted in an agreement to increase the remuneration of SAWS employees by 8,5% with effect from 1 April 2010 based on total cost to company. It was also agreed that a service provider will be appointed to do a job evaluation and develop a career-pathing model for the SAWS.

### **National Library of South Africa (NLSA)**

Negotiations at the NLSA are regulated by the Constitution of the Joint Bargaining Forum.

Salary negotiations during the report period resulted in an agreement whereby employees received an increment of 7,5% with effect from 1 April 2010. It was also agreed that employees' housing subsidy be converted into a housing allowance in line with that of Government. This resulted in employees receiving an extra R450 per month.

### **South African Revenue Service (SARS)**

Collective bargaining in the SARS is conducted in the National Bargaining Forum. A formal consultation forum, the National Consultation Forum, also met regularly during the report period to keep labour informed of developments in the organisation which may impact on employees.

Negotiations during the report period resulted in an annual increase of 8% with effect from 1 July 2010 based on total cost to company for SARS employees. It was also agreed that the implementation date for salary increments be moved to 1 April from 2011, instead of 1 July annually.

### **PSA Group Branch Public Service Pensioners**

The PSA offers a unique home for retired public servants and accommodates these members and attends to their interests by means of the Group Branch Public Service Pensioners.

True to its motto, *Favete Emeritus*, the Group Branch vigorously guarded the interests of pensioners during the report period. There are, however, matters which require attention and will guide the future of the Group Branch.

The new Board of Trustees of the GEPF is functioning relatively well. The split of the GEPF into a Fund and an Administration was finalised. Problems which arise are being handled jointly by the two bodies. The GEPF committees are, in general, functioning effectively and are paying attention to matters of interest to members and pensioners. The following matters received attention during the report period:

- Payment of pension at the end of the month (finalised)
- Increase of spouse's pension (not finalised)
- Abolishment of life certificates (not finalised)

General services to pensioners by the Group Branch continued during the report period and were marked by an increase in volume, placing a heavy burden on the management, who renders a voluntary service. The Group Branch was, by the end of the report period, giving attention to matters such as the increase of medical-aid subsidy and the spouse's pension, life certificates and the rendering of a service in respect of wills. The various Group Committees rendered services at local level.

Recruitment remained a challenge that promises to become even more intense. The Group Branch will, however, despite circumstances, continue to honour service delivery to its members.

## Provincial service-delivery highlights

In the Eastern Cape, the Provincial Office in Port Elizabeth continued to work down outstanding cases. A new liaison model resulted in more shop stewards being available to assist members. The Office attended meetings of the GPSSBC where matters of mutual interest were discussed. On Worker's Day, the Office distributed food hampers to SAPS offices. The Provincial Office in Mthatha prides itself in the professional service rendered to members by dedicated staff, legal representatives, shop stewards and full-time shop stewards. Both Offices represented the PSA in collective bargaining meetings in the Chambers for the PHSDSBC, PSCBC and GPSSBC.

The Provincial Office in the Free State experienced a 91%-success rate during the report period in respect of disciplinary hearings where a core group of capable shop stewards rendered valuable services. There is, however, concern regarding the large number of repeat transgressions by members. A low settlement rate of 20% in conciliation boards is of concern, whilst the 69%-success rate in arbitrations represented a monetary value of R1,5-million to members.

The Office also handled a substantial number of arbitrations and were involved in Labour Court cases. In a major victory for PSA members at the Provincial Departments of Health, Police, Roads and Transport and Education, the Labour Court instructed these Departments to redo the PDMS results from 2007 to 2009. The estimated related costs for only the Department of Health was more than R65-million.

In collective matters in the Free State, the PSA was responsible for 95% of all agenda items sponsored in the various bargaining chambers/forums and has a 100% attendance rate. Some of the collective matters, as raised by the PSA in the various Chambers, include non-compliance with the *Act on the Regulation of the Private Security Industry*, requests for job evaluation in cases where rank/leg promotions were abolished, non-compliance with PSCBC Resolution 3/1999, the effect of non-filling of vacant, funded posts, benchmark job descriptions for several occupational groups, overtime, restructuring, the non-payment of danger allowances for Youth Workers, conscientious objections and termination of pregnancy, the critical shortage of staff and equipment at Health institutions, safety at Health workplaces and issues at the new Government Mortuary in Bloemfontein.

In Gauteng, the PSA assumed leadership positions in the Provincial Bargaining Chamber and the Health and Welfare SETA.



Shop stewards attached to the Provincial Office in Johannesburg achieved, with Farieda Martin being

elected as Deputy Chairperson of the GPSSBC and Roderick Lawrence serving as board member of the Health and Welfare SETA.

He was succeeded by the PSA's Emma Zondo.

The Johannesburg Office held its first intersectoral annual general meeting where members of different Provincial Branches met and discussed issues of transverse nature. Various Gauteng Provincial Departments underwent reconfiguration and the Office in Johannesburg was actively involved in the processes.

The Office lists as an outstanding success for the report period the coordination process in the Gauteng Department of Community Safety. After a national process in the Road Traffic Management Corporation, the DPSA conducted a job evaluation on Provincial Inspectors, which resulted in their regrading. The DPSA issued a circular letter providing the employer with the implementation process and instructions. The Gauteng Department of Community Safety, however, failed to carry out the DPSA instruction. The PSA had various consultations with the Department, but with no success - a strike was even looming.

Eventually the MEC agreed to implement the process and members were upgraded.

The Provincial Office in Pretoria is responsible for collective bargaining in a number of parastatals and an increase in the degree of collective bargaining was experienced during the report period. Salary agreements were negotiated and concluded.

The Office also experienced a high workload in terms of assistance to members with individual rights matters. A total of 1 992 enquiries and cases were dealt with during the report period. A total of 120 conciliations, 100 arbitrations, 139 disciplinary hearings, 639 grievances and seven Labour Court cases were also handled. In the process, some R1,8-million was recovered on behalf of members and countless other members experienced an improvement in their working environments through the resolution of their cases.

In KwaZulu-Natal (KZN), the Provincial Office in Durban undertook several interventions to improve service delivery, including meetings with structures and shop stewards. These efforts are aimed at ensuring that members' queries and problems are attended to timeously and professionally. A strategy was also put in place entailing administrative support and mentoring which enabled shop stewards to function more effectively and thus enhancing the capacity of the Office.



A core group of shop stewards started assisting the Office with grievances and enquiries. Efforts are underway to ensure that every Department is equipped with an active shop steward.

On the collective bargaining terrain, the PSA was the front-runner in the Province over the past year. The PSA is the only union that attended all Chamber meetings and regularly placed items on the agendas of all Chambers. Emanating from these meetings, the PSA was involved in several bilateral meetings which resolved a number of issues. The Office in Durban made great strides in ensuring that Chairpersons and full-time shop stewards attend all Chamber meetings, thereby ensuring that they are fully informed.

The Office in Pietermaritzburg, despite experiencing a staff shortage, performed well during the report period and successfully represented members with disputes and in disciplinary hearings. A significant number of grievances and queries of members were resolved by engaging employers. The Office, in conjunction with the Durban Office, forwarded agenda items with the assistance of shop stewards and members for discussion at the three provincial bargaining fora, i.e. PSCBC, GPSSBC and PHSDSBC. The PSA maintained its outright majority in the Province's GPSSBC over the past few years. The PSA submitted the majority of agenda items from the side of labour.

Not only was the PSA at the forefront of discussions, but also led the way in the task teams and labour caucuses. The Provincial Manager in Pietermaritzburg, André van Schalkwyk, is Chairperson of the KZN PSCBC, whilst the Provincial Manager in Durban, Claude Naiker, was elected as Vice-Chairperson for labour of the KZN GPSSBC.

In Limpopo, the three Chambers of the Public Service Sectoral Bargaining Councils are functional. In the PSCBC Chamber, the PSA placed the non-implementation of Resolution 1/2007 on the agenda. It determines that contract workers shall receive a basic salary plus benefits or a basic salary plus 37% in lieu of benefits. The Limpopo Government did not implement this, but the PSA's persistence paid off and the employer acknowledged its mistake. Affected members will be refunded.

In the GPSSBC Chamber, the extension of the OSD for Social Service Professions to Social Works in the Department of Roads and Transport was one of the most important issues tabled by the PSA and should be finalised soon. The Public Health and Social Development Chamber was very busy and the PSA was particularly involved with the Public Private Partnership at Phalaborwa Hospital, security at Health institutions and the transfer of Environmental Health Officers to municipalities.

The Office experienced a sharp increase in individual matters during the report period. A total of 103 members were represented in disciplinary hearings by PSA officials and trained shop stewards. A further 96 members were represented at conciliations and/or arbitration hearings, of which 37 were undertaken by lawyers. A further 1 878 personal interviews were conducted with members where they were advised and assisted with work-related matters.

In Mpumalanga, the training of full-time shop stewards, other shop stewards and staff yielded good results as far as service delivery is concerned. Members benefited from the PSA's efforts to a monetary value of R1,3-million, especially those members who had their salaries reduced when they were transferred to Safety, Security and Liaison. Handling of disciplinary cases, conciliations and arbitrations in the Province improved and cases were also filed by attorneys at the Labour Court. The PSA was involved in all Councils and Chambers in the Province during the report period and continued to dominate in generating agenda points.

The PHSDSBC is one Chamber where little progress was often yielded. Many issues are being grappled with, including OSD and upgrading/downgrading of personnel without following procedures.

In the Northern Cape, the expansion and enhancement of the local databases for shop stewards and institutions added value to the service delivery by the Provincial Office in Kimberley. Support by full-time shop stewards in Kimberley, De Aar and Kuruman took service delivery to new heights. The adherence to self-imposed timeframes along with acknowledgement of receipt of complaints received, improved substantially and correspondence - communication quadrupled. The overall team effort ensured sustainable growth amidst the challenges that the largest Province in the country has to offer. Vast distances, extreme weather conditions and a hostile political scenario all played a part, but did not curtail activities. All structures were kept informed of initiatives with involvement and accountability according to the PSA Congress resolution being encouraged.

In North West, the Provincial Office in Mmabatho encountered a high volume of cases and grievances, but through dedication and hard work staff and shop stewards achieved outstanding results. The PSA maintained its majority status in the GPSSBC in the Province.

More than R1,5-million in monetary value for members emanating from awards and settlements was obtained.

A huge settlement was achieved when the PSA addressed the issue of employees who were absorbed by the Department of Human Settlements from the former North West Housing Corporation. When the employees were transferred to Human Settlements, the Department reduced their salaries. On this alone, the Department paid a settlement of R1,5-million to address the discrepancy.

The Provincial Office in Cape Town in the Western Cape, during the report period, dealt with more than 30 000 enquiries from members, more than 140 conciliation boards and 120 arbitrations. In addition, more than 288 disciplinary hearings were handled and 32 collective bargaining structure meetings were attended (excluding workplace-specific engagements with employers). A total of six Labour Court matters were also attended to.

No union can always be successful in all its endeavours on behalf of members, but the PSA's record in the Western Cape is confirmed by its growth - public servants noted the achievements and chose the PSA as their Union. PSA members in the Province have access to more than 400 shop stewards and enjoy the benefit of the dedicated services of eight full-time shop stewards, of whom five are situated in centres outside the Cape Town Metropolitan area, giving members easier access to PSA services in the outer regions of the Province.

## Communication

Communication with members remains an integral part of the PSA's commitment to exceed members' expectations with regard to information dissemination.

The PSA's sustained regular communication with its growing membership, thereby encouraging loyalty amongst members and, in continuing the trend from previous years, communication levels with members, in many instances, increased owing to demand.

The launch in September 2010 of *Phambili*, the PSA's celebratory publication in commemoration of the Union's 90th birthday, represented a milestone and covered the PSA history from humble beginnings to its current position as a major labour force in South Africa. The book was enthusiastically endorsed by seasoned labour journalist, Terry Bell.

An exhibition, bringing the Union's history to life, was hosted at the PSA Annual General Meeting in the Western Cape to the delight of delegates. Accompanied by the sound of African drums played by a community band, the interactive display against the background of larger-than-life murals, included a food garden and a popular message wall.

The exhibition painting a comprehensive picture of the events and activities that over the past 90 years have made the PSA a Union unmatched – a Union for which even better things are to come as it moves forward.

Following the rebranding and renaming of PSA's bi-monthly flagship publication to *PSA magazine*, the publication was met with a positive response from members. Six editions were published during the report period, including two special editions presenting a summary of *Phambili* and the newly-approved *PSA Statute*. These special editions were welcomed as another way of bringing members closer to the brand. The regular recruitment competitions undertaken in the *PSA magazine* were very popular, with 725 new PSA members being gained for the Union during the report period through these member-on-member recruitment competitions. The competitions, apart from contributing to brand promotion by means of branded prizes, also contributed to instilling a culture of recruitment amongst members with some individuals recruiting more than 20 new members each per competition.

A constant stream of requests for the *PSA magazine* from members whose details were not updated on the membership system, was also received via the email address [updatemyinfo@psa.co.za](mailto:updatemyinfo@psa.co.za).

The Public Service strike of 2010, led by the PSA, resulted in unprecedented media coverage for the Union. A total of 40 media statements were released during the report period resulting in phenomenal print, radio and television coverage. Effective media liaison and the *PSA magazine*, through its electronic distribution to media contacts, also saw PSA success stories, such as its social responsibility initiatives, featuring in the national press.

The PSA's website, [www.psa.co.za](http://www.psa.co.za), is a popular source of information with 117 724 visitors being recorded during the report period. In order to enhance this facility, the website underwent major redevelopment during the report period. The project took longer than anticipated owing to the extent of the task and various technical issues. The website will also make provision for a section where members can provide mandates or participate in surveys aimed at bringing members in closer contact with the Union.

Further supporting this aim is the PSA's relatively new mobile site, ePSA, which has for the past year grown from strength to strength. South African demographics dictate that this form of communication is the most efficient as most members, rural and urban, have access to cellphones. Continued marketing activities of the facility enticed use by members.

The fact that the majority of PSA members have registered their cellphone numbers with the PSA enables the Union to also effectively communicate with members by means of SMS. In total, 73 such messages on various topics were sent to various groups of members during the report period. The importance of this form of communication was also felt during the 2010-Public Service strike when information on mass meetings, lunch-time pickets and marches were communicated to members by means of SMS.

The *Informus*, an electronic newsletter of which editions are published for members at all National and Provincial Departments and parastatal institutions to update them on developments in their specific workplace, enjoyed a steady growth in subscription during the report period, with more than 420 editions being published.

The PSA also published two editions of the *PSA Link*, its newsletter specifically for shop stewards. Electronic and hard copies were distributed.

The PSA DVD was updated and distributed during the report period, with copies being provided upon request. The electronic helpdesk, [ask@psa.co.za](mailto:ask@psa.co.za), offers members a swift, service-enhancing channel for directing enquiries and enjoyed steady support.

The PSA is strongly-focussed on brand promotion initiatives in support of enhanced visibility for the Union. A series of advertisements, linked to specific events, were published in *The Daily Sun*, a daily national newspaper reaching some two million readers every day.

Brand promotion initiatives included the hosting of a successful stand at the Public Service Summit in Durban in March 2010. A variety of PSA corporate gifts were distributed to visitors in support of the message that whilst public servants are working towards improved service delivery, the PSA will offer support and services to ensure that their rights and interests are protected and promoted. The PSA also presented a paper at the event, calling for intensifying the fight against corruption and improving service delivery.

In a new initiative, the PSA took to the country's streets on 23 June 2010 in celebration of Public Service Day to thank public servants for their valuable work. During a national "street blitz", PSA teams distributed flyers and branded licence disc holders at intersections and at Public Service Departments, catching many public servants by surprise and generating positive feedback.

The PSA's communication initiatives are undertaken with members in mind – keeping them empowered with information whilst investing in growing the Union's brand.



## Fringe benefits

In addition to its service to members in line with its core labour-related business, the PSA also offers a range of national and provincial fringe benefits to members in the form of exclusive products or discounted rates to place them in a better bargaining position than the general public. The PSA has a close relationship with its business partners at provincial level where they are also actively involved in many PSA activities, including joint social responsibility initiatives.

During the report period, new national fringe benefits were negotiated. A corporate agreement was concluded in August 2011 with Liberty Group Limited, an authorised financial services provider and long-term insurer, registered in terms of the *Long-Term Insurance Act, 1998*.

Liberty, through Zisekele acting as financial intermediary, provides group-life and funeral cover.

A contract was signed with Hollard Life Assurance in September 2010 for unique funeral cover including cellphone airtime and additional benefits such as vehicle rental and body relocation at a nominal cost.



Tsala Financial Services added a Global Education Protector product in March 2011 that helps to provide for the education of members' children if policyholders became severely ill, disabled or died. The product is underwritten by Discovery Health.

The PSA Short-term Insurance Scheme has 6 641 members and is insured by Zurich and administrated by Mustofin Insurance Brokers. The PSA also has a short-term insurance contract with Indwe, the largest independent short-term insurance broker.

Funeral schemes and services are available through Avbob, Assupol, Channel Life, Dignity, Hollard, Old Mutual, Metropolitan, Zisekele and Sanlam. Assurance and other products are available from Old Mutual, Chartis, Metropolitan, Tsala, Assupol, Sanlam and Zisekele. Doves and Avbob render a funeral service to PSA members, their spouse or next-of-kin, at discounted rates.

Legal services are available by agreement with Community Legal Clinic to PSA members and their family.

Emergency rescue services with the Automobile Association (AA) provide a comprehensive range of membership options at discounted rates as well as a cash-back reward program from the AA's travel, lifestyle, auto and shopping partners.

Members can obtain education finance to further their studies and those of their dependants for university, school fees, laptops and books with Edu-loan.

As far as health care is concerned, Chartis provides unique hospital cash plans and accident benefits. The PSA has an agreement with Maxi Health, to assist members to choose the most suitable medical aid option.

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

The PSA Mahala Loyalty Program is a reward system where members can earn discounts or points (*mahalas*) on day-to-day purchases from Mahala partners. Mahala includes the loyalty program to all PSA members applying for Dignity and Hollard funeral policies. Loyalty programs are also available from the AA, Dignity and Indwe.

Centre Chain provides comprehensive tax-administration services to all PSA members on a national basis as well as annuity policies underwritten by Alan Gray and Sanlam.

In total, more than 172 000 policyholders were making use of the various schemes by the end of the report period.

At the South African National Parks, discounts of between 10% and 15% on accommodation are available. The PSA Holiday Resort, near East London in the Eastern Cape, offers equipped chalets and camping facilities at discounted rates.

The PSA Mahala Loyalty Program also offers discounts at holiday venues country-wide.



Other exclusive benefits administered by the PSA include the PSA funeral benefit where, in the event of a member's death, the dependants or next-of-kin can approach the PSA within six months of the death for financial assistance with funeral costs. This R2 200-grant is awarded on an *ex-gratia* basis, subject to available funds. From 1 May 2005, PSA members at the SA Police Service (*Public Service Act* as well as *Police Act*) qualify for a R7 000-funeral benefit. By the end of the report period, a total of 1 042 claims, of which 31 were for SAPS members, had been paid out.

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 and at no additional cost to the member. The scheme is administered by Mustofin Insurance Brokers.

The PSA's 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 and attending official PSA meetings, comprehensive insurance cover on death or permanent disability.







# Membership growth

## Recruitment of members

The growth of the PSA's membership always represents a key performance area for the Union. During the report period, PSA Liaison Officers, shop stewards and members recruited 23 585 new members, bringing the overall membership of the PSA to 217 575 on 31 March 2011.

The following is a breakdown of how this figure was achieved:

First Quarter	4 428
Second Quarter	5 716
Third Quarter	6 680
Fourth Quarter	6 761
<b>Total</b>	<b>23 585</b>

The report period will be remembered for the celebrations and festivities around the PSA's 90th birthday and industrial action in which the PSA took the lead and left other unions stuck in the starting blocks. These events contributed to the PSA's visibility, brand promotion and success in recruitment.

During the report period, 173 191 officials (members and non-members) were addressed by PSA Liaison Officers. Of these, 31 952 were non-members and of whom 23 585 were subsequently recruited as PSA members.

Apart from general liaison work, 53 liaison tours were undertaken in rural areas of the country, ensuring that PSA members in distant areas were also serviced and that the PSA's message was spread far and wide. The visiting points, which entailed liaison visits at various Departments, institutions and schools, often called for consulting employees on a one-on-one basis, which is a time-consuming, intensive exercise.

The following statistics are indicative of the extent of the PSA's liaison activities during the report period:

Points visited	16 623
Members addressed	141 253
Non-members addressed	31 952
Branch meetings attended	652
Kilometers travelled	507 140

## Provincial growth perspective

All PSA Provincial Offices experienced positive growth during the report period as indicated:

<i>Provincial Office</i>	<i>Total membership</i>	<i>Percentage growth</i>
Bloemfontein	17 004	0,12%
Cape Town	23 049	1,41%
Durban	23 413	3,09%
Johannesburg	14 995	7,98%
Kimberley	7 664	0,43%
Mmabatho	13 557	1,40%
Mthatha	11 570	2,37%
Nelspruit	11 064	0,07%
Pietermaritzburg	18 238	3,79%
Polokwane	18 241	2,83%
Port Elizabeth	15 919	1,80%
Pretoria	42 117	2,97%

The growth in the Eastern Cape is ascribed to the continued use of a new liaison model involving visits to shop stewards and regular mass membership meetings. Shop stewards accepted more responsibilities and structures assisted with recruitment. In the Mthatha area shop stewards and full-time shop stewards were engaged to assist with recruitment, especially in the Health and Social Development Sector, DCS, ELRC and the SAPS. Dedicated shop stewards demonstrated passion and assisted with growth in especially the Health Sector and the SSSBC.

In the Free State, recruitment through service delivery and maximum utilisation of shop stewards and business partners paid off and contributed to growth.

Service to members was greatly complimented and extended by the dedicated work of seven full-time shop stewards serving areas out of reach for the Provincial Office. A large percentage of members that resigned from the PSA was convinced to rejoin.

In KwaZulu-Natal, the Durban Office grew steadily. Liaison Officers and full-time shop stewards achieved excellent recruitment results. Great effort was also being made to curb the rate of cancellations, with staff conducting personal interviews with members to ascertain the reasons for cancellations. Membership in the Pietermaritzburg area increased by 624 members during the report period, showing the second-highest total growth. This success is mainly ascribed to the dedication of staff, who held very successful mass meetings during the strike action. Two full-time shop stewards assisted with the representation of members in grievances and disciplinary hearings. In terms of Provincial Administration membership, there was a nominal increase in the GPSSBC and a substantial increase in the PHSDSBC.

In Limpopo, the availability of two full-time shop stewards added value to the service to members, especially in the Vhembe District.

The Provincial Office in Mpumalanga undertook initiatives to improve recruitment, including mini-tours to outlying areas.



Special days, such as Public Service Day, assisted in enhancing visibility. The Office also participated in open days at various institutions.

In the Northern Cape, positive growth was experienced, with special attention being paid to the retention of existing members. Maximum use was made of shop stewards, business partners and other resources.

In North West, the involvement of shop stewards and structures in recruitment started to yield good results. Liaison Officers undertook tours to rural areas to ensure service delivery, which also rendered positive recruitment results. The PSA's 90th birthday celebrations contributed to visibility and recruitment.

The Western Cape Office experienced a good year with a growth in membership during a time when most competitors saw a decline. The Office saw many public servants cancelling dual union membership owing to affordability, yet most PSA members chose to stay with the PSA owing to their appreciation for the Union's total value offering.



# Empowerment of member structures

The PSA is proud of the fact that it is the only Union that has members in all sectors of the Public Service and even in parastatal institutions. One of the greatest tasks facing the PSA is the involvement of its structures in union activities.

Member structures are, however, only as good, efficient, effective and active as the individual, committed shop steward and structure management member. The PSA therefore makes every effort to empower its member structures.

In the Eastern Cape, the three Provincial Sectoral Branches and seven Provincial Committees were active and functioned well during the report period.

In the Free State, six very successful 90th birthday functions were held in Qwa-Qwa, Sasolburg, Kroonstad, Bethlehem, Welkom and Bloemfontein - all organised by Branches and Committees. These events were well-attended - more than 5 000 members participated in the Bloemfontein rally.

During the 2010-strike action, structures and shop stewards actively participated in all major Free State towns where the PSA was the leading union.

The KwaZulu-Natal Office in Pietermaritzburg reported that the majority of Branches and Committees functioned well and had meetings where important issues were discussed and resolved. All scheduled meetings did, however, not take place as a result of the Public Service strike and other actions. The Chairpersons of Committees played a key role in representing their respective Committees' interests at national level. The Chairperson of the PSA's KZN GPSSBC Branch, which also resorts under the Pietermaritzburg Office, represented the Branch at both the KZN GPSSBC meetings and the Annual General Meeting/Congress.

In Limpopo, the bimonthly meetings with shop stewards were continued in an effort to stimulate interaction between the Provincial Office, structures and members.

The Provincial Office in the Northern Cape reaped the benefits of the appointment of full-time shop stewards in Health and the DCS, which also enhanced the general participation of member structures. In addition, regular meetings throughout the year with Branches and Committees raised awareness and added value to the inputs to Chamber agendas.



The Western Cape PSA community welcomed Cape Nature and the Western Province Blood Transfusion Services as fully-fledged PSA Branches, bringing the total number of Branches in the Western Cape to five. All Branches and the seven National Departmental Committees functioned well with only Cape Nature and the SAPS experiencing problems attributed to internal organisational challenges.

## Training highlights

Branch managements and shop stewards form a key link between the PSA's Board of Directors, Administration and the broad membership. In view of this, the empowerment of member structures by means of training interventions is an ongoing project.

In an effort to ensure that PSA Liaison Officers have superior knowledge of the full product offering and customer care, a training workshop for these staff members took place during the report period. The training was conducted by the PSA's National Managers: Members' Affairs.

During the report period, the PSA had 263 training workshops for shop stewards.



In the Eastern Cape's Mthatha area, 151 shop stewards in all Sectors were trained in grievance handling, representation in disciplinary hearings and the roles, rights and responsibilities of PSA representatives.

The Gauteng Office in Johannesburg also organised various training sessions on the role and functions of new shop stewards and a more advanced training module on disciplinary hearings and arbitration proceedings. The Pretoria Office forged a greater working relationship with member structures in working together to resolve members' cases. Training commenced for all shop stewards in the Gauteng North Area (Pretoria and East Rand) from 1 March 2011 and should be finalised by the end of September 2011.

In the Free State, six training sessions for member structures and shop stewards were conducted throughout the Province. A total of 56 shop stewards attended the one-day CCMA training courses in various towns in the Province.

In KwaZulu-Natal, the strike action and other events prevented the Pietermaritzburg Office from conducting all the planned training interventions. A first for the Office was the training session for the KZN SAPS Committee to empower them in respect of their employer's disciplinary procedures and represent fellow-SAPS members at the workplace.

In Limpopo, seven district training sessions were conducted during the report period. The training was of a general nature and included the rights and functions of representatives, PSA structures, communication, unfair labour practices and the grievance procedure. A further two training sessions was conducted where nominated shop stewards were trained to assist with disciplinary hearings.

The Office in Mpumalanga used the service of a labour law attorney to provide training. This created confidence amongst shop stewards owing to an improved understanding of Council processes.

In North West, the majority of shop stewards received training as part of an ongoing process to equip them to assist the PSA in representing members in disciplinary hearings and grievances.

Two core groups of selected shop stewards in the Western Cape, who first had to commit themselves to servicing PSA members, received specialised training in dealing with disciplinary cases and a further group, including full-time shop stewards, received training in arbitration skills and the principles of the unfair labour practice provisions contained in the *LRA*.







# Social responsibility

## National projects

The PSA's Social Responsibility Section at Head Office is responsible for initiating and coordinating national projects in line with the approved guidelines in this regard. These guidelines require that the PSA's projects have a sustainable, "hands-up" approach rather than being mere hand-outs.

Projects are undertaken in close cooperation with various stakeholders, including shop stewards, to ensure that actual needs are addressed, thereby empowering communities. Where possible, the transfer of skills is also emphasised and incorporated with a strong focus on the needs of children as the workers of the future.

In contributing towards ensuring a supportive learning environment, the PSA donated 50 two-seater school desks to needy rural schools which have to undertake teaching with limited means to their disposal. Vlakpan Primary School, a farm school outside Lichtenburg in North West, benefited from this initiative as did Sekgopo Primary School in Gasekgopo Village, 100 km outside Polokwane in Limpopo.

At Sekgopo Primary School virtually the entire village attended the handover. Words were few, but the gratitude of learners, parents and teachers was clear.

The weather-resistant desks are manufactured from durable, recycled plastic and have a life expectancy of at least 60 years, making them also suitable for outdoor use and thus addressing the needs of schools without sufficient classrooms.

In further support of teachers and learners, the PSA donated permanent structures to serve as classrooms. The first classroom went to Vlakpan Primary School, which was built in 1916 and is the only school serving the entire community. A classroom was also donated to Qumra Junior Secondary School outside Mthatha in the Eastern Cape. A similar structure was donated to Siwa Development Centre Old Age Home in Umzimkhulu, KwaZulu-Natal to house a skills development centre.

In a joint venture with Newborns Groote Schuur Trust, a national charity that aims to address newborn health as a catalyst for improving newborn care by reaching the most vulnerable pre-term infants, the PSA donated R140 000 towards purchasing incubators to be allocated to hospitals in dire need of this life-saving equipment.



The PSA nominated two hospitals, one in the Free State and the other in the Northern Cape to directly benefit from this donation which is also aimed at easing the task of Health Sector employees.

Various other smaller initiatives were undertaken in response to motivated requests.

The successful food gardens that were established by the PSA at schools across the country during previous report periods, gave rise to various requests for assistance in the form of additional gardening tools and shade-netting. Gardening tools were provided to Banareng Primary School in Atteridgeville, West of Pretoria in Gauteng, based on their track record of effectively maintaining their garden in support of feeding programs and community support.

School stationery, valued at R3 000, was donated to needy children in December 2010 in a joint Christmas venture organised by the Pretoria-based *Rekord* newspaper.

During the winter months blankets were donated to two centres and the PSA also donated R10 000 in the “Winter Warmer Corporate Challenge” in June 2010, organised by Jacaranda Radio Station in raising more than R1,3-million to purchase blankets for needy persons.

In an ongoing initiative to support job creation, eight vending trolleys were donated to registered hawkers to assist them in enhancing their small businesses as highlighted in the section on provincial initiatives.

The PSA donated ten bicycles to Bloemhof Primary School in the Eastern Cape to assist learners without transport in getting to school. A bicycle was also provided to an active shop steward in the Western Cape in support of conducting his valuable work for the Union.

Various photocopiers, released from PSA service, were donated to schools and other beneficiaries to aid them in performing their tasks. The PSA also supported upcoming artists with a donation of T-shirts to a music group and a children’s choir in Gauteng.

PSA Branches annually get the opportunity to nominate needy charitable and welfare organisations for donations. During the report period, R31 200 was awarded to the following institutions:

- *St. Joseph’s Home for the Aged* in Nelspruit - nominated by the Group Branch Public Service Pensioners
- *Emmaus Werksentrum* in Cape Town - nominated by the Group Branch Public Service Pensioners
- *Life Care Centre* in Polokwane - nominated by the GPSSBC, ELRC and PHSDBC Branches
- *Klub Helpmekaar* in Polokwane - nominated by the Group Branch Public Service Pensioners

- *Gardenia Jeugsorg Sentrum* in Bloemfontein - nominated by the GPSSBC Branch
- *Beyers Bytjies Day Care Centre* in Pretoria - nominated by National Health Branch
- *Lekkerrus Verpleegsentrum* in Johannesburg - nominated the Group Branch Public Service Pensioners
- *Thando Care Centre* in Johannesburg - nominated by the PHSDSBC Branch

The PSA has since 1994 been awarding the Stiglingh Memorial Bursary, as legacy of late member, Mr J H Stiglingh, to qualifying students studying towards a qualification in Natural Science or Medicine. Students apply through the various universities and recipients are selected based on set criteria. Seven recipients benefited from this Bursary during the report period to a total amount of R21 000.

## Provincial initiatives

In the Eastern Cape, the Office in Port Elizabeth participated in a blanket-collection project for an old-age home and distributed Easter eggs to children in places of safety. The Office in Mthatha distributed lapdesks to needy schools in Cala and Cofimvaba. Vending trolleys were donated to fruit sellers and gardening tools were donated to needy schools in support of their food garden projects. A photocopier was donated to Lahlangubo Junior Secondary School in Cofimvaba.

In the Free State, the PSA made donations to five schools in the form of three printers, a photocopier, two computer tables and 220 lapdesks. A needy community near Bloemfontein received 450 meat parcels and clothing was provided to a needy family in Botshabelo. A farm school outside Bloemfontein received a classroom with electricity points and Easter eggs were delivered to deserving primary schools and children in hospital wards.

In Gauteng, the Pretoria Office donated gardening tools to Dukathole Primary School in the Katlehong area to assist them in maintaining their food garden which provides the School's learners with meals. Soccer balls were donated to Rhulani Combined School in Tshwane and Thembinkosi School for the Disabled in support of their sports programmes.

The KwaZulu-Natal Office in Pietermaritzburg provided assistance to the Manyenya Community, between Umzimkhulu and Kokstad, to complete the building of their community hall. During the official opening ceremony in December 2010, members of the community were for the first time able to get together in one venue. During the proceedings the PSA was presented with a Certificate of Excellence in recognition of outstanding service towards the upliftment of disadvantaged communities.

Social responsibility projects by the PSA Office in Limpopo were greatly appreciated by beneficiaries. Trolleys were donated to vendors in Polokwane to assist them to have better control over the goods they sell to mainly public servants. Lapdesks were donated to the Lesiding Center for Handicapped Children. The food garden that was established by the PSA at this Centre a few years ago, is well-maintained and was extended. Vegetables are now also being sold to the adjacent hospital and local community.

In Mpumalanga, shop stewards and staff members took part in the re-roofing of Mvangatini Primary School to the delight of the community and learners. Two vending trolleys were donated to deserving recipients and a rural school received a photocopier.

In the Northern Cape, social responsibility remained a permanent agenda point at all PSA structure meetings and stakeholders are encouraged to participate by submitting deserving requests. The food garden that previously was established by the PSA at the Roman Catholic School in Keimoes, a town situated 40 km south of Upington, was assisted with shade-netting for the vegetable garden. The project is an ongoing initiative to ensure a sustainable garden for the local community.

The Office also delivered Easter eggs to two deserving primary schools and provided sponsorship of PSA-branded hockey kit to the Griqualand West Hockey Club.

The Office in North West donated a food trolley to a vendor who was selling food from a makeshift kitchen next to the Department of Public Works, Roads and Transport. The Office also donated a photocopier to Rotarus Home for Senior Citizens.

As a member of the broader community in the Western Cape, the PSA could not stand cold to the dire need of fellow citizens. The Office in Cape Town assisted with the rehabilitation of residences at Kerrith Retreat in Elsenburg (Stellenbosch), provided essential school clothing to 15 extremely needy children at Zwaanswyk and donated vending trolleys to two informal vendors operating at the Magistrate's Court in Bellville and the Red Cross Hospital.





# 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 bargaining councils to protect and promote the individual and collective rights and interest of its members.

The PSA conducts its business operations as an “Association Incorporated under Section 21” of the *Companies Act, 1973* and in terms of its articles of Association, 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 its core business, whilst it also operates a holiday resort, sand mine and a Cell Captive Insurance Scheme under licence from Zurich Risk Finance SA Limited for the benefit of its members.

PSA Directors are required by the *Companies Act* 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 control environment. To assist the Directors in discharging the responsibility in this regard, an Audit Committee was established to have oversight over financial governance and 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 for the past three financial years has been PricewaterhouseCoopers Inc. PricewaterhouseCoopers have issued an unqualified audit opinion regarding the financial affairs of the PSA for the year ending 31 March 2011.

The combined net profit of the PSA was R10 567 495 (2010: R12 852 959 profit) after taxation of R(2 457 320) (2010: R(1 328 265)).



The summary financial performance of the different business divisions of the PSA is tabled the figure below:

2011	Memberships	Sand	Holiday Resort Accommodation	Cell Captive	TOTAL
Revenue	175,064,998	1,705,536	709,286	53,867,438	231,347,258
Cost of Sales	(161,042)	(376,385)	-	(2,644,968)	(3,182,395)
Other Income	2,684,849	-	-	1,358,942	4,043,791
Employee Costs	(102,087,848)	(446,149)	(846,626)	-	(103,380,623)
Other Expenses	(73,848,039)	(318,018)	(337,968)	(45,355,631)	(119,859,656)
Net Income (Loss)	1,652,918	564,984	(475,308)	7,225,781	8,968,375
Assets	104,077,977	158,328	4,417,909	15,864,739	124,518,953
Liabilities	(30,472,092)	(223,108)	(22,638)	(12,817,127)	(43,534,965)

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 2011, 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 audited detailed financial statements of the PSA for the year ended 31 March 2011 are fully set out from page 59 of this report, and do not, in our opinion, require further comment.





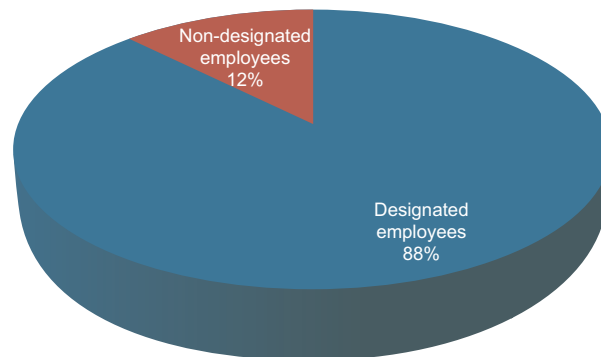
# PSA employment profile

During the previous report period, the PSA made good progress with the achievement of its employment equity goals and targets in its workplace owing to aggressive pursuance over the past few years.

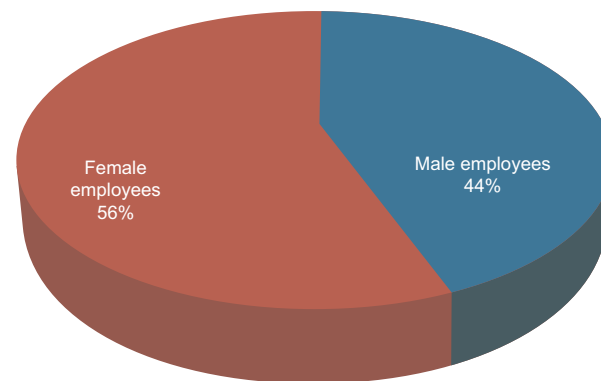
During the report period, huge strides were again made towards achieving the equity goals and the PSA's overall workforce profile reflects an increase of 2,22% from 85,33% as at 31 March 2010 to 87,55% by the end of the report period in respect of employees from designated groups. The current goal stands at 87.59%. Employees from the non-designated group have decreased from 14,67% at the end of March 2010 to 12,45% by the end of March 2011.

The PSA's male employee population stands at 44,21% (a decrease of 2,67% from the previous year) with a current goal of 44,36%, whilst its female employee population amounts to 55,79% with a current goal of 55,64%.

**OVERALL EE PROFILE**



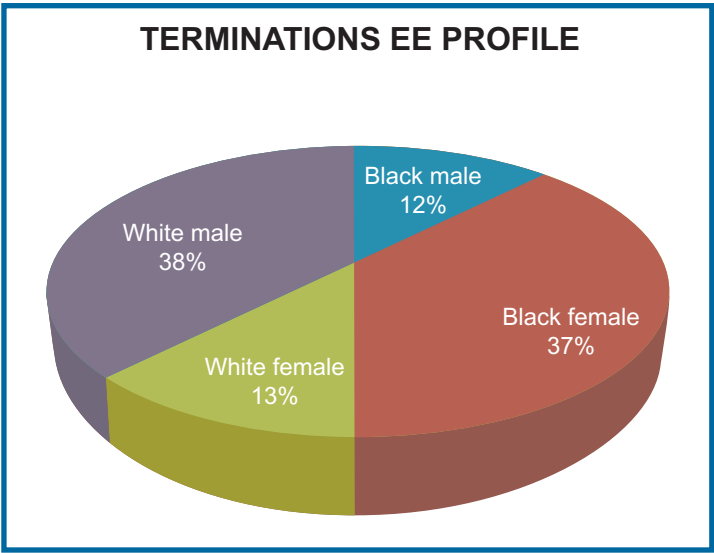
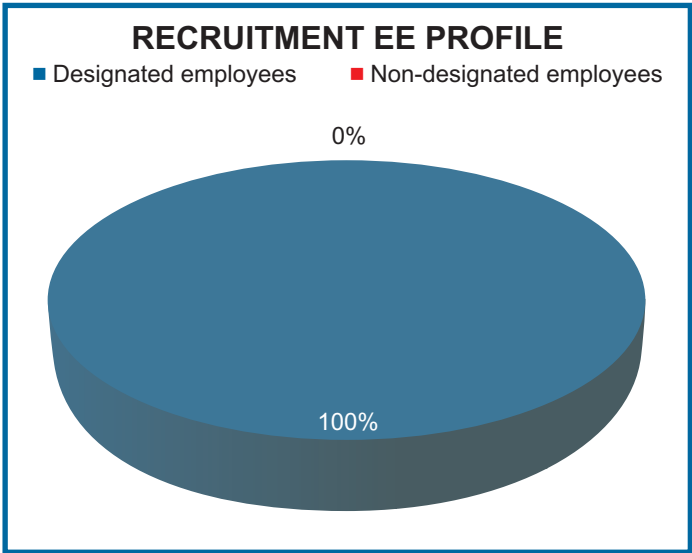
**GENDER EE PROFILE**



Since 31 March 2010 until the end of the report period, 100% of employees recruited by the PSA came from the designated groups and none from the non-designated group.

A total of 88,89% of employees promoted from within the PSA came from the designated groups whilst 62,5% of the terminations during the report period came from employees from the designated groups, of which 12,5% were white females. Terminations from the non-designated group constituted 37,5%.

The PSA management, together with the PSA's Employment Equity Forum and other relevant role-players, were by the end of the report period finalising the new/revised Employment Equity (EE) Plan for the period 2011 to 2016 which may, amongst others, introduce amendments to current PSA EE goals and targets.





# Financial Statements



# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Employee organisation
<b>Directors</b>	Mr DZ Adonis (General manager) Adv R Daniels Dr S Khan Miss OM Lefifi (Acting President) Mr MA Maepa Mrs AC Rencken Mr JJ Saal (Vice-Chairperson) Mr MP Sello (Chairperson) Mr P Snyman Mr MP Tlowana Mr RED Williams (President)
	Terminated *
	Terminated *

\* Decision taken at an Extraordinary Annual General Meeting on 18/04/2011

**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**  
PricewaterhouseCoopers Inc.  
Registered Auditors  
South Africa

**Company registration number**  
1942/015415/08

# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Index

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The reports and statements set out below comprise the annual financial statements presented to the members:

Index	Page
Directors' Responsibilities and Approval	62
Independent Auditors' Report	63-64
Directors' Report	65-66
Statement of Financial Position	67
Statement of Comprehensive Income	68
Statement of Changes in Equity	69
Statement of Cash Flows	70
Accounting Policies	71-78
Notes to the Annual Financial Statements	79-94
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	94





# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 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 2012 and in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 63-64.

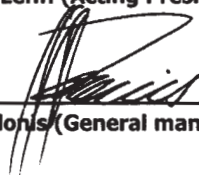
The annual financial statements set out on pages 65 to 94, which have been prepared on the going concern basis, were approved by the board of directors on 17 August 2011 and were signed on its behalf by:



**Miss OM Lefifi (Acting President)**



**Mr MP Sello (Chairperson)**



**Mr DZ Adonis (General manager)**



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PUBLIC SERVANTS ASSOCIATION OF SOUTH AFRICA

We have audited the annual financial statements of the Public Servants Association of South Africa, which comprise the statement of financial position as at 31 March 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 65 to 94.

### *Directors' Responsibility for the Financial Statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa and the Labour Relations 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 misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

.....  
*PricewaterhouseCoopers Inc, 32 Ida Street, Menlo Park 0102, P O Box 35296, Menlo Park 0102, South Africa  
Reg. no. 1998/012055/21, T: +27 (12) 429 0000, F: +27 (12) 429 0100, [www.pwc.com/za](http://www.pwc.com/za)*

Executive: S P Kana (Chief Executive Officer) T P Blandin de Chalais D J Fölscher G M Khumalo I S Sehoole S Subramoney F Tonelli  
Resident Director in Charge: M Gani  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
PricewaterhouseCoopers Inc is an authorised financial services provider.  
VAT reg.no. 4950174682.





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Public Servants Association of South Africa as at 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa and the Labour Relations Act of South Africa.

*PricewaterhouseCoopers Inc.*  
**PricewaterhouseCoopers Inc.**  
**Director: Nezira Ayob**  
**Registered Auditor**  
**Pretoria**  
**18 August 2011**



# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Directors' Report

The directors submit their report for the year ended 31 March 2011.

### 1. Liability of Members

The company is registered in South Africa in terms of section 96 of the Labour Relations Act, 1995 as a trade union and in terms of the Companies Act, 1973 as an "Association incorporated under section 21". In terms of its articles of association, it has no share capital and the liability of its members is limited to the amount of membership fees due by them to the PSA in terms of the Statute as at the date of dissolution.

### 2. Review of Activities

#### Main business and operations

As an employee organisation, the Public Servants Association of South Africa (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 Zurich Risk Finance SA 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.

Net profit of the company was R 8,968,375 (2010: R 12,852,959 profit ; 2009: R 27,814,449 profit), after taxation of R 2,457,320 (2010: R 1,328,265 ; 2009: R (2,332,367)).

The financial performance of the PSA business divisions is tabled below:

2011	Memberships	Sand	Holiday Resort Accommodation	Cell Captive	Total
Revenue	175,064,998	1,705,536	709,286	53,867,438	231,347,258
Cost of Sales	(161,042)	(376,385)	-	(2,644,968)	(3,182,395)
Other Income	2,684,849	-	-	1,358,942	4,043,791
Employee Costs	(102,087,848)	(446,149)	(846,626)	-	(103,380,623)
Other Expenses	(73,848,039)	(318,018)	(337,968)	(45,355,631)	(119,859,656)
Net Income (Loss)	1,652,918	564,984	(475,308)	7,225,781	8,968,375
Assets	104,077,977	158,328	4,417,909	15,864,739	124,518,953
Liabilities	(30,472,092)	(223,108)	(22,638)	(12,817,127)	(43,534,965)

2010	Memberships	Sand	Holiday Resort Accommodation	Cell Captive	Total
Revenue	156,633,339	3,016,330	834,906	52,946,623	213,431,198
Cost of Sales	(59,724)	(1,678,610)	-	(2,655,897)	(4,394,231)
Other Income	6,749,383	-	-	220,277	6,969,660
Employee Costs	(99,497,983)	(379,059)	(878,960)	-	(100,756,002)
Other Expenses	(53,017,229)	(759,863)	(773,762)	(47,846,812)	(102,397,666)
Net Income (Loss)	10,807,786	198,798	(817,816)	2,664,191	12,852,959
Assets	85,686,080	-	4,074,053	14,864,172	104,624,305
Liabilities	(26,516,608)	(226,706)	(1,189)	(7,470,584)	(34,215,087)

### 3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on available cash resources.

# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Directors' Report

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### 4. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### 5. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act.





# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Statement of Financial Position

	Note(s)	2011 R	2010 R	2009 R
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	4	38,002,144	32,137,770	27,290,244
Intangible Assets	5	9,697,575	6,893,276	4,762,661
Other Financial Assets	6	26,350,340	26,173,567	36,800
Prepayments	8	-	760,291	-
Motor Vehicle Loans	9	3,606,869	3,104,789	1,140,455
		<b>77,656,928</b>	<b>69,069,693</b>	<b>33,230,160</b>
<b>Current Assets</b>				
Inventories	10	269,064	430,106	489,830
Other Financial Assets	6	511,870	503,000	479,000
Reinsurance Assets		551,220	582,420	748,443
Trade and Other Receivables	11	9,944,892	7,465,010	13,536,223
Motor Vehicle Loans	9	3,702,776	3,643,603	3,959,312
Staff Loans		10,433	20,433	29,030
Cash and Cash Equivalents	12	28,996,496	22,910,041	32,184,815
		<b>43,986,751</b>	<b>35,554,613</b>	<b>51,426,653</b>
<b>Total Assets</b>		<b>121,643,679</b>	<b>104,624,306</b>	<b>84,656,813</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Reserves		38,432,044	36,864,889	37,042,790
Retained Income		42,551,942	33,544,330	20,364,472
		<b>80,983,986</b>	<b>70,409,219</b>	<b>57,407,262</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
IBNR Claims	13	536,858	770,153	475,347
Finance lease obligation	14	4,078,281	3,033,848	-
Outstanding Claims	15	6,947,675	6,293,757	4,017,449
Provisions	16	223,108	226,706	254,149
Retirement Benefit Obligation	17	2,893,000	2,406,000	6,629,000
		<b>14,678,922</b>	<b>12,730,464</b>	<b>11,375,945</b>
<b>Current Liabilities</b>				
Finance lease obligation	14	2,918,226	618,647	-
Income Tax Liability	18	2,457,320	2,875,274	1,547,008
Provisions	16	4,000,000	4,000,000	4,000,000
Retirement Benefit Obligation	17	165,000	368,000	168,000
Trade and Other Payables	19	16,440,225	13,622,702	10,158,598
		<b>25,980,771</b>	<b>21,484,623</b>	<b>15,873,606</b>
<b>Total Liabilities</b>		<b>40,659,693</b>	<b>34,215,087</b>	<b>27,249,551</b>
<b>Total Equity and Liabilities</b>		<b>121,643,679</b>	<b>104,624,306</b>	<b>84,656,813</b>





## Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

### Statement of Comprehensive Income

	Note(s)	2011 R	2010 R	2009 R
Revenue	23	231,347,258	213,431,198	206,801,079
Cost of Sales		(3,182,395)	(4,394,231)	(4,897,358)
<b>Gross Income</b>		<b>228,164,863</b>	<b>209,036,967</b>	<b>201,903,721</b>
Other Income	24	735,830	920,570	1,037,253
Operating Expenses	25	(219,486,108)	(199,314,116)	(179,397,590)
<b>Operating Income</b>		<b>9,414,585</b>	<b>10,643,421</b>	<b>23,543,384</b>
Finance Income	26	3,298,991	6,049,090	7,122,745
Fair Value Adjustments	27	8,970	(4,171)	6,960
Finance Costs	28	(1,296,851)	(2,507,115)	(526,273)
<b>Income Before Taxation</b>		<b>11,425,695</b>	<b>14,181,225</b>	<b>30,146,816</b>
Taxation	30	(2,457,320)	(1,328,265)	(2,332,367)
<b>Profit (Loss) for the Year</b>		<b>8,968,375</b>	<b>12,852,960</b>	<b>27,814,449</b>
<b>Other comprehensive income:</b>				
Available-for-sale financial assets adjustments		544,231	140,937	-
Gains and losses on property revaluation		1,054,889	-	-
<b>Other comprehensive income for the year net of taxation</b>		<b>1,599,120</b>	<b>140,937</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>10,567,495</b>	<b>12,993,897</b>	<b>27,814,449</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		10,567,495	12,993,897	27,814,449

# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Statement of Changes in Equity

	Funds		Revaluation reserve	Mark to Market reserve	Contingency Reserve		Other non-distributable reserves	Total reserves		Retained Income	Total equity	
	R	R			R	R		R	R		R	R
Opening balance as previously reported	503,810	7,404,857	-	-	9,200,935	23,933,188	41,042,790	20,364,472	61,407,262			
Adjustments	-	-	-	-	(4,000,000)	-	(4,000,000)	-	(4,000,000)			
Prior period error	-	-	-	-	-	-	-	-	-			
<b>Balance at 01 April 2009 as restated</b>	<b>503,810</b>	<b>7,404,857</b>	-	-	<b>5,200,935</b>	<b>23,933,188</b>	<b>37,042,790</b>	<b>20,364,472</b>	<b>57,407,262</b>			
Changes in equity												
Total comprehensive income for the year	8,060	-	140,937	-	-	-	148,997	12,852,960	13,001,957			
Transfer to Contingency Reserve	-	-	-	-	(171,862)	-	(171,862)	171,862	-			
Transfer to retained income	-	(155,036)	-	-	-	-	(155,036)	155,036	-			
Total changes	8,060	(155,036)	140,937	-	(171,862)	-	(177,901)	13,179,858	13,001,957			
<b>Balance at 01 April 2010</b>	<b>511,870</b>	<b>7,249,821</b>	<b>140,937</b>	<b>140,937</b>	<b>5,029,073</b>	<b>23,933,188</b>	<b>36,864,889</b>	<b>33,544,330</b>	<b>70,409,219</b>			
Changes in equity												
Total comprehensive income for the year	7,272	1,054,889	544,231	-	-	-	1,606,392	8,968,375	10,574,767			
Transfer to Contingency Reserve	-	-	-	-	2,515	-	2,515	(2,515)	-			
Transfer to retained income	-	(41,752)	-	-	-	-	(41,752)	41,752	-			
Total changes	7,272	1,013,137	544,231	-	2,515	-	1,567,155	9,007,612	10,574,767			
<b>Balance at 31 March 2011</b>	<b>519,142</b>	<b>8,262,958</b>	<b>685,168</b>	<b>685,168</b>	<b>5,031,588</b>	<b>23,933,188</b>	<b>38,432,044</b>	<b>42,551,942</b>	<b>80,983,986</b>			
Note(s)	20	21			22	22						



# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Statement of Cash Flows

	Note(s)	2011 R	2010 R	2009 R
<b>Cash Flows from Operating Activities</b>				
Cash Receipts from Members and Customers		225,992,108	219,502,412	226,314,748
Cash Paid to Suppliers and Employees		(214,316,922)	(198,899,287)	(207,871,842)
Cash Generated from Operations	31	11,675,186	20,603,125	18,442,906
Interest Income		3,298,991	6,049,090	7,122,745
Finance Costs		(1,296,851)	(2,507,115)	(526,273)
Tax Paid	32	-	-	(1,547,008)
<b>Net Cash from Operating Activities</b>		<b>13,677,326</b>	<b>24,145,100</b>	<b>23,492,370</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Property, Plant and Equipment	4	(7,811,596)	(7,320,145)	(884,514)
Proceeds from Sale of Property, Plant and Equipment	4	75,729	252,639	188,301
Purchase of Other Intangible Assets	5	(3,022,593)	(2,348,894)	(1,545,366)
Movement in Financial assets		367,558	(26,024,001)	(13,000)
Motor Vehicle Loans Repaid		2,582,476	-	-
Motor Vehicle Loans Granted		(3,143,729)	(1,648,625)	(291,243)
Staff Loans Repaid		10,000	8,597	11,919
Investments Matured		-	-	7,475,812
<b>Net Cash from Investing Activities</b>		<b>(10,942,155)</b>	<b>(37,080,429)</b>	<b>4,941,909</b>
<b>Cash Flows from Financing Activities</b>				
Movement in Funds		7,272	8,060	(78,803)
Finance lease payments		3,344,012	3,652,495	-
<b>Net Cash from Financing Activities</b>		<b>3,351,284</b>	<b>3,660,555</b>	<b>(78,803)</b>
<b>Total Cash Movement for the Year</b>		<b>6,086,455</b>	<b>(9,274,774)</b>	<b>28,355,476</b>
Cash at the Beginning of the Year		22,910,041	32,184,815	3,829,339
<b>Total Cash at End of the Year</b>	12	<b>28,996,496</b>	<b>22,910,041</b>	<b>32,184,815</b>



# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

Terminology used in the presentation of financial statements:

GAAP - Generally accepted accounting practice.

#### 1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

##### Trade Receivables

The company assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

##### Available-for-sale financial assets

The company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

##### Insurance

The critical accounting judgments made in applying the company's accounting policies related to the estimation of the ultimate liability arising from claims made under insurance contracts. The company's estimate for reported and unreported losses are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of comprehensive income. The process relies upon the basic assumption that past experience adjusted for the effect of current developments are likely trends, is an appropriate basis for predicting future events.

##### Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position. The quoted market price used for financial assets held by the company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

##### Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors such as inflation and interest rates.



## Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

### Accounting Policies

#### 1.2 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses.

Other items of plant, equipment and motor vehicles are carried at cost less accumulated depreciation and any impairment losses. Revaluation is made with significant regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Where a restriction has been placed on the sale of land and buildings, the land and buildings are carried at cost.

Any increase in an asset's carrying amount, as a result of revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. the decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of the asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	50 years
Furniture and fixtures	5 - 20 years
• Residual value	10%
Motor vehicles	6 -15 years
• Residual value	25%
IT equipment	4 - 6 years
• Residual value	0%
Kitchen equipment	7-20 years
• Residual value	10%
Maintenance equipment	5 -15 years
• Residual value	10%

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is separately identified and depreciated.

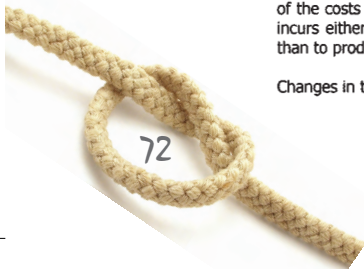
The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.3 Site restoration and dismantling cost

The company has an obligation to restore certain items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Changes in the liability are added to, or deducted from, the cost of the related asset in the current period.





# Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

## Accounting Policies

### 1.4 Intangible Assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the company; and
- the cost of the asset can be measured reliably.

Intangible Assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible Assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation on intangible assets is provided on a straight line basis over their useful lives.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets under development are amortised once they are brought into use.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer Software

4-10 years

### 1.5 Financial Instruments

#### Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Fair value through profit or loss
- Available for sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed on an annual basis.

#### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.



## Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

### Accounting Policies

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#### 1.5 Financial Instruments (continued)

##### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

##### Impairment of financial assets

At each statement of financial position date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

##### Financial instruments designated as available for sale

Financial instruments designated as available-for-sale are non-derivatives. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

Available-for-sale financial assets are carried at fair value.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income.

When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investments".

##### Loans to employees

These financial assets are classified as loans and receivables.



## Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

### Accounting Policies

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#### 1.5 Financial Instruments (continued)

##### Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

##### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

##### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

#### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

##### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

#### 1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



## Public Servants Association of South Africa

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Annual Financial Statements for the year ended 31 March 2011

### Accounting Policies

#### 1.7 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the company.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.8 Impairment of Assets

The company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

The company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior period of assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.9 Employee Benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

##### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.



# Public Servants Association of South Africa

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Annual Financial Statements for the year ended 31 March 2011

## Accounting Policies

### 1.9 Employee Benefits (continued)

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of each reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Any actuarial gains and losses are recognised immediately in profit or loss.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### 1.10 Provisions and Contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the company settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

### 1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from membership fees, commission, insurance income, sale of sand, sale of corporate clothing and accommodation for holiday resort is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

### 1.12 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.





## Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

### Accounting Policies

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#### 1.13 Insurance contracts

The company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contract may also transfer financial risk. As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are more than the benefits payable if the insured event did not occur. Insurance business is transacted in respect of motor, non-motor, public liability and personal accident.

##### Insurance Premium Revenue

Premiums are recognised as revenue proportionally over the period of coverage. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

##### Insurance Claims

Claims paid during the year, together with the movement in the provision for outstanding claims, are recognised in the statement of comprehensive income. The provision for outstanding claims comprises the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not and related claims handling expenses. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance recoveries are assessed in a manner similar to the assessment of claims outstanding.

##### Salvage and Recoveries

The insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The company might also have the right to pursue third parties for the payment of some or all costs (recoveries). Estimates of salvage and recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property.

##### Acquisition Costs

Acquisition costs, which include commission and other related expenses, are recognised in the period in which they are incurred.

##### Reinsurance

The company cedes reinsurance in the normal course of business for the purpose of limiting its net loss exposure. Reinsurance arrangements do not relieve the company from its direct obligations to its policyholders. Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognised in the same year at the related claim.

#### 1.14 Taxation

The tax expense comprises current tax and deferred tax. Income tax is recognised in the statement of comprehensive income.

##### Current Income Tax

The current income tax and capital gains tax charges are the expected tax payable on the taxable income for the year using applicable tax rates and any adjustment to tax payable in respect of prior years.

##### Deferred Income Tax

Deferred income tax is provided in full, using the balance sheet liability method. This method recognises the tax effect of temporary differences between accounting and tax values of assets and liabilities, and provides for all such differences at tax rates that have been substantially enacted and are expected to be applied when the asset is realised or liability settled.



## Public Servants Association of South Africa

(Registration number 1942/015415/08)

Annual Financial Statements for the year ended 31 March 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
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## 2. New Standards and Interpretations

### 2.1 Standards and Interpretations not yet Effective

There are no additional standards and interpretations applicable to the company, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2011 or later periods.

### 2.2 Standards and Interpretations not yet Effective or Relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2011 or later periods but are not relevant to its operations:

#### Amendment to IAS 39 (AC 133) and IFRS 7 (AC 144): Reclassification of Financial Assets

The amendment permits the company to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits the company to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 01 July 2008.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

## 3. Risk Management

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The risk attached to the liability of Insurance losses is neutralised by 100% reinsurance taken out against insurance claims, which safeguards the company against any risk with regards to losses.

### Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are subsequently independent of changes in market interest rates.

At the reporting date the interest rate profile of the company's interest bearing financial instruments were as follows:

	2011 R	2010 R	2009 R
Cash and cash equivalents	28,996,496	22,910,041	32,184,815

An increase or decrease of 1% in interest rates at the reporting date would have increased or decreased surplus or deficit amounts by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010:

Increase/decrease of 1%	289,964	229,100	321,848
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### Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Cash in current banking institutions	9.00 %	28,996,496	-	-	-	-



## Public Servants Association of South Africa

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Annual Financial Statements for the year ended 31 March 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
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#### 3. Risk Management (continued)

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors. The company only deposits cash with one major bank with high quality credit standing.

Trade receivables comprise agency fees receivable, interest receivable, prepayments, deposits, commission receivable and sundry debtors. The risk arises due to changes in the credit rating of the debtor subsequent to the company obtaining the financial asset. The company has no formal policies and procedures in place to address credit risk. An informal credit assessment is performed on all new customers. The financial department monitors the company's exposure to credit risk on a monthly basis and tries to reduce the risk by monthly follow-up communication with all debtors.

#### 4. Property, Plant and Equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land & Buildings - Head Office	19,700,000	(1,324,298)	18,375,702	18,645,111	(924,046)	17,721,065
Land and Buildings - East London	4,606,565	(937,052)	3,669,513	4,594,142	(845,101)	3,749,041
Furniture and Fixtures	6,988,230	(3,613,421)	3,374,809	6,982,939	(4,067,643)	2,915,296
Motor Vehicles	331,013	(96,658)	234,355	347,576	(128,203)	219,373
Office equipment	10,003,632	(1,641,065)	8,362,567	3,780,992	(126,033)	3,654,959
IT Equipment	8,617,350	(4,790,044)	3,827,306	7,590,473	(3,878,109)	3,712,364
Kitchen Equipment	220,809	(79,693)	141,116	269,824	(109,639)	160,185
Maintenance Equipment	22,684	(5,908)	16,776	21,923	(16,436)	5,487
<b>Total</b>	<b>50,490,283</b>	<b>(12,488,139)</b>	<b>38,002,144</b>	<b>42,232,980</b>	<b>(10,095,210)</b>	<b>32,137,770</b>

	2009		
	Cost / Valuation	Accumulated depreciation	Carrying value
Land & Buildings - Head Office	18,593,841	(593,841)	18,000,000
Land and Buildings - East London	4,594,143	(753,207)	3,840,936
Furniture and Fixtures	5,963,061	(3,132,788)	2,830,273
Motor Vehicles	171,937	(76,665)	95,272
Office equipment	-	-	-
IT Equipment	8,303,767	(5,957,110)	2,346,657
Kitchen Equipment	235,260	(64,800)	170,460
Maintenance Equipment	20,257	(13,611)	6,646
<b>Total</b>	<b>37,882,266</b>	<b>(10,592,022)</b>	<b>27,290,244</b>

#### Reconciliation of Property, Plant and Equipment - 2011

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land & Buildings	17,721,065	-	-	1,054,889	(400,252)	18,375,702
Land & Buildings - East London	3,749,041	12,423	-	-	(91,951)	3,669,513
Furniture and Fixtures	2,915,296	449,498	(94,011)	-	104,026	3,374,809
Motor Vehicles	219,373	-	(2,567)	-	17,549	234,355
Office equipment	3,654,959	6,222,640	-	-	(1,515,032)	8,362,567
IT Equipment	3,712,364	1,119,309	(117,791)	-	(886,576)	3,827,306
Kitchen Equipment	160,185	526	(37,088)	-	17,493	141,116
Maintenance Equipment	5,487	7,200	(4,279)	-	8,368	16,776
<b>Total</b>	<b>32,137,770</b>	<b>7,811,596</b>	<b>(255,736)</b>	<b>1,054,889</b>	<b>(2,746,375)</b>	<b>38,002,144</b>

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### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R		
<b>4. Property, Plant and Equipment (continued)</b>					
<b>Reconciliation of Property, Plant and Equipment - 2010</b>					
	Opening balance	Additions	Disposals	Depreciation	Total
Land & Buildings	18,000,000	51,270	-	(330,205)	17,721,065
Land & Buildings - East London	3,840,936	-	-	(91,895)	3,749,041
Furniture and Fixtures	2,830,273	158,529	-	(73,506)	2,915,296
Motor Vehicles	95,272	133,802	-	(9,701)	219,373
Office equipment	-	3,780,992	-	(126,033)	3,654,959
IT Equipment	2,346,657	3,183,438	(362,168)	(1,455,563)	3,712,364
Kitchen Equipment	170,460	12,114	-	(22,389)	160,185
Maintenance Equipment	6,646	-	(165)	(994)	5,487
	<b>27,290,244</b>	<b>7,320,145</b>	<b>(362,333)</b>	<b>(2,110,286)</b>	<b>32,137,770</b>

#### Reconciliation of Property, Plant and Equipment - 2009

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land & Buildings	17,300,000	16,237	-	995,804	(312,041)	18,000,000
Land & Buildings - East London	3,939,204	11,116	-	-	(109,384)	3,840,936
Furniture and Fixtures	3,152,898	94,203	(23,693)	-	(393,135)	2,830,273
Motor Vehicles	105,168	11,500	-	-	(21,396)	95,272
IT equipment	3,086,874	635,626	(20,695)	-	(1,355,148)	2,346,657
Property, plant and equipment 1	57,096	115,832	(371)	-	(2,097)	170,460
Property, plant and equipment 2	10,726	-	(1,631)	-	(2,449)	6,646
	<b>27,651,966</b>	<b>884,514</b>	<b>(46,390)</b>	<b>995,804</b>	<b>(2,195,650)</b>	<b>27,290,244</b>

#### Capitalised expenditure

Buildings	12,423	51,270	16,237
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#### Revaluations

The effective date of the revaluations was 31 March 2011. The revaluation of property 1123, Arcadia (Title deed number T110166/1998, size:1869m) was performed by independent valuer, Mr Johan Schoeman (professional associated valuer, registration number 3541), of Spectrum Valuation Services. The revaluation of farm 803, East London (Title deed number G3/1968, size 1842059m) was performed by independent valuer, Mr Billy Schepers (professional valuer, registration number 5622), of Spectrum Services. Spectrum Valuation Services are not connected to the company.

Land and buildings are re-valued independently every 3 years.

The carrying value of the revalued assets under the cost model would have been:

Land & Buildings	10,140,497	10,368,639	10,528,974
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### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R			
<b>5. Intangible Assets</b>						
	2011		2010			
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, internally generated	1,036,160	(817,866)	218,294	1,036,160	(599,572)	436,588
Intangible Assets under Development	9,479,281	-	9,479,281	6,456,688	-	6,456,688
<b>Total</b>	<b>10,515,441</b>	<b>(817,866)</b>	<b>9,697,575</b>	<b>7,492,848</b>	<b>(599,572)</b>	<b>6,893,276</b>
			2009			
	Cost / Valuation	Accumulated amortisation	Carrying value			
Computer software, internally generated	1,036,160	(381,293)	654,867			
Intangible Assets under Development	4,107,794	-	4,107,794			
<b>Total</b>	<b>5,143,954</b>	<b>(381,293)</b>	<b>4,762,661</b>			

#### Reconciliation of Intangible Assets - 2011

Computer software, internally generated	Opening balance	436,588	Additions	-	Amortisation	(218,294)	Total	218,294
Intangible Assets under Development		6,456,688		3,022,593		-		9,479,281
		<b>6,893,276</b>		<b>3,022,593</b>		<b>(218,294)</b>		<b>9,697,575</b>

#### Reconciliation of Intangible Assets - 2010

Computer software, internally generated	Opening balance	654,867	Additions	-	Amortisation	(218,279)	Total	436,588
Intangible Assets under Development		4,107,794		2,348,894		-		6,456,688
		<b>4,762,661</b>		<b>2,348,894</b>		<b>(218,279)</b>		<b>6,893,276</b>

#### Reconciliation of Intangible Assets - 2009

Computer software, internally generated	Opening balance	715,168	Additions	142,200	Amortisation	(202,501)	Total	654,867
Intangible Assets under Development		2,502,127		1,605,667		-		4,107,794
		<b>3,217,295</b>		<b>1,747,867</b>		<b>(202,501)</b>		<b>4,762,661</b>



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	2011 R	2010 R	2009 R
<b>6. Other Financial Assets</b>			
<b>At Fair Value Through Profit or Loss - Designated</b>			
Other financial asset 1	41,600	32,630	36,800
<b>At Fair Value Through Profit or Loss - Held for Trading</b>			
Other financial asset 1	511,870	503,000	479,000
<b>Available-For-Sale</b>			
Other financial asset 1	26,308,740	26,140,937	-
<b>Total other financial assets</b>	<b>26,862,210</b>	<b>26,676,567</b>	<b>515,800</b>
<b>Non-Current Assets</b>			
At fair value through profit or loss - designated	41,600	32,630	36,800
Available-for-sale	26,308,740	26,140,937	-
	<b>26,350,340</b>	<b>26,173,567</b>	<b>36,800</b>
<b>Current assets</b>			
At fair value through profit or loss - held for trading	511,870	503,000	479,000
	<b>26,862,210</b>	<b>26,676,567</b>	<b>515,800</b>

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

Fair values are determined annually at balance sheet date.

The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.



## Public Servants Association of South Africa

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Annual Financial Statements for the year ended 31 March 2011

### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
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7. Financial Assets by Category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Fair value through profit or loss - designated	Available for sale	Total
	R	R	R	R
Motor Vehicle Loans	7,309,645	-	-	7,309,645
Staff Loans	10,433	-	-	10,433
Trade and Other Receivables	9,944,892	-	-	9,944,892
Cash and Cash Equivalents	28,996,496	-	-	28,996,496
Gold Coins	-	41,600	-	41,600
Old Mutual	-	-	16,160,325	16,160,325
ABSA Income Enhancer	-	-	10,148,415	10,148,415
	<b>46,261,466</b>	<b>41,600</b>	<b>26,308,740</b>	<b>72,611,806</b>

2010

	Loans and receivables	Fair value through profit or loss - designated	Available for sale	Total
	R	R	R	R
Motor Vehicle Loans	6,748,392	-	-	6,748,392
Staff Loans	20,433	-	-	20,433
Trade and Other Receivables	6,188,624	-	-	6,188,624
Cash and Cash Equivalents	22,910,041	-	-	22,910,041
Gold Coins	-	32,630	-	32,630
Old Mutual	-	-	11,815,937	11,815,937
ABSA - Income Enhancer	-	-	14,325,000	14,325,000
	<b>35,867,490</b>	<b>32,630</b>	<b>26,140,937</b>	<b>62,041,057</b>

2009

	Loans and receivables	Fair value through profit or loss - designated	Available for sale	Total
	R	R	R	R
Motor Vehicle Loans	5,099,740	-	-	5,099,740
Staff Loans	29,030	-	-	29,030
Zurich Risk Financing Receivables	5,835,810	-	-	5,835,810
Trade and Other Receivables	6,901,849	-	-	6,901,849
Cash and Cash Equivalents	32,184,815	-	-	32,184,815
Gold Coins	-	36,800	-	36,800
	<b>50,051,244</b>	<b>36,800</b>	<b>-</b>	<b>50,088,044</b>

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## Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
<b>9. Motor Vehicle Loans</b>			
Motor vehicle loans are granted to employees on an interest free basis.			
<b>Motor Vehicle Loans</b>			
Loan at 1% interest	-	-	4,472,854
Loans at the official interest rate	-	-	626,913
Loans at 0% interest	7,309,645	6,748,392	-
	<b>7,309,645</b>	<b>6,748,392</b>	<b>5,099,767</b>
<b>Motor Vehicle Loans</b>			
Long Term	3,702,776	3,104,789	1,140,455
Short Term	3,606,869	3,643,603	3,959,312
	<b>7,309,645</b>	<b>6,748,392</b>	<b>5,099,767</b>
<b>10. Inventories</b>			
Corporate clothing	269,064	430,106	489,830
<b>11. Trade and Other Receivables</b>			
Advertisements Receivable	89,608	112,719	67,937
Agency Fees Receivable	2,311,611	2,993,784	3,214,852
Commission Receivable	702,211	603,105	273,146
Deposits	60,764	60,764	23,769
Interest Receivable	-	190,580	62,931
Prepayments	-	-	138,895
Sundry Debtors	1,205,426	380,380	1,306,122
Trade Receivables	1,151,907	655,079	1,065,753
Amounts due from Zurich Risk Finance	4,423,365	2,468,599	7,382,818
	<b>9,944,892</b>	<b>7,465,010</b>	<b>13,536,223</b>
As of 31/03/2011, trade receivables amounting to R - (2010: R 470,898 ; 2009: R 470,898) were past due but not impaired.			
<b>12. Cash and Cash Equivalents</b>			
Cash and cash equivalents consist of:			
Cash on hand	54,005	54,005	51,005
Bank balances	28,130,851	21,769,799	9,783,789
Short-term deposits	811,640	1,086,237	22,350,021
	<b>28,996,496</b>	<b>22,910,041</b>	<b>32,184,815</b>



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## Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
<b>13. IBNR Claims</b>			
<b>Insurance Liabilities and Reinsurance Assets</b>			
<b>Year ended 31 March 2009</b>	<b>Gross</b>	<b>Insurance</b>	<b>Net</b>
Outstanding claims at the beginning of the year	7,433,754	(708,799)	6,724,955
IBNR at beginning of the year	(687,516)	-	(687,516)
Change in provision for outstanding claims	1,162,863	-	1,162,863
Change in provision for IBNR	<u>(3,416,305)</u>	<u>(39,644)</u>	<u>(3,455,949)</u>
Outstanding claims at end of the year	4,017,449	(748,443)	3,269,006
IBNR at end of the year	<u>475,347</u>	<u>-</u>	<u>475,347</u>
<b>Year ended 31 March 2010</b>	<b>Gross</b>	<b>Insurance</b>	<b>Net</b>
Outstanding claims at the beginning of the year	4,017,449	(748,443)	3,269,006
IBNR at beginning of the year	475,347	-	475,347
Change in provision for outstanding claims	2,276,308	(3,416,305)	-
Change in provision for IBNR	<u>294,806</u>	<u>(201,515)</u>	<u>-</u>
Outstanding claims at end of the year	6,293,757	(380,905)	5,912,852
IBNR at end of the year	<u>770,153</u>	<u>(201,515)</u>	<u>568,638</u>
<b>Year ended 31 March 2011</b>	<b>Gross</b>	<b>Insurance</b>	<b>Net</b>
Outstanding claims at the beginning of the year	6,293,757	(380,905)	5,912,852
IBNR at beginning of the year	770,153	(201,515)	568,638
Change in provision for outstanding claims	653,918	(132,817)	521,101
Change in provision for IBNR	<u>(233,295)</u>	<u>164,017</u>	<u>(69,278)</u>
Outstanding claims at end of the year	6,947,675	(513,722)	6,433,953
IBNR at end of the year	<u>536,858</u>	<u>(37,498)</u>	<u>499,360</u>
<b>14. Finance lease obligation</b>			
<b>Minimum lease payments due</b>			
- within one year	2,918,226	956,052	-
- in second to fifth year inclusive	5,249,284	3,664,886	-
	8,167,510	4,620,938	-
less: future finance charges	<u>(1,174,003)</u>	<u>(968,423)</u>	<u>-</u>
<b>Present value of minimum lease payments</b>	<b>6,993,507</b>	<b>3,652,515</b>	<b>-</b>
<b>Present value of minimum lease payments due</b>			
- within one year	2,288,854	618,647	-
- in second to fifth year inclusive	4,707,653	3,033,848	-
	<b>6,996,507</b>	<b>3,652,495</b>	<b>-</b>
Non-current liabilities	4,078,281	3,033,848	-
Current liabilities	2,918,226	618,647	-
	<b>6,996,507</b>	<b>3,652,495</b>	<b>-</b>

It is company policy to lease telephone equipment and other equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 10%

Interest rates are fixed at the contract date. All leases have fixed repayments.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

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	2011 R	2010 R	2009 R
<b>15. Outstanding Claims</b>			
<b>At fair value through profit or loss</b>			
Outstanding Claims	9,249,092	10,262,741	9,896,935
Provision for Salvage	(71,112)	(968,958)	(638,666)
Provision for Recoveries	(2,230,305)	(3,000,026)	(5,240,820)
	<b>6,947,675</b>	<b>6,293,757</b>	<b>4,017,449</b>
<b>Non-current liabilities</b>			
Fair value through profit or loss	6,947,675	6,293,757	4,017,424

### 16. Provisions

#### Reconciliation of Provisions - 2011

	Opening balance	Utilised during the year	Total
Legal costs	4,000,000	-	4,000,000
Provision for Sand Rehabilitation	226,706	(3,598)	223,108
	<b>4,226,706</b>	<b>(3,598)</b>	<b>4,223,108</b>

#### Reconciliation of Provisions - 2010

	Opening balance	Utilised during the year	Total
Legal costs	4,000,000	-	4,000,000
Provision for Sand Rehabilitation	254,149	(27,443)	226,706
	<b>4,254,149</b>	<b>(27,443)</b>	<b>4,226,706</b>

#### Reconciliation of Provisions - 2009

	Opening balance	Utilised during the year	Total
Legal costs	4,000,000	-	4,000,000
Provision for Sand Rehabilitation	1,049,577	(795,428)	254,149
	<b>5,049,577</b>	<b>(795,428)</b>	<b>4,254,149</b>
Non-current liabilities	223,108	226,706	254,149
Current liabilities	4,000,000	4,000,000	4,000,000
	<b>4,223,108</b>	<b>4,226,706</b>	<b>4,254,149</b>

The provision represents management's best estimate of the company's liability to rehabilitate the areas used for mining sand.





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### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
<b>17. Retirement Benefits</b>			
<b>Post retirement medical fund</b>			
The PSA has a defined medical benefit plan, to which 6 (2010:7 ; 2009:16) employees belong.			
The plan is a post employment medical benefit plan.			
The accounting period for the medical benefit plan is from 1 April 2010 to 31 March 2011			
<b>Carrying value</b>			
Present value of the defined benefit obligation-wholly unfunded	(3,058,000)	(2,774,000)	(6,797,000)
<b>Movements for the year</b>			
Opening Balance	2,774,000	6,797,000	36,747,750
Benefits Paid	-	-	(30,131,173)
Net Expense Recognised in Profit or Loss	284,000	(4,023,000)	180,423
	<b>3,058,000</b>	<b>2,774,000</b>	<b>6,797,000</b>
<b>Net expense recognised in the income statement</b>			
Current Service Cost	260,000	292,000	(330,500)
Expected Employer Benefit Payments	(176,000)	(174,000)	160,443
Interest Cost	255,000	553,000	(635,500)
Actuarial Losses	179,000	274,000	595,490
Curtailment or Settlement	(234,000)	(4,968,000)	390,490
	<b>284,000</b>	<b>(4,023,000)</b>	<b>180,423</b>
<b>Key assumptions used</b>			
Assumptions used on last valuation on 31 March 2011.			
Discount Rates Used	9.25 %	9.50 %	8.25 %
Real Discount Rate	1.25 %	1.62 %	1.75 %
Expected Increase in Salaries	6.00 %	5.75 %	4.50 %
Healthcare Cost Inflation	8.00 %	7.75 %	6.50 %
The actuarial valuation method used is the projected-unit -credit method.			
The expected retirement age is 2011:60 years (2010:60 years ; 2009:60 years).			
Non-Current Liabilities	(2,893,000)	(2,406,000)	(6,629,000)
Current Liabilities	(165,000)	(368,000)	(168,000)
	<b>(3,058,000)</b>	<b>(2,774,000)</b>	<b>(6,797,000)</b>

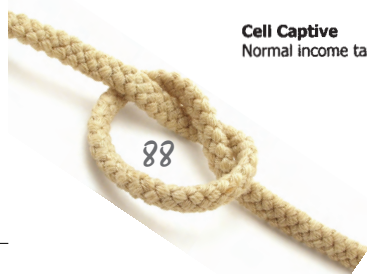
### 18. Current Tax Payable (Receivable)

#### PSA

In terms of section 10 (e) iii of the Income Tax Act the PSA is exempt from income tax.

#### Cell Captive

Normal income tax is paid in terms of the Income Tax Act.



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	2011 R	2010 R	2009 R
<b>19. Trade and Other Payables</b>			
Trade Payables	4,483,158	232,107	547,747
Amounts Received in Advance	53,970	1,189	9,791
VAT	13,885	69,691	126,087
Payroll Creditors	5,466,074	1,214,181	3,035,441
Unpresented Cheques	-	7,193,156	2,611,051
Accrued Leave Pay	4,638,080	4,214,528	3,694,753
Membership Fees Received in Advance	26,180	184,720	-
Other Payables	1,758,878	513,130	133,728
	<b>16,440,225</b>	<b>13,622,702</b>	<b>10,158,598</b>

### 20. Funds

The funds reserve comprises the Stiglingh and Solidium fund. These reserves are for specific purposes and are therefore not distributable.

Balance at Beginning of the Year	511,870	503,810	558,024
Interest Received	7,272	8,060	55,659
Awards	-	-	(31,070)
Funds Written Off	-	-	(78,803)
	<b>519,142</b>	<b>511,870</b>	<b>503,810</b>

### 21. Revaluation Reserve

The revaluation reserve consists of the revaluation surplus that arose as a result of the revaluation of the head office land and buildings:

Balance at Beginning of the Year	7,249,821	7,404,857	6,548,283
Current Year Revaluation	1,054,889	-	995,804
Release to Retained Earnings	(41,752)	(155,036)	(139,230)
	<b>8,262,958</b>	<b>7,249,821</b>	<b>7,404,857</b>



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### Notes to the Annual Financial Statements

	2011 R	2010 R	2009 R
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#### 22. Other Non-Distributable Reserves

##### Capital Development Reserve

The company has to provide for the replacement of its mainframe computer servers, personal computers and other related computer hardware on a regular basis in support of efficient and effective service to its members. A reserve fund provision has therefore been established for future capital development.

##### Social Development Reserve

In order to increase awareness of social responsible activities, the company attempts to improve the quality of life of its members and communities and their general wellbeing, through self-help and poverty alleviation projects for future social development projects.

##### Strike Reserve

The purpose of this reserve fund is to make the company visible during industrial action and to assist members to attend mass meetings and marches. It may also be utilised for legal action against the company as a result of industrial action, for example where an employer obtains an interdict preventing the union from participating in any protected (legal) industrial action.

##### Insurance Reserve

The company annually makes provision for the cell captive contingency reserve based on the expected increases in premium and estimated growth in membership.

It is obligatory for short term insurance companies to maintain a contingency reserve of 10% of written premium net of approved reinsurance. This reserve can only be utilised with the prior permission of The Registrar of Short Term Insurers.

The Insurer which issues the Cell Captive License (Zurich) requires a solvency ratio of 25% of written premium net of approved reinsurance. The 25% solvency ratio includes the contingency reserve of 10%. The solvency ratio of the Cell Captive amounts to 27% (2010:15%).

These reserves are both funded by the PSA Cell Captive. It may, however, happen that due to a premium increase or an increase in members, a temporary shortfall may occur within the Cell Captive to provide the full increase in reserves.

Therefore, the company provides a reserve to temporarily bridge the financial obligation regarding the topping-up of the reserves.

##### Swedish Aids Education Fund

These are designated funds received from the Swedish Aids Education Fund for aids awareness campaigns conducted by the company on a regular basis.

##### General Reserves

These funds are utilised in support of the company's strategic plan as determined by the Board of Directors from time to time.

##### Equalisation Fund Reserve

These funds are for unforeseen operational funds in the event that membership fees are not received. The company is reliant on the Government, as employer, for the deduction of membership subscriptions through the Government Payroll Administration System (PERSAL).

It may happen that subscriptions are not deducted for whatever reason, which will hamper service delivery to members and result in the company not being able to meet its financial obligations to staff and suppliers. Therefore the company's goal is to build up a contingency reserve fund at six (6) times the monthly operating expenses to provide for such contingencies.

##### Sand Rehabilitation Reserve

The company operates a sand mine in terms of a licence issued by the Department of Minerals and Resources (DMR). According to the licence the company is responsible for the rehabilitation of those areas which were mined to their natural state. The costs involved include the following: alien vegetation management, stabilisation of the area, full rehabilitation of the area, stormwater control of the area and solid waste management of the area.

##### Funeral Reserves

The company pays an ex-gratia amount to dependants of its members to assist them with funeral assistance payments when the main member passes away. These payments are funded from the subscriptions paid by members on a monthly basis. Although the company has no obligation to pay funeral assistance to its members, it may do so in the event that membership subscriptions are not received for whatever reason.

The company strives to set aside reserves for funeral assistance benefits equal to one year's ex-gratia payments.

##### Contingency Reserve

It is obligatory for short term insurance companies to raise a contingency reserve of 10% of written premium net of approved reinsurance. This reserve can only be utilised with the prior permission of the Registrar of Short Term Insurers.



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	2011 R	2010 R	2009 R
<b>22. Other Non-Distributable Reserves (continued)</b>			
Capital Development Reserve	2,000,000	2,000,000	2,000,000
Social and Welfare Reserve	1,000,000	1,000,000	1,000,000
Strike Reserve	2,000,000	2,000,000	2,000,000
Funeral Benefit Reserve	3,000,000	3,000,000	3,000,000
General Reserve	6,686,448	6,686,448	6,686,448
Swedish AIDS Education Fund Reserve	37,420	37,420	37,420
Insurance Reserve	5,709,320	5,709,320	5,709,320
Sand Rehabilitation Reserve	3,500,000	3,500,000	3,500,000
Contingency Reserve	5,031,588	5,029,073	5,200,935
	<b>28,964,776</b>	<b>28,962,261</b>	<b>29,134,123</b>
<b>23. Revenue</b>			
Membership Fees	144,070,485	131,136,025	118,816,496
Agency Fees	23,827,913	17,660,317	17,620,833
Commission Received	6,973,725	6,818,973	6,512,392
Accommodation Income	709,286	834,906	722,549
Sand Sales	1,705,536	3,016,330	4,740,248
Sale Corporate Clothing	192,875	61,990	154,813
Cell Captive Fees	906,595	956,034	2,956,310
Premium Income	52,960,843	52,946,623	55,277,438
	<b>231,347,258</b>	<b>213,431,198</b>	<b>206,801,079</b>
<b>24. Other Income</b>			
Commission Received - Cell Captive	206,302	220,277	286,780
Advertisement	208,128	262,986	314,821
VAT Recoverable	-	370,168	-
Donations	97,500	20,000	30,000
Levies and Sundry Income	223,900	47,139	263,741
Profit on Sale of Assets	-	-	141,911
	<b>735,830</b>	<b>920,570</b>	<b>1,037,253</b>
<b>25. Expenses By Nature</b>			
Employee costs	103,380,623	100,756,002	86,885,168
Depreciation, amortisation and impairments	2,964,671	2,328,566	2,397,965
Advertising	2,452,875	90,143	118,241
Lease rentals on operating lease	5,637,489	4,964,250	4,371,039
Loss on Sale of Assets	180,007	109,694	-
Transportation Expenses	10,710,884	8,114,592	6,926,174
Other Expenses	94,159,559	82,950,869	78,699,003
	<b>219,486,108</b>	<b>199,314,116</b>	<b>179,397,590</b>
<b>26. Investment revenue</b>			
<b>Interest revenue</b>			
Unit trusts	1,219,623	185,976	-
Motor Vehicle Loans	742,498	2,920,372	565,055
Bank	184,230	2,193,982	6,212,567
Interest from IOM	39,981	57,741	85,694
Interest from Zurich	1,112,659	691,019	259,429
	<b>3,298,991</b>	<b>6,049,090</b>	<b>7,122,745</b>



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	2011 R	2010 R	2009 R
<b>27. Fair value adjustments</b>			
Gold Coins	8,970	(4,171)	6,960
<b>28. Finance Costs</b>			
Bank	3,343	91,755	13,778
Interest Paid - Motor Vehicle Loans	1,293,508	2,415,360	512,495
	<b>1,296,851</b>	<b>2,507,115</b>	<b>526,273</b>
<b>29. Auditors' Remuneration</b>			
Audit Fees	1,425,226	1,359,119	396,421
Other Services	73,750	412,575	312,417
Internal Audit Fees	851,996	-	-
	<b>2,350,972</b>	<b>1,771,694</b>	<b>708,838</b>
<b>30. Taxation</b>			
<b>Major components of the tax expense</b>			
<b>Current</b>			
Local income tax - current period	2,457,320	1,328,265	1,547,008
<b>Deferred</b>			
Deferred tax recoverable from Zurich	-	-	785,359
	<b>2,457,320</b>	<b>1,328,265</b>	<b>2,332,367</b>
<b>31. Cash Generated from Operations</b>			
Profit before taxation	11,425,695	14,181,225	30,146,816
<b>Adjustments for:</b>			
Depreciation and Amortisation	2,964,671	2,328,566	2,397,965
Loss on Sale of Assets	180,007	109,694	(141,911)
Interest Received	(3,298,991)	(6,049,090)	(7,122,745)
Finance Costs	1,296,851	2,507,115	526,273
Fair Value Adjustments	(8,970)	4,171	(6,935)
Decommissioning, Restoration and Similar Liabilities	(3,598)	(27,443)	(795,428)
IBNR Claims	(233,295)	294,806	-
Outstanding Claims	653,918	2,276,308	(1,869,297)
Retirement Benefit Obligations	284,000	(4,023,000)	(30,638,266)
<b>Changes in working capital:</b>			
Inventories	161,042	59,724	(226,968)
Trade and Other Receivables	(5,355,158)	6,071,213	20,632,659
Prepayments	760,291	(760,291)	-
Reinsurance Assets	31,200	166,023	-
Trade and Other Payables	2,817,523	3,464,104	5,540,743
	<b>11,675,186</b>	<b>20,603,125</b>	<b>18,442,906</b>
<b>32. Tax paid</b>			
Balance at beginning of the year	(2,875,274)	(1,547,008)	(1,547,008)
Current tax for the year recognised in profit or loss	(2,457,320)	(1,328,266)	(1,547,008)
Balance at end of the year	5,332,594	2,875,274	1,547,008
	<b>-</b>	<b>-</b>	<b>(1,547,008)</b>



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	2011 R	2010 R	2009 R
<b>33. Commitments</b>			
<b>Operating leases – as lessee (expense)</b>			
<b>Minimum lease payments due</b>			
- Within One Year	3,398,931	2,696,697	2,776,382
- In Second To Fifth Year Inclusive	4,631,673	1,710,831	3,848,275
	<b>8,030,604</b>	<b>4,407,528</b>	<b>6,624,657</b>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of three to five years and rentals are fixed for an average of three years. No contingent rent is payable.

### 34. Contingencies

The PSA Insurance Services was operated from 1 December 2003 under licence of Santam Risk Finance until 28 February 2007. From 1 March 2007 the PSA Insurance Services operates under licence from Zurich Risk Finance SA 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 insurance claims, which safeguards the PSA against any risk with regard to losses.

Certain contingent liabilities exist which arise from the company's involvement in litigation related to members.

Contingent liabilities exist in respect of guarantees provided and agreements undertaken for the following:

#### Contingent Liabilities

Municipal Services	50,000	50,000	50,000
Office Rent	233,213	279,109	235,478
SA Post Office	400,000	400,000	400,000
Eskom	22,600	22,600	22,600
Department of Mineral & Energy Services	305,000	305,000	250,000
	<b>1,010,813</b>	<b>1,056,709</b>	<b>958,078</b>

### 35. Related Parties

Members of key management include the general manager and the two deputy general managers

#### Compensation to Key Management

Short-Term Employee Benefits	6,521,920	5,728,158	4,617,828
Long-Term Benefits - Incentive Scheme	445,332	578,717	344,176
	<b>6,967,252</b>	<b>6,306,875</b>	<b>4,962,004</b>



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			2011 R	2010 R	2009 R
<b>36. Directors' Emoluments</b>					
<b>Non-executive</b>					
2011	Emoluments	Incentive Bonus	Annual Bonus	Gain on exercise of options	Total
For Services as Directors	1,878,191	122,861	167,375	-	2,168,427
2010	Emoluments	Incentive Bonus	Annual Bonus	Gain on exercise of options	Total
For Services as Directors	1,773,637	164,819	146,172	-	2,084,628
2009	Emoluments	Incentive Bonus	Annual Bonus	Gain on exercise of options	Total
For Services as Directors	1,604,072	238,314	138,135	-	1,980,521

### 37. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 38. Change in estimate

#### Property, Plant and Equipment

In the current period management has revised its estimate of the useful lives of property, plant and equipment. The updated useful lives has been disclosed in note 1.2 of the accounting policies. The effect of this revision has decreased the depreciation charges for the current period by R 1,635,721.

### 39. Prior Period Restatements

In prior years a legal expense reserve was maintained for future legal costs to be incurred by the PSA on behalf of its members. In terms of IAS 37 a provision should have been raised for these future legal costs. The prior period figures have been adjusted to reflect this change.

#### Statement of Financial Position

Provision for legal costs	-	-	(4,000,000)
Reserves	-	-	4,000,000



# Notes



# Notes



# Mission statement

As a leading trade union we the PSA,  
will protect the rights and promote  
the interests of our members  
through professional, dedicated  
and competent staff  
and member structures  
in an assertive, innovative, ethical  
and financially sound manner -  
at all times striving to exceed  
members' needs and remain  
the union of choice



**PSA**  
The Union Of Choice







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