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22 April 2013

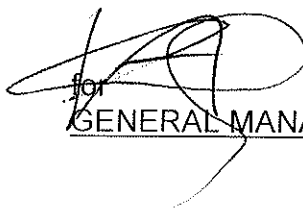
Dear Mr Mosley-Lefatola

PSA SUBSTANTIVE WAGE AND OTHER DEMANDS:

The PSA as the representative trade union, representing the majority of employees at SITA, has been mandated to table the attached wage demand.

It is the PSA's intention to engage SITA in negotiations in respect of the issues contained in the attached wage demand and with a view to reach an agreement.

Yours faithfully



GENERAL MANAGER

WAGE DEMANDS 2013/14 FINANCIAL YEAR

a. Introduction

The PSA has concluded the process of collecting mandates from its members for the 2013/2014 wage negotiations. Hence it is now tabling the wage demands as outlined below.

This memorandum contains our well motivated wage demands. To define and motivate wage demands, this memorandum will include topics such as Socio-Economic context; Headline Inflation forecasts, The rising CPI, SITA Staff performance, The Real wage at SITA, The Gap group and the recommended Substantive Demands.

b. Socio-economic context

Despite the positive progress made since the democratic breakthrough in 1994 South African society remains characterized by poverty, job losses, unemployment and inequality. The UNDP 2010 Report indicates that 6 million people live on less than R10 a day who in turn support 4 people, resulting in 30 million South Africans living on less than R10 a day. Fifteen million people rely on social grants for survival. Almost 25% of South African households have inadequate access to food. It is therefore important to point out that although we are negotiating for the SITA employee, we are negotiating for breadwinners who are not isolated from the realities facing our society.

Fifty percent of the population lives on 8% of the national income, and the top 50% live on 92% of national income. The top 5% earners take 30 times what the bottom 5% earners take. The directors of the top 20 listed companies on Johannesburg Stock Exchange earn 1 728 times the average worker. The research was done throughout the whole of South Africa but the findings are not different even in organizations such as the SITA.

South Africa remains locked into poverty, job losses, unemployment and structural inequality.

c. Headline Inflation forecasts

Statistics South Africa announced that the official inflation rate escalated to 5,75% in December 2012. This continues in the trend of a steady increase in the inflation rate from 5% in July. Annabel Bishop, an economist from Investec, predicted that the CPI will probably rise to 6.5% in this year.

While the weighting of the CPI basket is to be recalculated we can expect the inflation to be high because indicators such as Administered price inflation which is currently at 9.8% upward trend and has previously been under weighed will now weigh double.

Table 11 - Consumer price indices for Gauteng

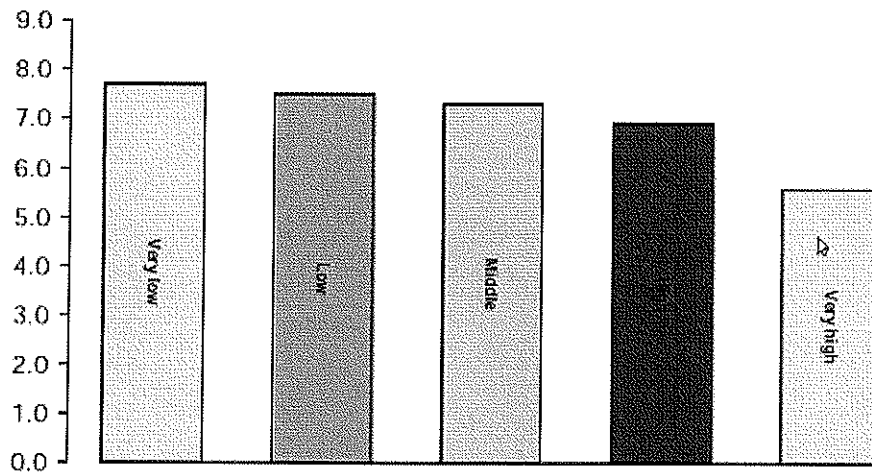
Group	Weight	Index (Dec 2012=100)			Percentage change	
		Jan 2012	Dec 2012	Jan 2013	Jan 2013 vs. Dec 2012	Jan 2013 vs. Jan 2012
All Items	100.00	95.3	100.0	100.4	0.4	5.4
Food and non-alcoholic beverages	13.06	95.0	100.0	101.6	1.6	6.9
Food	12.03	94.9	100.0	101.6	1.6	7.1
Bread and cereals	3.12	94.3	100.0	101.3	1.3	7.4
Meat	3.95	96.3	100.0	100.8	0.8	4.7
Fish	0.34	95.6	100.0	101.7	1.7	6.4
Milk, eggs and cheese	1.44	92.1	100.0	101.3	1.3	10.0
Oils and fats	0.47	96.3	100.0	100.0	0.0	3.9
Fruit	0.18	96.1	100.0	102.7	2.7	6.9
Vegetables	1.34	93.2	100.0	105.6	5.6	13.3
Sugar, sweets and desserts	0.46	96.1	100.0	101.1	1.1	6.2
Other food	0.81	93.0	100.0	103.2	1.2	8.8
Non-alcoholic beverages	1.05	97.1	100.0	101.3	1.3	4.3
Hot beverages	0.26	97.4	100.0	101.1	1.1	3.8
Cold beverages	0.79	97.1	100.0	101.3	1.3	4.3
Alcoholic beverages and tobacco	5.21	93.5	100.0	100.6	0.6	7.6
Alcoholic beverages	3.94	92.0	100.0	100.8	0.8	9.6
Spirits	0.66	92.8	100.0	101.8	1.8	9.7
Wine	0.75	95.2	100.0	101.7	1.7	6.8
Beer	2.53	93.1	100.0	100.3	0.3	10.1
Tobacco	1.27	96.0	100.0	100.1	0.1	4.3
Clothing and footwear	3.83	97.7	100.0	100.2	0.2	2.6
Clothing	2.42	96.0	100.0	100.2	0.2	2.2
Footwear	1.19	97.3	100.0	100.3	0.3	3.1
Housing and utilities	23.74	95.3	100.0	100.0	0.0	4.9
Actual rentals for housing	5.13	96.2	100.0	100.0	0.0	4.0
Owners' equivalent rent	10.75	97.4	100.0	100.0	0.0	2.7
Maintenance and repair	1.24	94.4	100.0	100.5	0.5	6.5
Water and other services	2.36	92.2	100.0	100.0	0.0	8.5
Electricity and other fuels	4.26	96.4	100.0	100.0	0.0	10.6
Household contents and services	4.67	97.5	100.0	100.4	0.4	3.0
Furnishings, floor coverings and textiles	0.79	102.2	100.0	100.9	0.9	-1.3
Appliances, tableware and equipment	0.65	98.9	100.0	101.4	1.4	2.5
Supplies and services	3.23	94.7	100.0	100.0	0.0	5.6
Health	1.60	94.7	100.0	100.0	0.0	5.6
Transport	18.52	94.7	100.0	99.8	-0.2	6.1
Purchase of vehicles	7.60	100.5	100.0	100.5	0.5	0.0
Private transport operation	7.36	89.4	100.0	99.1	-0.9	10.9
Petrol	5.04	88.5	100.0	96.8	-1.2	11.6
Other running costs	1.52	95.6	100.0	100.1	0.1	4.7
Public transport	3.56	85.5	100.0	99.9	-0.1	16.8

e. Real Wages at SITA (External v Internal Wage Scenario)

An Economist Mike Schüssler also commented that the true general inflation rate is closer to about 1 percentage point higher than the official rate. Considering real wage gains and losses using percentage wage increases between 2007 and the present and contrasting them with changes in the consumer price index over time indicate that going into the 2013/2014 bargaining round some SITA Workers will have just broken even against inflation. Put another way, they will have the same (stagnant) purchasing power as they did in 2007. Furthermore with the rise in administered prices real salary has waned considerably. Not only do different households experience different rates of inflation, but inflation is a tax on middle and low income groups.

CPI by income group

April 2012, %y/y



STANLIB

Example if salaries were to be increased at certain percentages vs the actual amount an employee would get.

Salary	10%	9%	8%
5500	550	495	440
6500	650	585	520
7500	750	675	600
8500	850	765	680

f. The Gap Group Working Class

Several SITA employees fall within a category called the Gap Group which neither qualifies for RDP housing nor can secure a home loan from the bank. The Gap Group is a category of workers who do not qualify for housing subsidy as they earn below a certain threshold and do not qualify for govern RDP houses because they earn a combined salary of more than R3000.00.

g. Previous wage increases at SITA

SITA has a Remuneration policy that provides for a two pronged approach in respect of wage increases of its employees. On the face it appears to be a fair policy that ensures that everybody receives a CPI related increase and that those employees who have performed above a set target receives an additional performance based increase. The PSA is however aware that a vast number of employees have received only the CPI based wage increase in the past. The PSA is also aware that some employees did not receive any wage increase for the 2012/13 financial year because they apparently did not perform satisfactory due to the failure to comply with the provisions of the mentioned Remuneration Policy. Another unsatisfactory result of SITA's Remuneration Policy is that those employees who do not qualify for the performance related part of the increases will never receive a real wage increase.

Substantive Demands

1. Annual Increase

- A 15% salary increase across the board

2. Housing Allowance

- R1500.00 across the board. This demand is informed by the Gap Group scenario outlined in paragraph f of the SITA 2013/14 wage demands.

3. Long Service Recognition

Long service must be recognised as follows:

- All employees with 5 or more years of continued service must qualify for 5 days extra working days leave and a cash award of R2000.00
- All employees with 10 or more years of continued service must qualify for 30 working days leave, a cash award of R4500.00 and a certificate
- 20 years of continued service: a cash award of R 7 500 plus a certificate

- 30 years continued service: a cash award of R 15 000 plus a certificate; and
- 40 years continued service: a cash award of R 20 000 plus a certificate

4. Membership of Medical Schemes:

- SITA employees should be allowed to exercise a broader choice in respect of medical aid schemes than the current approved medical aid funds. The extension of the number of accredited medical aid schemes to 6 schemes is therefore proposed.

Additional Non Substantive Demand

5. Turn Around Strategy

Many members of staff have since the introduction of the turn-around-strategy, two years ago, been misplaced. Numerous grievances have been lodged in terms of the Guideline: Managing Displaced Staff. The majority of these grievances have not been attended to satisfactorily. In addition the positions that could have been filled by displaced staff are continuously advertised externally. The PSA wishes to engage the employer with a view to rectify the mentioned situation.