

Feedback: Bargaining Forum meeting

Members have been informed about this issue in previous editions of the *Informus* (copies can be obtained from the PSA's website on www.psa.co.za or from any PSA Provincial Office).

Salary increases: Negotiations

Members will recall that the PSA tabled the following demands in the previous bargaining forum meeting:

In the previous meeting the PSA rejected the employer's offer of a 4.5%-salary increment wholly based on a performance rating. The PSA demanded that the employer obtains a mandate on an improved offer. In response, the employer requested the PSA to move down to a single-digit demand. After lengthy engagements and caucuses, parties moved from their original positions. The PSA moved to 8.5% across-the-board that should be based on performance rating. The employer responded to the PSA by providing a final offer of a 3%-salary increment across-the-board and further 3% based on performance rating, as per *attached* projection. For example, an employee who scored a 5-performance rating will get 3% plus 3% across-the-board, which will entail an increment of 6% overall.

Most members mandated the PSA to accept the offer and the mandate was tabled in the bargaining forum. The employer stated that EXCO approved the agreement and it is waiting for approval of the board on 29 July 2021. As members are aware, the PSA subsequently demanded a bargaining forum meeting within 24 hours as no response was forthcoming. The meeting eventually took place on 12 August 2021. The employer reported that the board approved the salary increases as stated above. The board also took a decision to address salary disparities in this financial year as per the *attached* presentation. The presentation, in summary, reflects that those earning below the salary scales (where there are disparities) will get the salary increase of 3% across-the-board and 3% based on performance rating. Those above the salary scales will only get the lump sum cash increase of 3% and 3% based on performance rating with the date of implementation being 25 August 2021. The reason provided by the employer is to reduce the salary bill.

As a mandate driven Union, the PSA requests members to provide a mandate not later than **20 August 2021** to velucia.maluleke@psa.co.za as to whether to accept or not. The employer stated that should members accept the offer, the increments will be implemented before end of August. Members will be informed of developments.

GENERAL MANAGER

***Measures to implement the
salary negotiations outcome
Bargaining Forum Feedback***



Salary Negotiations Outcome EXCO Submission And Resolution

The EXCO of 25 June 2021 noted the salary negotiations outcome and made the following resolution

- The outcome be recommended to the board as follows: An increase of 3% **aligned to performance scores on sliding level receive 3%)** and an increase of 3% **across the board** (A1-D5 level receive 3%).
- EXCO also resolved that the measure to slow down the salary bill should be implemented starting this year.
- The 2021 salary increase and the measures to slow down salary bill should be implemented together with the 2015 salary increase.
- The employer's negotiation team was requested to return to bargaining forum to engage on the measures to manage the minimum and maximum of the salary scale outliers

The following are measures to manage the outliers to be tabled at the bargaining forum:

Managing Outliers above the salary scale

This measure will slow down the salary bill by curbing TGP's that are above the maximum of the 2015 salary scales

- ✓ The salary increase value of all employees earning **above the maximum** of the salary scales will be paid once off outside the TGP to slow down the growth of a TGP for a period of 3 to 5 year until the salaries are brought within their position's salary scale.
- ✓ This option requires consultation at the bargaining forum to obtain organized labour buy in.
- ✓ After the bargaining forum, all employees to be briefed and informed on how the salary capping will affect the pension fund contributions.

Managing Outliers below the minimum of the salary scale

This measure will increase the salary bill by adjusting the TGP's below the minimum of the 2015 salaries scales..

- ✓ The salary of all employees earning **below the minimum** of the salary scales will be adjusted to be within the minimum of the salary scales over 3 years. An estimated amount of R32 million will be required to adjust the salaries.
- ✓ This option requires consultation at the bargaining forum to obtain organized labour buy in.
- ✓ After the bargaining forum, all employees to be briefed and informed on how the adjustment will be calculated and implemented

New Salary Scales

New Salary Scales for General Staff within the grades (A1-D5)

IT Five Line Pay Line	1	2	3	4	
	10 th Mminimum	25 th	50 th Mid Point	75 th	Mn
A1	71 365	80 285	89 206	98 127	1
A2	83 287	93 698	104 109	114 520	1
A3	97 202	109 352	121 502	133 652	1
B1	113 440	127 620	141 801	155 981	1
B2	132 392	148 941	165 490	182 039	1
B3	154 510	173 824	193 138	212 452	2
B4	180 323	202 864	225 404	247 945	2
B5	210 449	236 755	263 061	289 367	3
C1	245 607	276 308	307 009	337 710	3
C2	286 639	322 469	358 299	394 129	4
C3	334 527	376 342	418 158	459 974	5
C4	390 414	439 216	488 018	536 819	5
C5	455 638	512 593	569 548	626 503	6
D1	531 759	598 229	664 699	731 169	7
D2	620 597	698 171	775 746	853 321	9
D3	724 276	814 811	905 345	995 880	1
D4	845 277	950 937	1 056 596	1 162 256	1
D5	986 492	1 109 804	1 233 115	1 356 427	1

Salary Analysis _ Bargaining

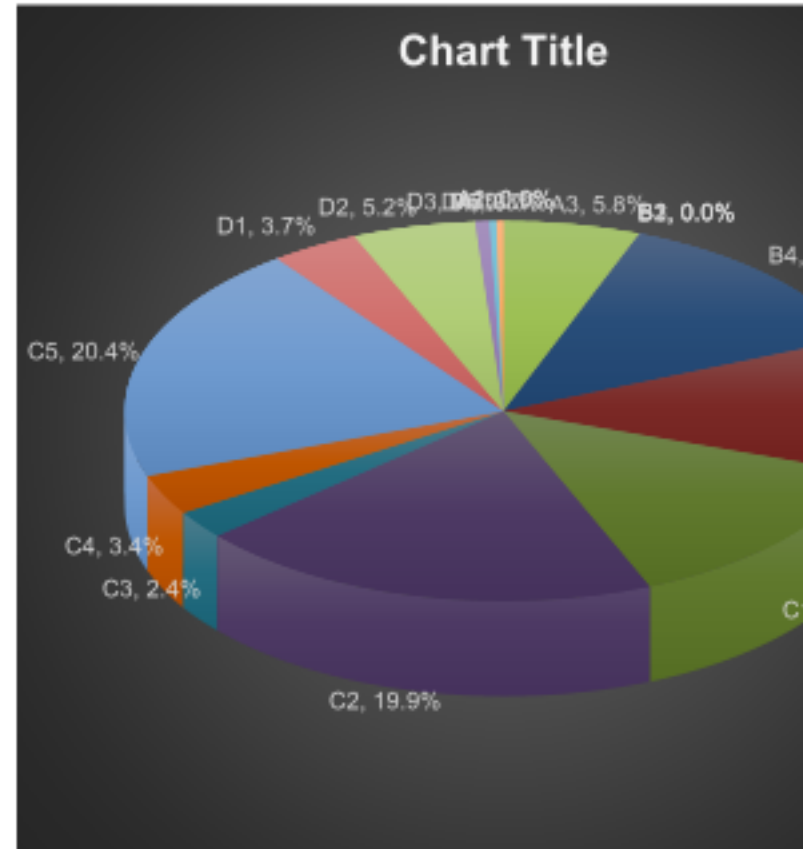
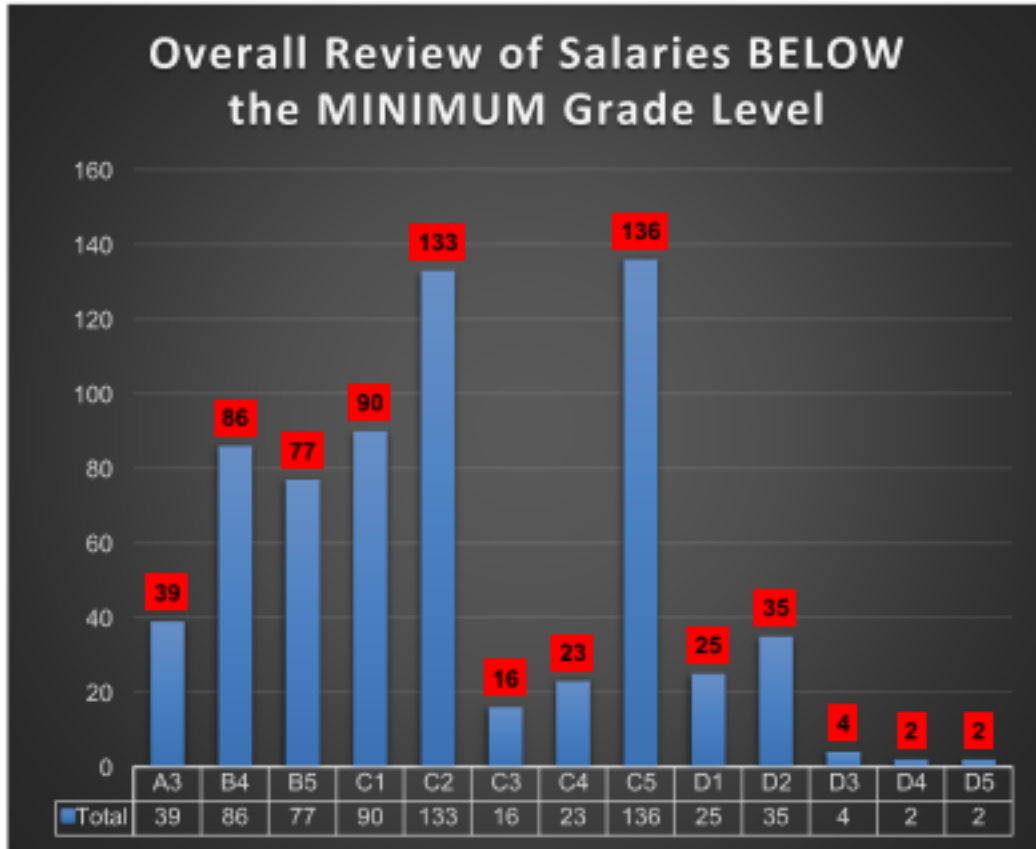
- Approximately 668 employees fall below the minimum of the salary scale after applying 2015 salary scales,
- Approximately R33m will be required to adjust salaries of employees below the minimum salary band. This is after effecting the 6% salary increase
- Approximately 1042 employees fall above the maximum of the salary scales and measures to slow down their salaries will be applied if approved by the union

Annual Increases (6%)_Salary Analysis vs 2015 Salary Scales

Grade Level	Head Count	Below Min	Cost of Adj below Min	Within Scale	Above Max Scale	Financial Impact Above Max Scale
Grand Total	3049	668	32 854 524.02	1339	1042	164 400 100
A1	5				5	380
A2	2				2	260
A3	54	39	556 451.03	15		
B1	20			18	2	150
B2	22			9	13	800
B3	26			2	24	2 330
B4	132	86	3 410 021.50	27	19	990
B5	183	77	3 817 168.95	41	65	6 120
B5_B3B5	9			1	8	1 240
C1	695	90	1 267 671.35	427	178	21 880
C2	276	133	4 657 175.56	85	58	5 650
C2_C1C2	13			5	8	2 390
C3	87	16	759 688.76	42	29	3 640
C4	185	23	2 062 543.82	74	88	12 900
C5	588	134	11 046 045.36	271	183	26 810
C5_C3C5	25	2	153 075.41	4	19	5 560
D1	190	25	1 806 303.83	55	110	24 090
D2	337	35	2 656 733.91	141	161	34 260
D3	59	4	422 774.38	30	25	3 610
D3_D1D3	24			12	12	3 680
D4	52	1	13 236.81	31	20	4 570
D4_D4D5	6	1	199.67	2	3	1 280
D5	59	2	225 433.68	47	10	1 690
Grand Total	3049	668	32 854 524.02	1339	1042	164 400 100

Analysis _ salaries paid below the minimum of the grade level

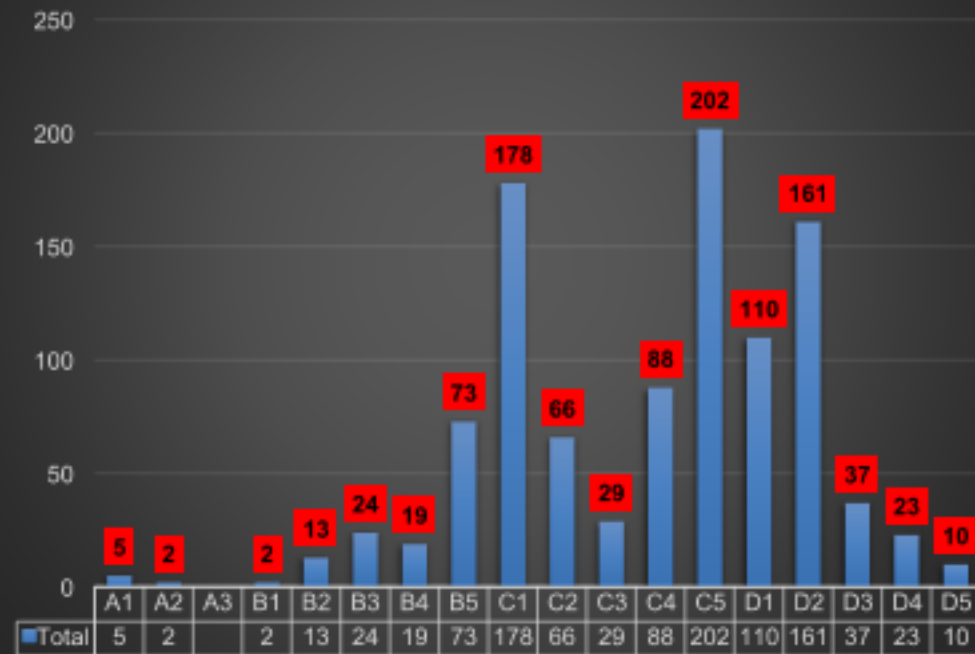
- Approximately 67% of employees below the minimum salary band are between C1 to C5 and D1 to D2 which is the ICT service delivery business
- The majority of this employees are in the core business, that is, ADM, National Consulting, IT Infrastructure and Service Management
- This is also the grade area experiencing high turn-over rate and effort must be made to retain them



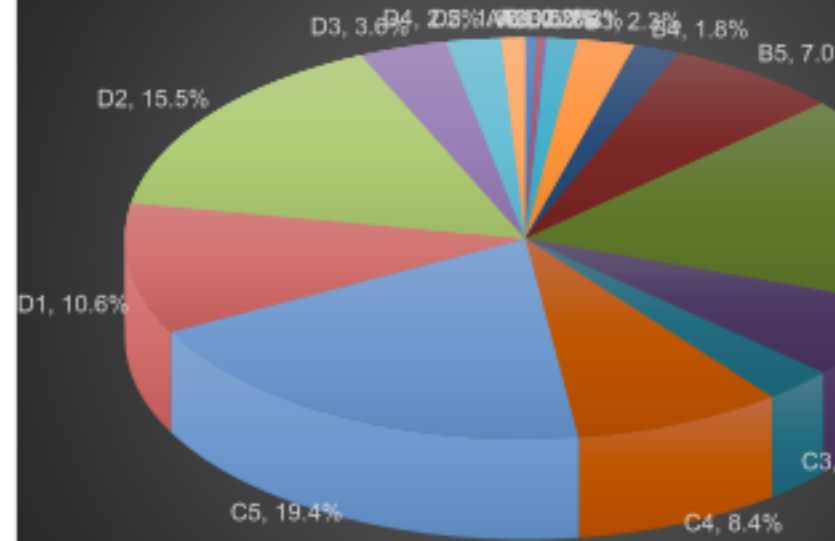
Analysis _ salaries paid above the maximum the grade level

- Approximately 69% of employees above the maximum of the salary band are between C1 to C5 and D1 to D2 which is service delivery belt of SITA
- The majority of this employees are in the core business, that is, ADM, National Consulting, IT Infrastructure and Service Management
- This is also the grade area experiencing high turn-over rate and effort must be made to retain them

Overall Review of Salaries ABOVE the Grade Level



Above Max



**Thank You
Questions**



Salary Increase Implementation Bargaining Forum



Board Resolution

The board approved the 2021-2022 salary increases.

- The implementation is as follows:
 - An increase of **3%** aligned to performance scores on sliding scale for levels A1-D5, excluding those with a performance rating of one and two (unsatisfactory performance)
 - An increase of **3%** across the board for levels A1-D5. **All employees to receive this increase**
- Measure to slow down salary bill:
 - Resolved that the measure to slow down the salary bill should be implemented starting this financial year. The 2021 salary increase and the measures to slow down salary bill should be implemented together with the 2015 salary scales.
 - The performance salary increase value of all employees earning **above the maximum** of the salary scales be paid **once off** outside the TGP to slow down the growth of a TGP for a period of 3 to 5 years until the salaries are brought within their position's salary scale.
- Measure to adjust the salaries of those below the minimum of the scale
 - The salary of all employees earning below the minimum of the salary scales be adjusted to be within the minimum of the salary scales over a 2 to 3 year period.

Sliding Scale : A1 – D5 - Example

IMPLEMENTATION SCENARIO				
Performance Rating	Performance Description	ATB 3%	Sliding Scale % performance	Total Increase %
5	Outstanding Performance	3	3	6
4	Significant performance above	3	2.5	5.5
3	Fully Effective	3	2	5
2	Performance Partial Satisfactory	3	0	3
1	Unsatisfactory performance	3	0	3
	No Performance Rating	3	0	3

NB: No Performance refers to those who do not have a rating score for whatever reason

High Level Implementation Plan

This is the high level plan to be followed to implement the 2021-2022 salary increase and salary scales for bargaining level employees.

NO	Task	Responsibility	Due Date	Status
1	Complete labour forum negotiations	HCM ER	23 June	Complete
2	Obtain Exco Recommendation to board	HCM/Exco	25 June	Complete
3	Analyse and document financial implications	HCM/Finance	20 July	Complete
4	Board approval of Exco recommendation	Board	30 July	Completed
5	Finalise salary increase agreement with PSA – Board feedback	HCM ER	12 August	Not Started
6	Brief impacted employees	HCM	13 – 17 Aug	Not Started
7	Communicate the implementation of salary increase and new salary scales	HCM	13 – 17 Aug	Not Started
8	Final payroll preparation	HCM / Finance	13 – 20 Aug	Not Started
9	Run salary increase payroll	HCM/Finance	25 August	Not Started
10	Deal with any remaining salary increase queries and close	HCM	30 August	Not Started

Thank You Questions



ANNEXURE

**STATE INFORMATION TECHNOLOGY AGENCY (SITA)
MANDATE WITH REGARD TO SALARY INCREMENT 2021/2022**

Members must first read the *Informus*

TOPIC	ACCEPT	REJECT	COMMENTS
SALARY INCREMENT			

Name: _____

PSA Membership number:/PERSAL NO. _____

Signature: _____