

FOR PSA MEMBERS: **PUBLIC SERVICE COORDINATING BARGAINING COUNCIL (PSCBC)**

23-06-2022

Feedback: Special Council meeting – 22 June 2022

Update: Public Service wage negotiations for 2022/23-financial year

Members were informed that the employer could not table its offer on 20 June 2022 as it was instructed by its principals to retreat to allow for finalisation of its internal mandating processes. Subsequently, parties reconvened on 22 June 2022 where the employer responded as follows:

- National Treasury in terms of section 79 of the Public Service Regulations, will provide written confirmation for the availability of funds for the conclusion of a collective agreement at the PSCBC.
- The employer agrees with a single-term agreement for the financial year 2022/23.
- The payment of gratuity allowance, which and will continue to be paid for the financial year 2022/23.
- In addition to the above, a 1.5%-salary increase on the baseline that will be backdated w.e.f. 1 April 2022.
- Two scenarios were presented, *i.e.*, an across-the-board increase and one on the sliding scale.
- Pay progression of 1.5% will be implemented in terms of the existing pay-progression policy.

The employer's offer translates to additional amount of R6.7 billion over and above the R20.5 billion budgeted for salary increase. Labour responded that pay progression should not form part of the offer as it is part of the current resolutions across the various sectors. Further, employees have not received salary increase for the last three years, which not only affected their purchasing power but also growth of their pension. Labour maintained that a 1.5%-salary increase offer is not even an offer worth considering as it is tantamount to an insult to employees who were deprived of salary increase in 2020 and were given only an allowance in 2021.

The employer has interpreted the proposed offer to be at 6%, which is above the inflation of 5.9%, as it consists of a 1.5% pensionable salary increase and 4.5% non-pensionable gratuity allowance that is currently being received by employees.

On closer inspection the offer of 1.5% is less than R500 before tax for employees on those salary level 7 and below and R1 000 for those on salary level 11 and below. Employees on salary level 12 will receive R1 308.

Labour revised their initial demands from a 10% to 8%-salary increase on the baseline, with the continuation of the cash gratuity and requested the employer to source more funds. Labour further indicated that the employer must be mindful of the fact that office bearers are getting a salary increase of 3%, despite earning astronomic salaries. They are receiving the money from the same fiscus, hence the poverty factor cannot hold water and the employer is expected to propose an improved offer.

Two unions out of six admitted unions moved away from the position of the consolidated demands of labour and indicated that they can only consider a salary increase on the baseline without the continuation of cash gratuity. The PSA, however, does not agree with discontinuation of the cash gratuity as it will result in less cash in employees' pockets, which will then leave them worse off, and the PSA does not currently have the mandate from members to call for such. The employer responded that the demand of 8% is still not affordable although it would be subjected to the mandating process with the principals. The employer committed to report back to Council on 23 June 2022 in a special Council meeting.

Members will be updated on developments.

GENERAL MANAGER