



## Communication to all Public Servants October 2001



# Public Service Wage Settlement 2001/2004

The 2001/2004 negotiations on the increase of salaries and the improvement on the conditions of service for the public service commenced on 5th June 2001 and concluded with an agreement on 14<sup>th</sup> October 2001.

Below is a summary of the agreement that was signed by the majority of parties in the PSCBC:

### 1. Objective of the agreement:

- To provide for the annual wage increase for public servants for 2001/2002; 2002/2003 and 2003/2004 financial years.
- To ensure salary adjustments are affordable, sustainable and promote efficiencies in terms of this multi-term agreement.
- To finalise pay progression and its implementation.
- To give effect to Resolution 7 of 2001 in terms of transformation and restructuring in the public service.
- To provide for the payment of acting allowances.
- To establish a process to determine occupational classes in the public service that constitute scarce skills and to determine a framework for their retention.

### 2. Scope of the agreement

- This agreement binds the employer and employees who are employed by the state and who fall within the registered scope of the PSCBC.

### 3. Multi-term wage increases

#### 3.1 Annual increase for 2001/2002

The annual wage increase for 2001/2002 financial year shall be an average of 6.58%. This constitutes an increase of R5.009 billion. The increases shall be effected in the following manner:

- |                         |         |
|-------------------------|---------|
| ▪ Salary level 1        | 8%      |
| ▪ Salary levels 2 & 3   | 7%; and |
| ▪ Salary levels 4 to 12 | 6.5%    |

#### 3.2 Annual increase for 2002/2003

The annual wage increase for 2002/2003 financial year shall be CPI-X plus an additional 0.5%

**3.3 Annual increase for 2003/2004**

The annual wage increase for 2003/2004 financial year shall be CPI-X plus an additional 1 %.

CPIX is an inflation measure that discounts the interest on mortgage/home loan.

**3.4 Implementation (2002/2003 and 2003/2004)**

The wage increase shall be implemented on 1 July of each year.

**3.5 Re-opening of negotiations**

Should the threshold on the CPI-X be lower than 4% or higher than 7,5% for the periods identified in clauses 3.3 and 3.4 above the parties will be entitled to call for the re-opening of the negotiations.

**4. Pay Progression**

4.1 The employer shall pay the R850 (eight hundred and fifty rands) as per Resolution 7 of 2000 upon signature of this agreement. Should parties fail to reach an agreement on the new pay progression system, the parties will reopen negotiations on the payment of the R850 in the subsequent years.

4.2 Further work on the new pay progression will be referred to the task team of the PSCBC for finalisation by 15 January 2002.

4.3 The pay progression system shall be implemented on 1 April 2002 at sector level.

4.4 The employer shall allocate 1% of the wage bill for increments effected in terms of the pay progression system, and such increments shall be effected for the first time on 1 July 2002 and thereafter on 1 July each year.

4.5 Those employees who benefit from the pay progression system shall receive the benefit in addition to the increases referred to in Clause 3 above.

**5. Payment of Acting Allowances**

5.1 Employees appointed, in writing, by the Head of Department shall be paid an acting allowance to act in that post provided that:

- the post is vacant and funded; and
- the period of appointment is longer than 6 weeks.

5.2 The sectors will determine a policy on acting allowance for the employees appointed to act in a higher, vacant and funded post within one month of the signing of this agreement.

**6. Scarce Skills**

6.1 The PSCBC shall establish a task team to determine a framework to retain scarce skills by February 2002.

6.2 The sectors shall determine occupation classes that constitute scarce skills.

**7. Medical Assistance for those excluded from the Medical Aid Scheme**

- 7.1 The medical aid task team in the PSCBC shall prioritise an agreement on the provision for a compulsory basic health care package. This package shall be presented to the Council for negotiations. The package will include amongst others, the treatment of opportunistic infections, in relation to HIV/AIDS to address the needs of employees who do not benefit from any medical assistance.

## **8. Restructuring/Transformation of the Public Service**

- 8.1 Twenty thousand (20 000) posts shall be created in the following key service delivery sectors which shall include amongst others-
- a) Education
  - b) General Public Service(Correctional Services and Justice)
  - c) Health and Welfare
  - d) Safety and Security
- 8.2 Parties agree to convene a special PSCBC meeting, which shall remain in session for an uninterrupted period between 16<sup>th</sup> October to 12 December 2001 in order to conclude a collective agreement on restructuring.
- 8.3 The negotiations contemplated in clause 8.2 above shall be based on the principles contained in Resolution 7 of 2001, specifically the section titled " procedures and processes to govern the transformation and restructuring processes at department, sectoral and central PSCBC level".
- 8.4 Departments and sectors shall continue with all the processes contained in Resolution 7 of 2001, except for those issues that require an agreement in terms of clause 8.3 above.
- 8.5 The collective agreement on restructuring shall include amongst others detailed provisions regarding –
- 8.5.1 The procedures to be followed during restructuring and the timeframes thereof;
  - 8.5.2 The structures necessary to facilitate the restructuring process; and
  - 8.5.3 Monitoring, co-ordination and reporting mechanisms.
- 8.6 If an agreement on restructuring is not reached by 12 December 2001, the parties agree to resort to conciliation, arbitration, strike, lock-out or any other legal option as provided for in law.
- 9. Implementation date**
- 9.1 This agreement is effective on the date of signing, unless otherwise indicated in this agreement.
- 9.2 This agreement is in full and final settlement of all substantive matters relating to improvement on salary increase and conditions of service, covered by this agreement, for all public servants for the duration of this agreement unless the parties agree to re-open negotiations.
- 9.3 Clause 9.2 above does not affect the continuation of task teams nor does it impede on the Sectoral negotiations on matters of mutual interest that are sector specific.

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**This agreement concludes the wage negotiations for 2001/2004. These negotiations have been long, protracted and challenging with parties needing continued support from their constituencies. The Minister for Public Service and Administration on behalf of**

**government, wishes to commend all the parties and individuals who made the settlement possible, especially the negotiations teams of all sides, the conciliator and the PSCBC for dedication and continued support during the difficult times. Reaching the agreement displays the level of maturity on all the parties involved in these negotiations. It is now time to go back to work to ensure that this agreement works to the benefit of all employees and the citizens of the country as a whole.**