

Unions, government reach wage agreement

Labour unions and government have on Friday signed a three-year wage agreement, bringing an end to the lengthy wage negotiation process.



© Ion Chiosea – 123RF.com

“Government has welcomed the conclusion of another three-year multi-term public service wage agreement after a long and difficult negotiations process. The agreement has now been signed by a 65.74% majority of all parties, therefore as government we understand that all forms of industrial action now fall away,” said a statement issued by the Department of Public Service and Administration on Friday.

The Public Servants Association (PSA) had served the DPSA with a seven-day notice to strike on Monday, calling on public servants to march to the department’s offices in Pretoria.

In terms of the agreement, officials on salary levels 1 – 7 will receive a CPI plus 1.5% increase for the 2018/2019 financial year. Those on salary levels 8 – 10 will receive a CPI plus 1% increase and public servants on salary levels 11 and 12 will receive a CPI plus 0.5% increase.

The adjustments are inclusive of employees on Occupational Specific Dispensation (OSD) and are effective from 1 April

2018. The OSD employees are those employed as doctors, nurses and teachers, among others.

Minister of Public Service and Administration Ayanda Dlodlo said the wage negotiations took place amid growing concerns over the escalating public service wage bill and a contracting economy which pose serious challenges to the already strained government fiscal purse.

“As government we are glad that we have reached another multi-term agreement. The agreement proves that it is possible for both parties to reach an amicable agreement that puts the stability of the country and service delivery first.

“We recognise and appreciate the commitment shown by labour unions throughout the negotiations process, and we commit ourselves to fully implement the agreement,” said Dlodlo.

Cost containment measures

The 2018 Medium Term Expenditure Framework (MTEF) made a provision of R110 billion for salary adjustments and improvements in other conditions of service for employees falling within the scope of the Public Service Co-ordinating Bargaining Council (PSCBC).

According to the department, the 2018 salary agreement exceeds this amount by R30 billion over the MTEF.

“This then calls for cost containment measures to ensure that the wage bill remains within the existing compensation ceilings,” said the department.

Government will offer employee-initiated severance packages that will focus on encouraging public servants between the ages of 60-65 years to go on early retirement. This will give government the ability to absorb more youth into the public service.

“The programme will have short term costs, but long term gains such as reducing the overall wage bill and creating employment opportunities for the youth,” said the department.

Other interventions include a review of the performance management and incentive system; centralised job grading and evaluation as well as more effective management of allowances.

“All these measures will be implemented in a manner that avoids negatively impacting on the capacity of the state to deliver quality public services. This will also require a review of the structure of government, in order to reduce fragmentation and duplication of functions, including the elimination of redundant posts, and continued careful management of earnings growth including allowances, performance incentives and other benefits.

“This will assist with the management of both headcount and earnings of public servants.”

The Minister said: “In the present economic conditions, it is important to balance our spending on the wage bill and resources required for service delivery while taking into cognisance the strain in our public finances as a result of the sluggish economy.”

Dlodlo thanked all the parties for working hard to ensure the agreement was negotiated in the best interests of all public servants and the public at large.