

MEDIA RELEASE	Public Service wage dispute: PSA not impressed with government's "settlement proposal"
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The Public Servants Association (PSA), on the eve of the hearing of the Public Service wage dispute before the Labour Appeal Court on 2 December 2020 received a meeting request from the Minister of Public Service and Administration to share a proposal to address the salary dispute.

The virtual meeting took place on 29 November 2020 where the Minister again provided background stemming from the February 2020 budget speech and highlighted the financial constraints and challenges related to the implementation of the last leg of Resolution 1/2018. The Minister painfully highlighted the fact that irrespective of the Labour Appeal Court outcome, the fragile relationship between labour and the state is set to become more strained. The Minister indicated that the impact of the compensation budget on the economy required a reduction of R160 billion over three years. The current wage dispute must, however, be resolved before the compensation budget can be reduced and government is of the opinion that this should be done through the collective bargaining process.

The Minister then proposed a settlement to resolve the non-implementation of clause 3.3 of the Resolution. The proposal entails a pension-based approach whereby the employer's contribution to employees' pension, amounting to R27 billion, will be utilised to provide employees with a once-off bonus, calculated on the actual CPI of 3% as determined in September 2020. This converts to the lowest-level employee receiving 4 000 and the highest-level employee receiving some R52 000 once off taxable amount .

The PSA, in response, indicated to the Minister that there had been several requests for meetings, which were not honoured. Letters confirming that the Resolution would be honoured also proved to be of no value. This undesirable situation has placed a huge strain on relationships. The PSA informed the Minister that the proposal is akin to utilising an employee's own pension money to paying the employee. In addition, the long-term impact of the loss of R27 billion will have a substantial detrimental impact on the Government Employees Pension Fund. This shortfall will ultimately have to be reimbursed at the expense of overburdened taxpayers.

The PSA reminded the Minister that the salary dispute is currently *sub judice* and it would be appropriate for any proposal to be forwarded to the respective legal teams for consideration. The PSA will thus continue with the legal process. Any tangible proposal to be considered before judgement is handed down will be consulted with members.

The PSA regard the hearing of the dispute as one of the most important and defining events in the history of South African labour law. This watershed case not only affects the salaries of public servants but has a direct impact on the future of collective bargaining in the South Africa. The PSA is optimistic that it has a very strong case in that

that collective agreements must be honored and that public servants, like any other worker in the country, must be paid the salaries due to them.

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