

Update: Wage and leave encashment dispute

Members are aware that the employer failed to implement the final leg of the three-year wage agreement. The employer also failed to pay the leave encashment benefit for the 2021-financial year. The PSA has declared disputes for both matters.

The salary increase dispute has been referred to the High Court to enforce the last leg of the wage agreement and the matter should be heard within the next four to six months. The leave encashment dispute has been referred to the CCMA and the matter is scheduled to be arbitrated on 29 October 2021. The employer recently approached the PSA with a proposal to settle both disputes as referred to above. It is important for members to note that the employer's proposal is a combined settlement proposal for both disputes at this stage.

Below is a breakdown to what members currently have *versus* what the employer is proposing to settle the disputes:

Salary increases

Current Collective Agreement	Settlement proposal	Difference
6.2%	3.9%	-2.3%
Effective date - 1 April 2021	1 April 2021	none

Leave encashment

The leave encashment dispute was declared since the employer unilaterally decided not to pay the leave encashment benefit to employees for the 2021-financial year. In terms of the 2006-collective agreement and relevant policies, employees could cash in a maximum of six days of their unused leave days every year. The employer is proposing to stop this benefit entirely. This will mean that no employee can in the future sell any of their leave days. The employer is proposing to pay all employees a once-off amount of R1 500 and thereafter stop the benefit.

Below is a breakdown of the proposal versus the current benefit that members enjoy. The figures below are calculated on an estimated daily rate of R1 200 before tax. Members should also note that both the settlement and the leave days must still be taxed.

Year of service left before retirement age	Estimated days to be sold	Estimated amount	Settlement proposal	Difference
5 years	30	R36 000	R1 500	- R34 500
10 years	60	R72 000	R1 500	- R70 500
15 years	90	R108 000	R1 500	- R106 500
20 years	120	R144 000	R1 500	- R142 500
25 years	150	R180 000	R1 500	- R178 500

The table above is a clear indication that the current settlement offer by the employer will have a tremendous negative financial implication if the leave encashment benefit is removed from employees.

Members should contact their respective full-time shop stewards (FTSS) for further clarity on the above. PSA offices and FTSS will utilise this week to update members. A mandate will then be required from members in the following week. It is therefore crucial for members to understand the employer's settlement offer before they cast their mandate.

The PSA wants to take this opportunity to wish all employees who are unwell owing to COVID-19 a safe and speedy recovery.

GENERAL MANAGER