RESOLUTION NO __ OF 2008

REVISED FOREIGN SERVICE DISPENSATION FOR EMPLOYEES SERVING IN THE REPUBLIC OF SOUTH AFRICA MISSIONS ABROAD

1. OBJECTIVES

Observing the objectives that inform the Foreign Service Dispensation (FSD) as contained in PSCBC Resolution 8 of 2003 and with due consideration to the principles of adequacy, equitability, simplicity, stability, maintainability, justifiability, affordability and interactivity the objective of this agreement is to adjust certain aspects of the dispensation.

2. PURPOSE OF THE FSD

Is to compensate a designated employee stationed abroad for the cost of living expenses based on the principle that it is expected of designated RSA employees stationed abroad to maintain a standard of living commensurate with the representational standard determined by the RSA Government.

3. SCOPE OF APPLICATION

This agreement applies to the employer and employees who serve in a foreign country at a mission of the Department of Foreign Affairs (DFA).

4. THE PARTIES OF THE COUNCIL AGREE TO THE FOLLOWING

4.1. COST OF LIVING ALLOWANCE (COLA)¹

The following arrangements will apply in the determination of the COLA:

4.1.1 Determination of COLA Key Norm Amounts

(a) The USA should be retained as the base for the determination of COLA rates and the COLA key norm amounts for the respective Missions, but based upon the cost of a basket of goods per salary level.

¹ Acronyms attached as Annexure A.
(b) Therefore, the COLA Key Norm Amounts should be determined as follows:-

(i) The basic basket of goods and services is determined for an Accompanied and Unaccompanied (Accompanied less 7.5%) employee in New York and the key norm amounts are converted by the IERF obtained from the UN RPI for each mission.

(ii) The cost of the basket is incremented by 15% per Salary Level based on the difference in job level from one Salary Level to another.

(iii) The basket is re-priced each year using ECA's New York Index of 300 items customised to match the items to be covered by the COLA.

4.1.2 Utilisation of Median Remuneration Data:

Given the fact that South Africa is considered to be near the centre of distribution of countries in the "middle income grouping", the median remuneration data should be utilised for purposes of determining the COLA.

4.1.3 Income covered by COLA:

The COLA shall be based upon a basic basket of goods specifically tailored to those items covered by the COLA in New York and excluding all items provided in kind. The determination of the corresponding COLA's in each city and country is then calculated using the UN RPI based on South African FSD weights, as well as the exchange rate that is utilised to calculate the UN RPI. The prices of the items in the basket must be adjusted annually.

4.1.4 Application of COLA Adjustments:

(a) With a view to ensuring stability from year to year, no negative adjustments should be effected to an existing COLA due to the exchange rate fluctuations. In other words where an adjustment indicates that the newly calculated COLA is lower than the existing COLA, the latter is retained. However, when there is clear evidence that the price index has decreased (i.e. the local cost of the basket of goods decreased in real terms) the COLA should decrease incrementally by no more than 5% to reduce possible financial hardship on the employees concerned.

(b) Noting that a sudden dramatic change in the exchange rate can result in a dramatic increase in the calculated COLA, a phased increase should be followed in the COLA adjustment. Therefore where an adjustment indicates the newly calculated COLA is more than 5% higher than the CPI of the currency paid at the Mission, the existing COLA should be increased by the average of the percentage change in the calculated COLA and the CPI percentage for the past year.
4.1.5 Use of City COLI rather than Country COLI

Noting that South African Missions are to be found in different cities in the same country and that the cost-of-living may vary from one city to the next within any given country (e.g. a large difference exists in the cost-of-living between Washington DC and New York), the COLI should be determined for each city, in order to more accurately reflect the COLI differences experienced by employees stationed at the respective South African Missions.

4.1.6 Tandem Couples Allowance

The Accompanied COLA is calculated based on the costs that 2 adults would incur in terms of goods and services and the fact that COLA is not remuneration for working at the Mission, the status quo remains, i.e. the accompanied COLA should be shared.

4.2 CHILD ALLOWANCE (CA)

The purpose of CA is to compensate a designated employee for additional expenditure necessarily incurred by her/him in respect of the maintenance of (a) dependent child(ren) as the direct result of performing foreign service and with due consideration to the fact that changes in the determination of the COLA impacts on the determination of the CA. The CA key norm amount shall be calculated at 7.5% of the median COLA amount. The CA key norm amount multiplied by the UN RPI and IERF (as applicable to the COLA) will then amount to the CA. This principle shall apply mutatis mutandis to the RSA CA amount.

4.3 SCHOOLING EXPENSES

The purpose of reimbursing employees for schooling expenses is to contribute towards the tuition expenses incurred in connection with the school fees of the dependent children of an employee stationed abroad, the schooling expenses shall be paid from the age of 4 months.

4.4 CLOTHING ALLOWANCE

4.4.1 Noting that South Africa does not experience severe winter conditions:

(a) employees do not purchase and wear clothing for extreme winter conditions;

(b) appropriate clothing for these severe winter conditions is not available in South Africa and has to be purchased on arrival in a cold climate country.

4.4.2 An employee shall be paid a once off allowance on her/his posting of US$300 (key norm amount) and for each of the accompanying dependants to assist them to purchase the appropriate clothing. The amount of US$300 will be converted by the IERF obtained from the UN RPI for each mission.

4.4.3 The allowance will only be paid to employees posted to Missions categorised by DFA as extreme weather Missions. The allowance shall be adjusted annually together with the adjustment of the COLA based upon the US CPI.
4.5 MEDICAL ASSISTANCE

Processes are underway to develop and implement a specially designed international option with GEMS for employees stationed abroad.

5. DURATION OF AGREEMENT

This agreement shall remain in force until the parties agree otherwise.

6. DATE OF IMPLEMENTATION

This agreement shall be implemented with effect from 1 January 2008 and adjusted annually commencing on 1 April 2009.

7. DISPUTE RESOLUTION

Any dispute about interpretation or application of this agreement shall be dealt with according to the dispute resolution procedure of the PSCBC.
THIS DONE AND SIGNED AT Centurion ON THE 13 DAY OF March 2008.

ON BEHALF OF THE EMPLOYER PARTY

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ON BEHALF OF TRADE UNION PARTIES

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ACRONYMS

FSD – FOREIGN SERVICE DISPENSATION
BER – BUDGET EXCHANGE RATE
CA – CHILD ALLOWANCE
COLA – COST OF LIVING ALLOWANCE
COLI – COST OF LIVING INDE
CPI – CONSUMER PRICE INDEX
DFA – DEPARTMENT OF FOREIGN AFFAIRS
ECA – EMPLOYMENT CONDITIONS ABROAD
IERF – INDEX EXCHANGE RATE FUNCTION
UN RPI – UNITED NATIONS RETAIL PRICE INDEX