



Republic of South Africa
Ministry for the Public Service and Administration

Ms Ayanda Dlodlo, MP

Minister for the Public Service and Administration

**KEYNOTE ADDRESS TO THE PUBLIC SERVICE SUMMIT ON
COLLECTIVE BARGAINING**

THEME: “*Strengthening and defending centralised collective bargaining to advance economic development, social justice, a capable and developmental state, labour peace and the democratisation of the workplace.*”

28 March 2022

EMPEROR’S PALACE

SALUTATIONS

Programme Director: **Mr Mompoti Jones Galorale**

Deputy Minister for Public Service and Administration, Dr Chana Pilane-Majake

PSCBC Chairperson- **Ms Ingrid Dimo**

Director ILO Pretoria Office - **Mr. Joni Musabayana**

Director CCMA- **Advocate Cameron Morajane**

NEDLAC Labour Convener- **Mr Bheki Ntshalintshali**

PSCBC General Secretary- **Mr. Frikkie De Bruin**

Senior Government Officials present

All labour Representatives present

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PURPOSE OF THE SUMMIT

Programme Director, Government views this Summit as a very important opportunity to build on the first two Summits called Birchwood 1 and 2. This is why this Summit is colloquially referred to as Birchwood 3. Our aim is to solicit each other's understanding on the different priorities/expectations and emerge with a balanced view of finding each other towards the mutually benefiting end of labour peace, a professional, capacitated, ethical and developmental public service that is capable of delivering improved public services.

Most importantly, it is our hope that having addressed these issues, will allow us as partners to reboot and reset our relationship to a level where

we have restored trust and strengthened our collective belief in the Bargaining processes and in each other's commitment to a better system that can withstand any assault on it from any quarter imaginable.

COLLECTIVE BARGAINING

The theme of the summit is "Strengthening and defending centralized collective bargaining to advance economic development, social justice, a capable and developmental state, labour peace and the democratisation of the workplace"

The fact that trade unions and government as an employer could agree to the articulation of the above theme is in itself an unambiguous demonstration of an unequivocal mutual commitment to the strengthening of social dialogue. This is in line with the President's call that he made as he delivered the 2022 State of the Nation's Address (SONA) for a social contract. Not as an end in itself but as a means to promote inclusive economic growth, social justice, equitable distribution of the country's wealth and promotion of workplace peace and stability.

According to the International Labour Organization, this type of social dialogue approach as a response to a type of crises we face as a country is both efficient and more equitable, as it protects the weakest segments of society, through collective focus and collective wisdom.

The need to protect the weakest in society as contemplated by the ILO, resonates well with our government's commitment to foreground the philosophy of four equally important components of society, namely, Citizens, Government, Public Service and Public Servants in our approach to this summit.

This is so because it is the citizens who elect a government, in turn it is the government which sets up a public service, which appoints public servants through whom services are delivered to the citizenry. All these components are in turn bound by the principles of equity, transparency, affordability, and fairness. Furthermore, it is the government's role to ensure its policy choices serve to protect the often-competing interests of all stakeholders.

SOCIO-ECONOMIC CONTEXT

As parties to the PSCBC, we need to respond to the broader socio economic realities facing the public service and our country. These broader socio-economic realities include the sluggish economic growth, shrinking revenue and high unemployment. Malfeasance, corruption and COVID 19 exacerbated this already dire situation. All of these factors in turn, result in the progressive decline in the social wage as well. The decline in revenue has led to Cabinet adopting measures aimed at containing the cost of public administration that include, amongst others, the management of the wage bill.

MANAGEMENT OF THE WAGE BILL

Researchers and economists have warned that our failure to effectively link budgets, staffing levels, remuneration, and delivery priorities, would have important consequences in the future for the social safety net, sustainability of public services and the stability of the country. These consequences include failure to deliver basic services as evidenced by an

increase in the number of service delivery protests from 82 in 2011 to 137 in 2019 according to Municipal IQ.

Government is also burdened with a massive wage bill. Government's wage bill (which does not only include the public service wage bill) accounts for 33% of all wages paid in South Africa, while it only employs only around 13% of all workers. This clearly contributes to inequality and is, therefore unacceptable. The Minister of Finance, reported as he tabled the 2022 Budget Speech that Public Sector wage spending is budgeted to increase marginally from R659.8 billion in 2021/22 to R695 billion in 2024/25. Over the last eleven financial years, the public sector wage bill grew at an average rate of 7.9% from R308.5 billion in 2010/11 to R659.8 billion in 2021/22. Compensation spending on the consolidated budget accounts for about 12% of GDP, making it one of the highest in the world when compared to our peers. Again, this is clearly unsustainable since the wage bill is growing faster than the revenue.

Budgets for wage adjustments come from the same source as funding for health, the police, roads and other Government priorities. An equitable balance should therefore be found to ensure sustainability and the maintenance of services at an acceptable level for South Africans. A comprehensive and inclusive approach should be adopted to ensure that the management of the wage bill is extended to public entities and local government as the funding pot remains the same. The fiscal risk to the fiscus and sovereign credit rating posed by SOEs and the local government requires that we improve the agility in which we engage with them.

CONSTITUTIONAL COURT RULING

This summit takes place at a time that has seen growing distrust between government and labour and an uneasiness on the state of collective bargaining. The Constitutional Court judgement on the matter pertaining to clause 3.3 of PSCBC Resolution 1 of 2018 came at the back of this uneasiness. It is our belief as government that the collective bargaining mechanisms currently in place were a result of hard fought struggles that forms the bedrock of the democratic dispensation. As such it must be defended, entrenched and where there are limitations, these addressed through dialogue.

The 1994 democratic breakthrough showed the possibilities that come with open discussions and honest dialogue. As government, we hold dear this belief that litigation should be the last resort and matters must be discussed until we find a solution acceptable to all of us. It has been our experience that social dialogue always yield outcomes which are more progressive, inclusive and acceptable than those outcomes that come as a result of an adversarial process such as litigation. With the Constitutional Court Judgement, we have no winners but we all came out poorer in terms as we surrendered our collective destiny to the courts instead of the negotiating table. Trade unions are an integral part in the government's efforts to address the triple challenge and in transforming our country into a non-racial, non-sexist and democratic order that guarantees rights of workers as envisaged in our Constitution.

While all of us are enjoined to respect the decision of the Constitutional Court in the above-mentioned matter we cannot underestimate the trust deficit occasioned by the way the dispute between our trade union partners and us as employers was handled.

So serious was the damage caused that some analysts wrongly, but understandably, opined that the implications of the Constitutional Court's decision are so far-reaching that they would annihilate the concept and practice of collective bargaining. Government disagrees with such analysis because the right to collective bargaining is enshrined in the Constitution and which the Constitutional Court emphasised on its importance.

It should be understood therefore that, the non-implementation of clause 3.3 of Resolution 1 of 2018 was not done maliciously or as part of an attack on collective bargaining. Even the errors of omission that occurred which caused the Constitutional Court to strike down clause 3.3 were committed in good faith. It is for this reason that government has initiated a process to ensure that all requirements, such National Treasury approvals will be met to ensure that future agreements cannot be invalidated on a technicality again.

I am pleased to remind this gathering that despite the prevailing sense of mistrust occasioned by the unfortunate misunderstandings that occurred in the immediate past, parties were able to conclude the 2021/2022 wage negotiations with respect to the Cost of Living Adjustment (COLA). Parties to the PSCBC must be commended for this resilience and continued confidence in social dialogue despite the difficulties they experienced during this period.

This resilience should be harnessed and nurtured for purposes of creating a responsive, robust and agile collective bargaining environment in the public service.

CAPACITY OF THE STATE

South Africa has made significant progress over the past 28 years to build a society that reflects the ambitions and values set out in the Constitution. 1994, saw the introduction of ambitious policy strategies, which were accompanied by a range of public sector legislative and policy reforms, intended to ensure that the policies established could be implemented. These successive policies, saw South Africa move through key policy moments, from the Reconstruction and Development Programme (RDP), to the National Development Plan which now stands as the South Africa's policy blueprint for long-term socio-economic development.

Despite the progress that can be noted and, as reflected in the 25 Year Review, it remains indisputable that the achievement of the intentions of these policies and practical delivery against the medium term strategic priorities established in line with them, has been uneven.

In 2011, the National Planning Commission's diagnostic report cited "capabilities of the state" as the deficit that stands as a major and undermining factor for South Africa's social and economic progress.

This sentiment is echoed by the 25 Year Review report (2018), which argues that "the capability of the State has come under question, particularly its agility and responsiveness to socioeconomic challenges." The review goes further stating that the (South African) State "is

hamstrung by under-capacitated and inefficient institutional structures, lacking focus and prioritization in implementation.”

Cabinet over the years has made a series of decisions aimed at addressing the capacity of the state, these have resulted into a number of initiative all of which were an attempt to address this challenge. It is critical that these initiatives are consolidated with a view to undertake a diagnostic assessment of the capacity of the state to responds to the developmental challenges and needs of South Africa. To address this, , the DPSA is in a process to constitute a multidisciplinary team of experts to advise on the initiative to assess the capacity of the state and embark on a diagnostic audit. The inaugural workshop on the assessment of state capacity will be hosted parallel to this summit tomorrow morning to define the scope and process to be followed.

GOVERNMENT’S POLICY POSITIONS

As part of efforts to realise the Consolidation of the Social Wage through Reliable and Quality Basic Services which is one of the government priorities, the government caucus will over the course of this Summit share detailed position papers for discussion on the following:

➤ CONSOLIDATED WAGE SETTING MECHANISM

An equitable wage setting mechanism, understood and agreed upon by all partners will ensure that wage settlements do not crowd out expenditure on other priority services as mentioned above.

This single wage setting mechanism should apply across the public sector for purposes of eliminating unjustifiable disparities that lead to job-hopping, unnecessary competitions between spheres of government and state institutions. This mechanism should therefore assist us to collectively implement reforms that will allow us, over time, to eliminate unjustifiable disparities in salaries and other conditions of service across the broader public sector.

Critical to this, is the review and integration of government's mandating structures and arrangements, job evaluation and grading and the potential introduction of a multi-factor index to inform collective bargaining on cost of living adjustments.

We must also consider ways in which we could revise the negotiations process to better align to the budget cycle. This will ensure that the cost of implementing collective agreements are factored into the budget.

➤ NEW REMUNERATION POLICY

The factoring of collective agreements into the budget will be captured in a new remuneration policy which addresses some of the current challenges around OSDs, allowances and other benefits that accrue to public servants.

In this regard, the Department of Public Service and Administration has commenced with a new Personnel Expenditure Review. The outcome of this review will inform the development of a new remuneration policy for the public sector. The Personnel Expenditure Review will specifically focus on problematic areas such as the occupation specific dispensations (OSDs) and consolidations of allowances. There will be a presentation on this matter later in the Summit programme.

➤ PROFESSIONALISATION OF THE PUBLIC SERVICE

Distinguished guests, you will recall that one of the priorities of the 6th administration is a commitment to build a capable, ethical, and developmental state. A key imperative of this is the professionalisation of the public service. Professionalising the public service has been elusive despite that it has always been emphasised as key. The National Development Plan (NDP) brought this into sharp focus, where it stated that “a developmental state needs to be capable”, but that capability can only come about if the public service is professionalised and all fundamentals are in place.

To ensure that when policies shifts or changes in systems are reviewed and changed, new concepts are adopted and new systems and processes are introduced in the operation of the Public Service, we need to ensure that all our stakeholders are in sync with our direction. To ensure that we move together, I have therefore directed the National School of Government to develop training and capacity building interventions targeted at union leaders and shop stewards in consultations with the unions in the public sector. These interventions, which I hope our Sector Education and Training Authorities will have the appetite to fund, will also

help us to spot and manage talent shop stewards and union leaders for growth and leadership that our country desperately desires. This intervention should give lower level labour leaders an opportunity to upskill themselves to qualify for higher positions and promotions in the public service. It is only when we invest in our future that we stand a better chance of building a better life for our people.

The Judicial Commission of Inquiry into State Capture Reports have demonstrated the systematic and deliberate weakening of the state through restructuring of its institutional capacity, strategic appointments and dismissals of key individuals' among other things as a result of state capture. These activities have compromised the ability of the State to function professionally and have had a far-reaching impact on the entire bureaucratic apparatus of the state to deliver services. The DPSA has been instructed to finalise the Human Resource Development and Management Strategy for the Public Service as part of professionalisation to address the capacity and capability challenges that are currently inflicting essentially all departments and state institutions as all levels. Initiatives are currently being rolled out to address the multiplicity of factors including but not limited to systemic corruption, poor skills at critical levels, lack of accountability for wrongdoing as well as factors such as declining budgets.

The intervention of the DPSA is supposed to address the pockets of extreme excellence on one side and extreme disorganisation on another. We need consistency that saw the response to the COVID-19 pandemic lauded across the world.

I call on organised labour to partner with us in providing the required level of support and specialisation function to public entities that are struggling to build the required capacity and capability. The DPSA has produced several reports on diagnosis and recommendations about capacity issues in the human resources management area. These include, amongst others, inadequate organisation structures, high vacancy rates, insufficient management of discipline and the lack of relevant academic qualifications. Addressing these, requires a strong partnership between government as employer and employee representatives.

➤ IMPLEMENTATION OF THE PUBLIC SERVICE CHARTER

The Public Service Charter is a response to the realization that the services and manner in which they are delivered are not at the required level. There is a need to improve public service delivery to citizens. The Public Service Charter seek to address the key challenge of effective implementation of the Batho Pele Principles and living Constitutional Values.

We therefore call upon Organised labour to assist with the following:

- a. A better understanding of the spirit aims of the Charter;
- b. Monitoring that the requisite departmental governance structures are in place, for improved programme support to implementing units;
- c. That available mechanisms for service delivery improvement are fully effective and are monitored;
- d. That public servants and union members are disciplined enough to live up to the charter; and

- e. Departmental leadership is adequate and those that undermine the spirit of the Charter are called out to account.

The full and effective implementation of the charter is critical in that its values also contribute to the fight against corruption and maladministration. On our part as government, we have put in place several programmes to fight this scourge. These programmes are directed by a National Development Plan, aimed to reduce the levels of corruption by 2030, and informed by a National Anti-Corruption Strategy that is based on the values of integrity, transparency and accountability, respect for the rule of law and zero tolerance for corruption. A key part of this started in April of 2021 when Lifestyle Audits became a compulsory function across the Public Service. Capacity building initiatives are being rolled out across the public service to institutionalise lifestyle audits to ensure that public servants are living within their means and their wealth can be explained in line with their assets and income.

➤ THE FUTURE OF WORK IN THE PUBLIC SERVICE

Two weeks ago, on the 14th and 15th the Department of Public Service and Administration (DPSA) hosted an Indaba on the Future of Work in the Public Service. The Indaba highlighted the need for DPSA's Regulations, Policy Frameworks and Directives to be reimagined to enhance youth representation, productivity and performance within the public service. The Public Service has been found to be aging and not prepared for the future due to a lack of understanding of technological developments, the

need to change current approaches to how work is delivered and the organisation of government as an institution serving the people.

The Indaba initiated the necessary conversations given the rapidly changing times and environment, and the need to be prepared for any potential abrupt disruptions such as demonstrated by the current COVID-19 pandemic.

The Indaba resolved on a number of initiatives that could leader the Public Service to move closer to achieving the aims of the NPD, the AU's Agenda 2063 of the Africa We Want and the United Nations' Sustainable Development Goals (SDGs). We are already putting in place mechanisms to ensure that the resolutions of the Indaba are implemented especially around:

- Promoting innovation and new ways of thinking in the public service for positive disruptions in service delivery;
- Promoting access of young people into senior positions across the state as part of addressing the problem of an aging public service that serves a young population. This starts with reviewing public service systems and processes for effectiveness and efficiency;
- Embracing technology and putting in place mechanisms that encourage the adoption of technology in the design and delivery of new services
- Reviewing Regulations and Norms and Standards that impede innovation and promote rigidity as well as gate-keeping instead of attracting and retaining the right talent; and

- Improving the forecasting ability of the state in pursuit of having a capable public service that is fit for purpose and that we are responsive to the needs of citizens.

The purpose of the Indaba was for us to reimagine a future public service that is welcoming to new entrants, accepting of diversity, responsive to the needs of the public and agile enough to adapt to new realities by using emerging technologies. It gave us an opportunity to also reimagine appropriate training interventions and tools of trade that will enable us to move with the times while embracing and preparing for the future.

Programme Director,

I am happy to report that, we were able to achieve this aim. Furthermore, you will agree with us that the COVID 19 pandemic has forced all of us to think differently about how we conduct government business. It is my hope that the Summit will deliberate further on the future work and the kind of the future public service we would all like to build and agree on a partnership format that will deliver on it.

CONCLUSION

As I conclude, I want to remind all parties in attendance here today that one of the major hallmarks of our transition to democracy in 1994 was the realisation of labour peace. Many of us today easily forget how fraught and violent our labour market regime was before 1994. I call on all of us gathered here today not to take for granted, South Africa's labour market

environment of today. It is our collective responsibility to defend it along the theme of this Summit.

We therefore have to safeguard and protect at all costs what we have achieved in our labour market since 1994. We need to build a new crop of young and energetic union leaders and shop stewards that understand the sacrifices that gave birth to this dispensation and can take it forward.

I therefore call on all of us to deliberate on these issues collectively and emerge from the Summit with a clear way forward and possible solutions, to deal with the challenges that are facing the public service. It is my belief that walking together, side by side will make sure that no one is left behind in building a social compact that is sustainable.

Indeed, the PSCBC is renowned for resilience and as a pioneer of social dialogue. I am certain that collectively we can achieve the goal of strengthening and defending centralised collective bargaining to advance economic development, social justice, a capable and developmental state, labour peace and the democratisation of the workplace.

I thank you

