



PUBLIC SERVICE CO-ORDINATING BARGAINING COUNCIL

RESOLUTION No.: 2 OF 2004

**AGREEMENT ON IMPROVEMENT IN SALARIES AND OTHER CONDITIONS
OF SERVICE FOR THE PERIOD 2004/05, 2005/06 AND 2006/07**

1. OBJECTIVES

- 1.1 To provide for the annual general salary adjustment for employees for the financial years 2004/05, 2005/06 and 2006/07.
- 1.2 To determine the basis for the annual general salary adjustment.
- 1.3 To provide a framework for the determination and compensation for scarce skills.
- 1.4 To provide for the finalization of macro-benefits (medical and housing).
- 1.5 To address other demands raised by parties to the Public Service Co-ordinating Bargaining Council (herein referred to as the Council).

2. SCOPE

This agreement binds the employer and employees who:-

- (a) are employed by the State; and
- (b) fall within the registered scope of the Council.

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THE PARTIES TO COUNCIL AGREE TO THE FOLLOWING:

3. MULTI-TERM SALARY ADJUSTMENT

3.1 The annual salary adjustment on 1 July 2004 shall be based on the projected CPI-X for the period 1 April 2004 to 31 March 2005, determined as 5.0% for the financial year 2004/2005, plus 1.2%.

3.2 The annual salary adjustment on 1 July 2005 shall be based on the projected CPI-X for the period 1 April 2005 to 31 March 2006 for the financial year 2005/06, plus 0.4%.

3.3 The annual salary adjustment on 1 July 2006 shall be based on the projected CPI-X for the period 1 April 2006 to 31 March 2007 for the financial year 2006/07, plus 0.4%.

3.4 If there is a difference between the actual CPI-X and the average projected CPI-X for the periods referred to in clauses 3.1, 3.2 and 3.3 above, the difference shall be dealt with in the adjustment for the following year in the following manner:-

3.4.1 If the actual CPI-X is higher than the projected CPI-X paid, the full difference shall be added to the adjustment for the following year, namely 1 July 2005 and 1 July 2006.

3.4.2 With regard to clause 3.3, if the actual CPI-X is higher than the projected CPI-X paid, the full difference shall be added to the outcome of the next round of the salary negotiations process.

3.5 The forecasts of National Treasury shall be used to determine the projected CPI-X.

4. SCARCE SKILLS ALLOWANCE

4.1 Parties to the Council agree that the framework for the determination and compensation for scarce skills allowance in the public service will be as set out in Annexure A to this agreement.

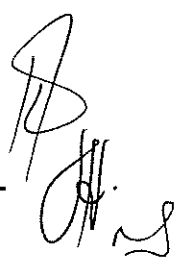
4.2 This said framework does not set aside or vary existing strategies/policies or agreements on scarce skills allowances at sectoral, departmental or provincial level within the public service.

4.3 The determination and payment of a scarce skill allowance is subject to review, at least every 24 months.

4.4 The scarce skills allowance is non-pensionable and subject to negotiations in the Council.



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4.5 Representative trade union parties shall be consulted in the relevant bargaining structures prior to the approval and implementation of a scarce skills allowance.

5. REVIEW OF REMUNERATION PACKAGES FOR IDENTIFIED CATEGORIES OF EMPLOYEES

5.1 The relevant departments in consultation with the Department of Public Service and Administration shall undertake a review of the total remuneration packages payable to identified categories of employees, with the view to ensuring that these employees are appropriately remunerated.

5.2 The review will take into account, among others, the Job Evaluation System applicable in the public service (EQUATE), market related factors, scarcity and rural factors and recruitment and retention imperatives.

5.3 Trade union parties will be consulted on the identification of the categories to be reviewed.

5.4 Identified health care and social workers will be part of the first group to be reviewed.

5.5 The outcome of the review and recommendations will be subjected to negotiations, with regard to matters of mutual interest, at the level of the Council, with the view to implementation by 01 January 2006.

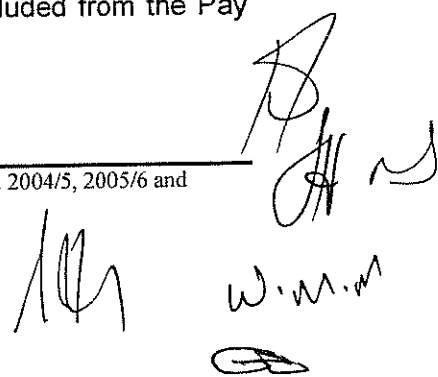
6. PAY PROGRESSION

6.1 Parties agree to undertake a joint review of the current Pay Progression System that is part of the Incentive Policy for the Public Service.

6.2 The review will be completed and recommendations be subjected to negotiations, where applicable, at the level of the Council, with the view to implementation with effect from 1 April 2006.

6.3 The review should include a study into:-

- (a) The number of notches within a salary level;
- (b) The percentage between notches;
- (c) The percentage between the maximum of a salary level and the minimum of the next salary level; and
- (d) Employees on personal notches who are excluded from the Pay Progression System.

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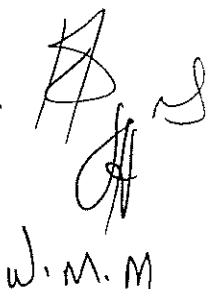
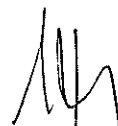
6.4 Educators: - Pay Progression

- 6.4.1 The employer shall provide R500m in the current year to address the lack of pay progression for educators for the period 1996 to 2002.
- 6.4.2 The development of a model, in keeping with the outcome of the task team of the ELRC, and the implementation thereof to be dealt with at the level of the ELRC.
- 6.4.3 The model shall be based on the principle of granting one notch for every consecutive 24 months in the post over the above period, to a maximum of three notches.
- 6.4.4 Implementation shall be with effect from 01 July 2004.

7. MACRO-BENEFITS

7.1 HOUSING ALLOWANCE

- 7.1.1 The current basis of calculating the home-owners allowance as per Part IV of Annexure B to PSCBC Resolution 3 of 1999 (herein referred to as "Part IV of Resolution 3/99") will remain in place until 1 January 2009 only in respect of employees who received a home-owner allowance in terms of that Resolution on the date immediately before this agreement comes into effect.
- 7.1.2 The amount of the home-owner allowance calculated in terms of Part IV of Resolution 3/99 shall be capped with effect from 1 January 2009.
- 7.1.3 The employer shall set aside funds to phase-in a non-pensionable housing allowance, to a maximum of R403, for all permanent employees, other than employees referred to in clause 7.1.1, and who owns or rents a home in South Africa which is occupied by the employee and/or her/his spouse and/or her/his dependent children.
- 7.1.4 The housing allowance, referred to in clause 7.1.3, shall be paid -
 - (a) for one home only;
 - (b) for one spouse only if both spouses are in the employ of the public service, unless for operational reasons they are stationed in different magisterial districts and maintain two separate homes; and;
 - (c) where a number of independent employees, having separate rental agreements, live in one house, each employee will qualify for the allowance upon application.
- 7.1.5 Subject to clause 7.1.3, the housing allowance shall be phased-in as follows:
 - (a) From 1 January 2005, R100 per month of the home-owner allowance, referred to in paragraph 7.1.1 above, as applicable on 01 January 2005;



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- (b) from 1 January 2006, 40% of the amount of the home-owner allowance, referred to in paragraph 7.1.1 above, as applicable on 01 January 2006;
- (c) from 1 January 2007, 60% of the amount of the home-owner allowance, referred to in paragraph 7.1.1 above, as applicable on 01 January 2007;
- (d) from 1 January 2008, 80% of the amount of the home-owner allowance, referred to in paragraph 7.1.1 above, as applicable on 01 January 2008;
- (e) from 1 January 2009, 100% of the amount of the home-owner allowance, referred to in paragraph 7.1.1 above, as applicable on 01 January 2009, to a maximum of R403;

7.1.6 An employee who purchases a home on or after the date this agreement comes into effect will qualify for the housing allowance equal to the maximum amount of the home-owner allowance, referred to in paragraph 7.1.1 above, provided that the employee qualifies in terms of clauses 7.1.3 and 7.1.4 and also submits proof of purchase and registration of bond and property.

7.1.7 The housing allowance for those employees who are receiving a home-owner allowance less than the maximum amount of the home-owner allowance, referred to in Part IV of Resolution 3/99 shall, with effect from 1 January 2005, be increased as part of the phasing-in period referred to in clause 7.1.5 until their housing allowances are equal to the maximum amount of R403.

7.1.8 The rental payable by employees occupying State Housing, as required by the employer, shall, with effect from 1 January 2005, be equal to the greater of either the housing allowance, as part of the phasing-in period referred to in clause 7.1.5, or the applicable amount payable in terms of Part XVI of Annexure B to PSCBC Resolution 3 of 1999, ie the rental amount will be equal to the housing allowance.

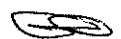
7.1.9 The rental payable by employees occupying housing other than State Housing as provided for in Part XVI of Annexure B to PSCBC Resolution 3 of 1999, shall be in terms of a departmental policy, provided that it is not less than the maximum rental payable for State Housing.

7.1.10 The employer shall develop and implement a system to manage and control the housing allowance system provided for in this clause, including, but not limited to, measures to ensure that the housing allowances are only paid to employees who qualify in terms of this agreement.

7.1.11 The employer shall, in consultation with Labour, develop and distribute guidelines on the implementation of this policy. The guidelines to include procedure, draft rental agreement, draft documents with regard to right of use of State or tribal land, etc.



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- 7.1.12 Council to develop and present mechanisms to encourage and promote home ownership among employees, which include:
- (a) Awareness programmes such as education, information initiatives and housing advice; and
 - (b) Access programmes to assist with the accessing of home loan products.
- 7.1.13 Subject to clause 7.1.1, 7.1.2 and 7.1.7, this agreement replaces Part IV of Resolution 3/99 with effect from the date this agreement comes into effect.
- 7.1.14 This agreement amends Part XVI of Annexure B to PSCBC Resolution 3 of 1999 to the extent provided in clauses 7.1.8 and 7.1.9.
- 7.1.15 The State Guarantee Scheme still remains in force.
- 7.1.16 The Housing Allowance will be subject to collective bargaining upon conclusion of this agreement.

7.2 MEDICAL ASSISTANCE

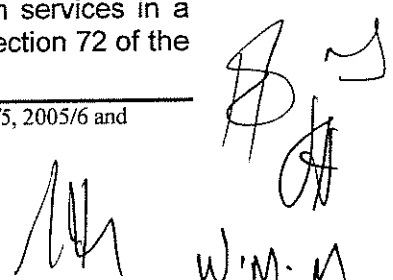
- 7.2.1 The employer shall set aside sufficient funds to restructure and provide for the provisioning of medical assistance to employees.
- 7.2.2 A medical aid task team of Council shall be established to assess proposals for consideration by Council. The Terms of Reference of this task team will be developed in Council.
- 7.2.3 The revised medical assistance must include a comprehensive prevention and treatment programme to address HIV and AIDS.
- 7.2.4 Implementation to commence with effect from 01 January 2006.

8. REVIEW OF PSCBC RESOLUTION 3 OF 1999

- 8.1 Parties agree to undertake a joint review of all allowances provided for in PSCBC Resolution 3 of 1999.
- 8.2 The review will be completed and recommendations be subjected to negotiations on matters of mutual interest, at the level of the Council, by 31 December 2006.

9. MINIMUM SERVICE LEVEL AGREEMENT (ESSENTIAL SERVICES)

- 9.1 The relevant sectoral bargaining councils will deal with the issue of agreements that provide for the maintenance of minimum services in a service designated as an essential service, envisaged in section 72 of the



Labour Relations Act, 1995, and such agreements to be completed by 15 November 2004.

9.2 If no agreement is reached nothing prevents a party referring a dispute in terms of the relevant dispute resolution procedure of the sectoral bargaining council.

10. DATE OF IMPLEMENTATION

10.1 This agreement shall come into effect on the date of achieving majority signature.

10.2 Except for clause 7.1 that lapses on 01 January 2009, this agreement shall remain in force until 30 June 2007, unless otherwise agreed by resolution of the Council.

11. GENERAL PROVISIONS

11.1 The wage adjustments provided for in this multi-term agreement for the 2004/05, 2005/06 and 2006/07 financial years exclude employees who are on a (personal) salary scale or notch that applied before 1 July 1996 or who are awarded a (personal) salary scale or notch since 1 July 1996 that is not contained/reflected on the salary grading system key scale until their salary scales/notches are on par with the standard salary ranges attached to their positions.

NB. Employees covered in terms of Ministerial Directive issued by DPSA dated 26 June 2003 (1/8/P) qualify for the annual salary adjustments referred to in this agreement. This directive covers employees who in terms of PSCBC Resolution No. 7 of 2002 were matched and placed in lower graded posts or who applied successfully for lower graded posts and who were placed on personal notches.

11.2 Parties to the Council reserve the right to re-open negotiations in the event of an adverse economic shock that dramatically impacts on the economy of the country.

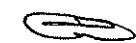
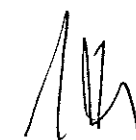
12. INTERPRETATION AND APPLICATION

12.1 In the event of any conflict between the provisions of this agreement and any other agreement of the Council, the provisions of this agreement shall take precedence.

12.2 No amendments to this agreement shall be of force unless reduced to writing and agreed upon at the Council as a resolution of the Council.



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13. DISPUTE RESOLUTION

13.1 Disputes about the interpretation or application of this agreement shall be dealt with according to the dispute resolution procedure of the Council.

13.2 Any dispute arising from the development and implementation of a model, as provided for at clause 6.4 of this agreement, shall be dealt with in terms of the dispute resolution procedure of the ELRC.

THIS DONE AND SIGNED AT CENTURION ON THIS
THE 29 DAY OF SEPTEMBER 2004.

ON BEHALF OF THE EMPLOYER PARTY

	NAME	SIGNATURE
STATE AS EMPLOYER	K. GOVENDER	<i>K. Govender</i>

ON BEHALF OF THE TRADE UNION PARTIES

TRADE UNION	NAME	SIGNATURE
DENOSA		
HOSPERSA/NUPSAW/ NATU		
NAPTOSA	H. HENDRICKS	<i>H. Hendricks</i>
NEHAWU	NOLUTHANDO Sibina	<i>N. Sibina</i>
POPCRU	ABBET WITBOOI	<i>Abbet Witbooi</i>
PSA	H. DE CERCE	<i>H. de Cerce</i>
SADTU	<i>W.M. Madisha</i>	<i>W.M. Madisha</i>
SAPU		

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FRAMEWORK FOR THE DETERMINATION AND COMPENSATION FOR SCARCE SKILLS ALLOWANCE IN THE PUBLIC SERVICE

DEFINITIONS

1. In this Framework-

- (a) **scarce skills occupations means** occupations or sub-categories within an occupation for which the employer experiences various degrees of difficulty to recruit and retain their services. (As a rule such an employee requires an advanced knowledge in a field or science or learning, acquired by a prolonged course of study and/or specialized instruction. The work requires consistent exercise of discretion and judgement and is predominantly intellectual and varied in character.)
- (b) **scarce skills allowance means** non-pensionable allowance, calculated as a percentage of the employee's basic monthly salary (notch), and payable on a monthly basis.

SCOPE

- 2. This framework provides for the introduction of departmental and provincial scarce skills allowances.
- 3. This framework does not apply if PSCBC/sectoral agreements exist on recruitment and retention strategies for identified scarce skills occupations
- 4. The determination of a scarce skill is subject to the determination and approval by the Minister for Public Service and Administration in consultation with the Minister of Finance.

IDENTIFICATION OF THE SCARCE SKILLS OCCUPATION/SUB CATEGORIES WITHIN AN OCCUPATION

- 5. The Executing Authority shall determine in consultation with the Minister for Public Service and Administration, the occupational and sub-occupational categories. The following criteria shall be applied.
 - (a) Turn over rate of employees in a particular occupation must be high – this relates to employees leaving the public service and not turnover between other national or provincial departments – resulting in a high vacancy rate.
 - (b) The demand for a particular skill/s should outweigh supply.
 - (c) The skill should require an advanced knowledge in a field/science or leaning by a prolonged course of study and/or specialized instruction and/or years of service.

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(d) Vacancies should prove difficult to fill.

(e) There should be a demand for the occupation in the private sector – indicating strong factors pushing or pulling such employees into the private sector.

(f) **Where applicable/available** – the number of employees in an occupation per 100 000 – population who are dependent on the Public Service must be considerably below the national norm.

6. The Executing Authority shall: -

(a) utilize all the criteria referred to in paragraph 5 above to identify the scarce skills occupations; and

(b) may add additional criteria.

DEGREE TO WHICH AN OCCUPATION/SUB-OCCUPATION IS CONSIDERED AS A SCARCE SKILLS OCCUPATION

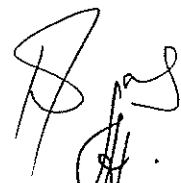
7. Executing Authorities must classify the occupations, based on the outcome of the identification of the occupations in terms of the criteria in paragraph 5 above to determine the degree (extent) the occupation is considered as a scarce skill occupation:

Degree	Criteria
Degree 0	no problems are being experienced to recruit and retain
Degree 1	moderate (and often cyclical) problems are being experienced to recruit and retain
Degree 2	serious problems are being experienced to recruit and retain
Degree 3	extreme and severe problems are being Experienced to recruit and retain

PERCENTAGE TO BE PAID IN THE FORM OF A NON-PENSIONABLE SCARCE SKILLS ALLOWANCE

8. Executing Authorities may apply the following percentages, based on basic salary (notch) to be paid in the form of a monthly **non-pensionable scarce skills allowance** to employees in a permanent employment:

Degree	Allowance
Degree 0 and 1	Nil
Degree 2	10%
Degree 3	15%


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9. The monthly allowance is calculated as the percentage of the basic salary (notch), divided by 12.

PAYMENT MEASURES

General



10. The non-pensionable scarce skills allowances are payable to employees (including employees appointed on term contract) appointed in approved posts on the establishment or additional to the establishment in a permanent capacity.
11. The allowance rate must not be taken into account when: -
- (a) determining any benefits/payments derived from/based on basic salary; and
 - (b) classifying employees according to their salaries for purposed of granting any service benefit, payment of home owner allowance, overtime remuneration, assessment of rent for official quarters, or any other allowance or benefit.
12. These allowances are payable, in monthly installments together with basic salary and where a reduced basic salary is payable on a pro-rata basis, for whatever reason, the allowance must be reduced in the same ratio.

Scarce Skills allowance

13. Before the Scarce Skills allowance is payable, the employee must sign an undertaking that the payment of the allowance shall be terminated or reduced in the following circumstances:
- (a) If an identified scarce skills occupation or the degree to which the occupation is considered as a scarce skills occupation is no longer classified as a scarce skill occupation by the relevant Executing Authority: Provided that the payment of the allowance will only be suspended or reduced after the employee has been given at least three (3) months notice in writing of the reclassification.
 - (b) If the employee is transferred/promoted to a post in the same or another occupation, with a lower classification in terms of the degree to which the occupation is considered as a scarce skills occupation: The scarce skills allowance is reduced or terminated with effect from date of transfer/promotion.

REVIEW OF DEPARTMENTAL AND PROVINCIAL SCARCE SKILLS STRATEGIES

14. In consultation with the Minister for the Public Service and Administration, Executing Authorities shall every 24 months review the departmental or provincial scarce skills strategy in totality to ensure that it is still appropriate and address peculiar needs (i.e. changes in terms of oversupply of affected human resources which may effect the degree). Any changes to: -
- (a) identified scarce skills occupations;
 - (b) the degree to which his or her occupation is considered as a scarce skill occupation

 
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shall be done in time to give effect to the provision that the termination or reduction of the scarce skills allowances in certain circumstances must be communicated in advance (in writing) to the effected employees.

15. Nothing prohibits the Executing Authority; in consultation with the Minister for the Public Service and Administration to effect changes to the departmental or provincial scarce skills strategy during a review cycle due to peculiar needs that may arise.

MONITORING OF DEPARTMENTAL AND PROVINCIAL SCARCE SKILLS STRATEGIES.

16. All Executing Authorities shall submit its departmental or provincial scarce skill strategy to the Minister for the Public Service and Administration for approval prior to implementation.

FINANCING OF DEPARTMENTAL AND PROVINCIAL SCARCE SKILLS STRATEGIES

17. Departments have to defray any expenditure emanating from the introduction of scarce skills allowances in terms of the departmental and provincial scarce skills strategies: -
 - (a) from existing budgets; or
 - (b) through the adjustment of departmental or provincial baselines in terms of the MTEC process.
18. Departments' funding of the departmental or provincial scarce skill strategy may not be at the detriment of service delivery.