

Update on salary negotiations:

- **Government offers public servants a 1.5% increase + a R1000 cash allowance, resulting in an 11.7% increase for lowest earning public servants.**
- **Cash allowance is non-pensionable, but members can make voluntary contributions to GEPF**
- **Unions to seek mandate from their members on the revised offer**

During the facilitation process on the public service wage negotiations the employer placed a revised offer to the trade unions for consideration by their members. The offer focuses on the bettering of the non-pensionable cash allowance of R978 that was previously offered. The revised offer now secures a minimum cash equivalent of R1000 for all employees across all employment levels.

This adjusted offer equates to level 1 employees receiving an amount equal to a cost of living adjustment of CPI + 7.5%, or a straight 11% increase if equated to the current salary levels. Level 6 employees, for instance, will receive an amount equal to a cost of living adjustment of CPI + 2.1% while level 10 employees will receive an amount equal to CPI (4,2%). The proposed implementation date of the draft agreement is the 01 April 2021.

The draft agreement allows for a “safety clause” that will bind the employer to continue to pay the cash allowance until such time it is amended by agreement between the parties. Therefore, if no agreement is reached by 31 March 2022 on the 2022/2023 salary adjustment the cash allowance will continue to be paid to all employees.

It is acknowledged that the cash allowance is non pensionable. However, the GEPF provides for a “Additional Voluntary Contribution (AVC)” scheme, where members can opt to make additional contributions to their pension fund as a means to cover any possible shortfall. The PSCBC will in this week also publish the scales of what the possible pensionable shortfall could be, per salary level.

We also need to remind members that the GEPF is a defined benefit fund and therefore your pension is not determined on your contributions throughout your career, but it is determined on a calculation of years of service and the salary scale and notch you are on at the date of retirement.

The proposal made on the non-pensionable cash allowance excludes the assurance that employees will also receive at least a 1,5% salary increase on the baseline, therefore contributing to pensionable service. The majority of public servants will receive this contribution through the assessment that was done previously for the awarding of pay progression.

There will, however, be employees that did not qualify for the adjustment, although minimal, but more importantly this will allow those employees “stuck on the top of their notches” for years the opportunity to move with a 1,5% adjustment that would not have been possible before.

Unions have indicated that they will now take this offer to their members for mandating.

The PSCBC will keep you updated.

Issued by the General Secretary