
**ORGANISED LABOUR PRESS STATEMENT ON MINIMUM WAGE AND
BASE PAY NEGOTIATIONS AND MATTERS ARISING**

**READ BY
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GNAT HALL, MONDAY, 26TH JULY 2021

On behalf of Organized Labour, I would like to welcome our friends from the media to this press conference.

Let me state from the outset that this Press Conference is being held under the auspices of Organized Labour groups operating in both public and private sectors. They include TUC and all its 21 affiliate national unions with membership across all the sectors of the economy. Other unions in the Organized Labour Group are Ghana Federation of Labour, Ghana National Association of Teachers (GNAT), National Association of Graduate Teachers (NAGRAT), Coalition of Concerned Teachers (CCT), Civil and Local Government Staff Association of Ghana (CLOGSAG), Judicial Services Staff Association (JUSAG), Ghana Registered Nurses and Midwives Association (GRNMA), Ghana Medical Association (GMA), National Association of Registered Midwives (NARM), Government Hospitals Pharmacists Association (GHOSPA), University Teachers Association (UTAG), Technical Universities Teachers' Association of Ghana (TUTAG), Technical Universities Administrators Association of Ghana (TUAAG), and Industrial and Commercial Workers Union (ICU).

As you can see, General Secretaries, Presidents, Chairpersons, and other leaders of Organised Labour Groups are present at this Press Conference.

As we all know, negotiations for the 2021 and 2022 National Daily Minimum Wage (NDMW) and Base Pay (for public service workers on the Single Spine Salary Structure) were concluded on 4th June, 2021 and 1st July, 2021 respectively.

After weeks of intense negotiations, the national minimum wage was increased by 6% for 2021 and 8% for 2022. The Base Pay (BP) for public sector workers was increased by 4% for 2021 and 7% for 2022.

Since the conclusion of the negotiations, some workers have resorted to social media to express dissatisfaction about the outcome of the negotiations. A group of people calling themselves ***Coalition Against TUC and Labour Unions*** took advantage of the situation and started a vicious campaign against all labour unions and their leaders. Half-truths and outright lies are being peddled on both traditional and social media by this group with sinister motives. Contexts have either been ignored or deliberately distorted with the aim of inflaming passions and inciting workers against Organized Labour leaders.

Brothers and Sisters from the media, we have invited you this afternoon to explain how the negotiations were conducted and why union negotiators accepted the increments mentioned above for the national minimum wage and base pay. We seek to clarify, supply information, and place the issues in their rightful context.

Determination Of National Daily Minimum Wage

The National Daily Minimum Wage is determined by the National Tripartite Committee (NTC) which is made up of five representatives from government, five from Ghana Employers' Association and five from Organized Labour.

The factors considered in the determination of the National Minimum Wage include the following:

- (1) ***The needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups.***
- (2) ***Economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining high level of employment.***

Traditionally, the National Tripartite Committee relies on recommendations of a Technical Sub-Committee in the determination of National Minimum Wage. The Technical Sub-Committee is made up of a representative from Ghana Statistical Service (who chairs the technical committee);

representatives from government, representatives from Ghana Employers' Association, and representatives from Organized Labour.

This year the Technical Sub-Committee submitted three scenarios of possible increments for 2021 and three scenarios for 2022. The recommended increments of National Minimum Wage ranged from 5.8% to 9.7%.

In spite of the recommendations by the Technical Sub-Committee employers and government proposed 3% for 2021 and 5% for 2022. Organized Labour proposed 10%. After several meetings the parties agreed to increase the National Minimum Wage by 6% for 2021 and 8 percent for 2022.

Determination Of Base Pay For Public Sector Workers

The Base Pay covers all public service workers placed on the Single Spine Salary Structure. These include teachers, health workers, civil servants and other public sector workers including security agencies (i.e., Ghana Immigration Service, Ghana Prisons Service, Ghana Fire Service and others).

The implementation of Single Spine Salary Structure started in 2010. The Base Pay on the structure is determined by the Public Service Joint Standing Negotiating Committee (PSJSNC) which is made up of government representatives from Fair Wages and Salaries Commission, Ministry of Employment and Labour Relations and Ministry of Finance. Public Sector workers are presented by all unions that operate in the public service.

In the case of the PSJSNC, unlike the National Tripartite Committee, no technical sub-committee is constituted. Negotiations are conducted directly by the two parties. However, factors that are considered in the determination of the National Minimum Wage also serve as a guide for the determination of the Base Pay.

This year's negotiation was very difficult. Remember, we were negotiating with a government that had already indicated that it cannot afford any increase in pay for 2021. Government budget for 2021 envisaged no pay rise. We all recall the advice offered by an adviser at the Ministry of Finance to government to freeze public sector wages until 2024.

The Coronavirus pandemic has had a very devastating impact on businesses, employment, livelihoods, as well as government revenue and expenditure. The figures presented by the Ministry of Finance on the state of the economy

and government finance during the negotiation were not only sobering but mind-boggling. In 2020, the economy of Ghana recorded just about 0.4% percent growth; end-of-period inflation was 10.4%; overall budget deficit on cash basis was 11.4% of GDP; primary balance was in deficit of 5.3%; and debt-to-GDP ratio was 76.1%.

The Ghana Statistical Service, in collaboration with the United Nations Development Programme (UNDP) and the World Bank, provided data on effects of the pandemic on businesses and employment based on a Business Tracker Survey which was conducted between May, 26 and June 17, 2020. The survey showed that 35.7% of private business establishments had to close down during the partial lockdown. In the hotel and restaurant sectors nearly a quarter (24%) of businesses closed down. Even after easing of the partial lockdown, 16.1% of businesses continued to be closed. As a result, 41,952 workers were laid off and about 770,124 workers had their salaries reduced as a measure to avoid redundancies. A number of firms reported substantial uncertainty in future sales and employment. On average, firms estimated a possible decline of 24% of sales and 15% reduction in employment in the worst-case scenario.

Fully aware of the hardship workers are going through, we the negotiators representing workers made a strong case for 15% increase in Base Pay for 2021 and 2022. Government offered 4% for 2021 and 6% for 2022. After several meetings, government offered 4% for 2021 and 7% for 2022.

I will explain further why we accepted 4% for 2021 and 7% for 2022. But let me explain why we agreed to negotiate for 2021 and 2022.

The Public Financial Management Act, 2016 (Act 921) requires that negotiations of public sector wages for any year are concluded in April of the preceding year. Since the Act was passed, we have been negotiating public sector pay in the year before its implementation. This arrangement was very beneficial to public sector workers in 2020. We concluded negotiations for Base Pay for public sector workers in 2019. The effective date for implementation was 1st January, 2020. The Covid pandemic struck in March 2020. But because we had already negotiated the Base Pay, government had no option but to continue to pay the reviewed salaries.

Another reason why we negotiated for two years was that we feared the possibility of another delay in negotiation for Base Pay for 2022 in case there is another wave of the Coronavirus infections, given the presence of the Delta variant of the virus in Ghana. We, therefore, considered it prudent to lock in

the Base Pay for 2022 as a way of hedging against the risk of another wave of infections and possibility of delay in negotiation.

Now let me explain other reasons why we accepted 4% for 2021 and 7% for 2022. The government team made a strong case backed by verifiable data that if government should accept any increase in Base Pay beyond what they had offered government might lay-off some public sector workers. We had to avoid redundancy, by all means, because of the negative social and economic effects of the mass redundancies we witnessed in the 1990s, as part of the structural adjustment programme. We have also witnessed redundancy of tens of thousands of workers in the private sector due to the Covid-19 pandemic.

Another reason was that we wanted to avoid the payment of Cost-of-Living-Allowance (COLA). You may recall that in 2014, when the economy of Ghana was in crisis, government argued that it could not increase Base Pay so we accepted COLA of 10%. Workers' contribution to social security remained at 2013 levels the whole of 2014. In 2015, we proposed 25% increase in Base Pay. Finally, government offered 13% and we accepted it, after months of negotiations. But as public sector workers may remember, the 13% increase was based on the 2013 Base Pay excluding the 10% COLA. Therefore, effectively, public sector workers received just three percentage point increase over their 2014 salaries.

This year we made a firm decision that a pay rise, however small, is better than COLA. We got government to move from a position of zero percent to 4 percent for 2021 and from 6% to 7% for 2022. It did not meet our expectation neither did it meet the expectation of our members. But it was extremely difficult to get a government which is faced with a pandemic, which has resulted in the lowest economic growth in nearly four decades and which has budgeted for no pay increase, to agree to a pay rise beyond what was achieved.

What we managed to do was to get government to accept the following conditions in addition to the 4% increment for 2021 and 7% for 2022.

- (1) That during the agreement period (2021-2022) government shall not declare any public sector redundant. In other words, all the nearly 700, 000 public sector workers will keep their jobs no matter the state of the economy and government finances.

- (2) That government shall not freeze employment in the public service. This means, government will continue to employ workers into the public service.
- (3) That all workers will be vaccinated against Covid-19 during the agreement period (2021-2022).
- (4) That government will pay social security contributions (with special reference to the second-tier contributions) regularly.

Employment security for our members is important to us. We also took into consideration the teeming young men and women who are searching for jobs. The health of workers and their pensions are also very important.

The ongoing discussions on various social media platforms indicate clearly that workers understandably unhappy with the outcome of the negotiations. We are not happy either. We accepted the relatively low rates of increments reluctantly, after intense negotiations spanning many meetings.

But we are happy to note that none of our members in the public service will lose his or her job during the agreement period, more young people will be employed (1 million in the next three years according to the President), workers will be fully inoculated against Covid-19 and our pensions will be paid regularly.

Let us remember that since the implementation of Single Spine Salary Structure we have managed to negotiate higher increments for public sector workers in normal times [20% in 2011; 18% in 2012; 10% in 2013; 10% in 2016; 12.5% in 2017; 11% in 2018; 10% in 2019; and 12% in 2020]. As mentioned earlier, 2014 was not a normal year so Base Pay was not increased, although we managed to negotiate for 10% increase in National Minimum Wage. Instead, government offered 10% COLA for public sector workers which denied workers of an increase in their social security contributions as well as increases in salary-related allowances. In 2015, Ghana was emerging from a crisis that hit the country in 2014 so, effectively, public sector workers received three percentage point increase over their 2014 salaries (when the 2014 COLA was taken out).

What we have to do now is to monitor the implementation of the conditions attached to the 4% for 2021 and 7% for 2022 to ensure that there shall be no redundancy, one million jobs will be created in the next three years

equitably distributed across all the 16 regions, all workers will be vaccinated and workers' pension contributions will be paid on time, without delay.

We will also continue to appeal to the President to initiate a process towards the establishment of a commission made up of experts from various fields to advise government on public sector salaries for all jobholders in the entire public service, to ensure fairness. The current system of remuneration in the public sector favours the privileged Article 71 office holders, at the expense of other jobholders in the public service in terms of salaries, allowances and other job-related privileges.

We are appealing to workers to understand the circumstances within which we negotiated. The outcome was not what we had expected but it could have been worse, given the economic challenges and the stance of government toward pay rise, particularly in 2021.

Let us continue to work towards full economy recovery. Let us join hands to fight for fairness in the remuneration system in the public service. Beware of coalitions with sinister motives. Don't be deceived! We should not succumb to the lies of some disgruntled groups and individuals (some of whom were dismissed from their unions) that are bent on exploiting our collective frustrations to further divide our front. They are cowardly hiding behind social media and churning out lies on a mass scale, distorting facts and concocting stories to further their sinister agenda. We should not allow them to succeed. Support your union leaders to promote and protect your economic and social interests. As trade union leaders, our job is industrial relations. We build relations with our social partners based on trust and mutual respect that transcend time and political regimes.

Following this press conference, all Organized Labour groups are requested to engage their members to explain the circumstances that led to the unexpected outcome of the negotiations. Our members are rational human beings. They will understand. We urge all workers to be open-minded. We will offer the needed explanations because we have absolutely nothing to hide.

Long Live Workers Solidarity!
Long Live Organised Labour!
Long Live Ghana!

Thank you for your attention.