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INTRODUCTION

- I would like to warmly welcome all parties to the bargaining forum.

Attendant register

Has been circulated

Brief back ground

Allow me to first find out from the parties if we are a quorum.

I like to first thank the parties for all the years that we have been negotiating in good faith, I hope that this year we will also negotiate in good faith again and reach an agreement like the past year,

I know that it is not easy for all parties in the bargaining forum to negotiate salaries for employees and end up signing an agreement especially in the Welfare sector where we are characterized by nonprofit making organization.

As the SAVF, we will be happy if we can reach an agreement this year also, because is for the benefits of all the parties present.

I will like to further thank the unions for the clear and concise consolidated demands which you put on the table.

SAVF income which consists of the income from the residents, donations and subsidies has been declining a lot for the past years.

Donations and sponsors are becoming scares as we see that last year our economy took a huge down scale from where it was the past years. Agricultural sector where we used to get more donations has also been hit by draught, investors are pulling out, big businesses are cutting on their social responsibilities, and some contribute less to the welfare organizations.

As we know residents have been struggling to pay the boarding and lodging fees for the past years, which mean there is a shortfall of income from residents and this has resulted into most facilities to operate in loss for the past years.

I have prepared a short spread sheet for the parties to reflect on the short falls, the shortfall is the amount of money which the facilities have to raise each and every month just to break-even, not making a profit.

The spread sheet shows that all the old age homes since 2014 and 2015 needed to raise more than R15 million a year, which is R1.2 million a month through fundraising and donations to subsidies the shortfall. This figure will increase this financial year 2016/2017 due to high costs of electricity, food, salary increases etc. believe you me that it is not easy to raise such amount of money each and every month

For the past years, most of our facilities have been struggling financial and also to fill the empty beds, which means a big loss in monthly income.

For the past years the average unit cost was/ is about R6000.00 per bed which the SAVF is losing per month on those empty beds.

We increase our boarding and lodging between 5% and 6% this 2016/2017 financial year, this just added a more financial burden to residents because they are unable to afford the unit cost which is becoming too high.

The law does not allow us to remove the residence from the facilities because of none payment, instead we have to raise funds to subsidies their stay in the facilities.

As we know the Government are not increasing their subsidies, when they do is once in many years, at few places they do adjust their subsidies but most of the places kept subsidies at the same level for so many years which means costs of running a facilities are rising but income from subsidies are not increasing, the SAVF increases the salaries of the employees each year, which means we have to source money elsewhere to pay out the salaries.

The other point is that Government is always behind or late with the payment of the subsidies. In Northwest province for an example subsidies are received after 6 months. The subsidies decreased to 23% as I have also indicated last year.

Let me take this opportunity also and indicate that the SAVF is not sitting and folding hands with the Government. We have been calling on the Government to increase their subsidies and pay subsidies in time. We have been challenging the Government both provincial and National through court of law and media to try and get them to come to the party with regard to subsidies. But is not easy.

Let me further indicate to the parties that this financial constraints in the SAVF has led into several facilities closing down, facilities such as SAVF millennium Old Age Home, SAVF Jabes, SAVF Armstrong Burning Children's Home, SAVF Donato and SAVF the Oak. NEB is currently monitoring and evaluating several facilities which might be closed also in the 2016/2017 due to financial problems, some of this facilities are part of this bargaining forum.

Some of the SAVF facilities have reduced their staff due to cost cutting measures and financial affordability e.g. SAVF Jubileum, SAVF Ringting, SAVF Klerksdorp Social work office.

Some facilities are no longer replacing the employees who leave the organization to try and curb their financial position to avoid retrenchment and closing down

With all what I have indicated I want to say to the parties that this is the most difficult times for the SAVF facilities as whole financial, we understand also the demand of employees that they are reasonable but due to the SAVF's current financial predicaments we cannot afford to meet the demands, the SAVF can afford the following

Salary increase

The employer will afford 3.3% increase across the board. Except SAVF Louis Hildebrandt children's home.

We all know that this facility has been struggling financial for past years, and their financial situation is still not improving. Let further indicate this facility is one of the facilities which under monitoring and evaluation, and if the situation doesn't change it will closed down. This facility cannot afford to even give 3% increase. But they can afford 2.6%

We understand that the employees will not be happy with this increase but the facilities are struggling also financially. They must also understand that the facilities have made commitment in the previous wage agreement that shoes will be supplied for free to the lowest paid workers (general workers and healthcare workers). This has increased the financial burden on the employer, and relieved the employees (general workers and Healthcare workers) because they will no longer buy shoes.

100% guaranteed 13th cheque – the employer provide a 13th cheque to the value of 94% of the basic salary, the employer will be able to afford to increase the bonus by 1% which will go to 95% bonus 2016/2017 financial year.

The SAVF will monitor and evaluate its financial positions throughout the year 2016/2017 and see if we can afford the to give 100%, if we can afford the trade unions will be informed in the wage negotiations for 2017/2018 if we can't, we will still communicate with the trade unions during that period.

Report compiled by



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