



**KEYNOTE ADDRESS BY THE PRESIDENT OF THE REPUBLIC OF GHANA,
H.E. JOHN DRAMANI MAHAMA, AT THE NATIONAL FORUM
ON THE SINGLE SPINE PAY POLICY**

[The Residency, Ho- Volta Region, August 06, 2013]

Four years ago, we began a journey to rationalize compensation for workers on the principle espoused in our constitution of equal pay for work of equal value.

It was a journey fraught with both opportunities and challenges, but we were determined to work together to ensure that this more equitable system for remunerating public sector employees in Ghana became a reality.

As with every major exercise or operation embarked upon, we must at a time pause and look back and reflect on how far we have come, what challenges we have faced and ask ourselves “what is the way forward to achieve the objective we set ourselves”.

Ladies and gentlemen, we have reached one such point in our quest to achieve an equitable and fair remuneration system. It is therefore my pleasant duty to join you at this august event that gives us the opportunity to pause and reflect on the theme, **‘Building National Consensus on the Sustainability of the Single Spine Pay Policy (SSPP).’**

Mr. Chairman, ladies and gentlemen, this is not the first time we have attempted to achieve a universal salary structure that attempts to reward public sector employees equitably and fairly. We all remember the “rice water” that failed to cook and was later abandoned.

This current journey has not been without its challenges and difficulties. As we are all aware, we have implemented an important and bold National Policy, which has opened both opportunities and created challenges.

I strongly believe that if we collectively conduct this review in good faith, knowing the challenges confronting us as a nation, we can design effective 'home grown strategies' to overcome the current difficulties we face.

This forum I believe will give us an opportunity to deepen our relationship with our social partners towards achieving the stated policy objectives and overall goal of the Single Spine Pay Policy (SSPP) which will inure to the benefit of all public service workers in Ghana as well as the Ghanaian taxpayer.

Ladies and Gentlemen, government took the mantle of implementing the SSPP in 2010. This is the culmination of attempts that had been initiated in the 1990s. The rationale for formulating the SSPP is to resolve four important issues in public sector pay management in Ghana, namely:

- Pay disparities that have emerged within the public service;
- Rising cost of the public sector wage bill;
- Large number of public sector pay negotiations;, and
- Linkage of pay to productivity.

Thus, the overall objective has been to gradually remove distortions and inequities in public service pay and to enable Government manage the public service wage bill in a more effective and efficient manner.

Mr. Chairman, the implementation of the Policy was designed to occur in five phases over five years (2010-2014). It strategically involves:

1. Formulating of complementary policies and strategies to guide SSPP implementation;
2. Designing the Single Spine Salary Structure (SSSS) and determining the Base Pay and Pay Point Relativity through negotiations;
3. Migrating Public Service Workers onto the SSSS;
4. Conducting periodic Labour market surveys for the determination of the critical skills in short supply in the public service by Government;
5. Determining Market Premium and Inducements to attract and retain critical skills in the Public Service;
6. Harmonizing and Rationalizing Category 2 and 3 Allowances; and
7. Monetization of Category 4 Allowances.
8. Linking pay to Work and Productivity

In my estimation, the one major missing factor not carefully thought out and considered was its implementation within budget constraint to make the scheme sustainable.

Mr. Chairman, Distinguished Ladies and Gentlemen, government has succeeded largely in accomplishing the first three tasks since the inception of the implementation of the Single Spine Pay Policy in 2010.

In fact, available statistics indicate that over 99% of the target public service workers have been migrated onto the Single Spine Salary Structure (SSSS) covering 119 institutions and 479,486 public service workers.

The migration over the last 3 years has led to an increase in income and enhanced standard of living of public service workers to a greater extent.

Also, the establishment of the Public Services Joint Standing Negotiating Committee has reduced the number of public service pay negotiations.

Again, despite its now apparent high fiscal costs, the implementation of the SSPP has helped Government to gradually get a hold on the actual size of the public service workforce and the corresponding Wage Bill. These are essential ingredients for a more effective national development planning in the medium and long term.

Mr. Chairman, despite the gains so far achieved, the implementation of the SSPP has been fraught with a number of challenges. The major challenges include:

- ❖ Public perception of the SSPP as a general wage/salary increase for public service workers and not as a tool to remove disparities and inequities in the public service wages and salaries. This misconception is largely due to pressure from some sections of the labour movement and inadequate public sensitization and education on the SSPP;
- ❖ Dissatisfaction of some public service workers with their job evaluation and placement on the Single Spine Salary Structure (SSSS);
- ❖ Award of broad-based and indiscriminate "interim Market Premium" to some institutions without recourse to Labour Market Survey that will reveal critical skills in short supply in the public service;
- ❖ Demand for annual increases in Base Pay and Pay Point relativity that has impacted on the increasing public service wage bill;

- ❖ Increasing labour agitations resulting from:
 - Demand for payment of conversion difference
 - Demand for payment of Market Premium and other Allowances;

- ❖ Implementation of SSPP without linking Pay to work and productivity; and

- ❖ Impact of SSPP on overall Government Wage Bill due to lack of initial comprehensive estimates and fiscal pressures from the factors enumerated above.

Mr. Chairman, notwithstanding these challenges, Government has demonstrated its commitment to implement the SSPP to achieve the stated policy objectives and goals as stated in the Government's White Paper on SSPP.

To mitigate some of the challenges, Government issued Guidelines for the Determination of Market Premium under the SSPP in April 2013. Some work has also been done on the Rationalization of Category 2 and 3 Allowances with the active participation of the Public Service Joint Standing Negotiating Committee.

I want to use this opportunity to express my profound gratitude and appreciation to our social partners for their understanding, cooperation, and continuous support in the implementation of the Single Spine Pay Policy.

I wish to urge you to work favourably in bringing the migration issues to closure this year so we can move on to other aspects of the SSSS

Our main purpose of gathering here today is to build a national consensus on key challenges of the SSPP that will enhance its sustainable implementation.

I charge the forum to engage in non-partisan discussions, generate options and feasible strategies, and build consensus on critical issues within the broader context of our national quest for accelerated economic growth and development, and to build a Better Ghana.

It should be clear that we have come far and opting out of the SSSS or cancelling the programme is not a primary option for Government.

It must be noted that prior to introduction of the SSPP public employees covered under Article 190 of the 1992 constitution had been operating over 100 different salary structures.

Obviously moving staff from these more than 100 salary schemes onto one 25 grade Single Spine Salary Structure was not going to be an easy walk in the park. It is in this context that the outcome from this forum must address the sustainability of the SSSS.

It is important that the core migration is completed this year so that we can focus on post migration issues.

Mr. Chairman, let me emphasize that the cornerstone of any Work and Happiness Regime is to link pay to work and productivity.

In this regard, Government has charged the Fair Wages and Salaries Commission (FWSC) and the Management Development and Productivity Institute (MDPI) to collaborate with the Ghana Statistical Service (GSS) and other key stakeholders to undertake a Labour Market survey for effective implementation of the Market Premium component of the SSPP, and to formulate strategies to link remunerations to work and productivity in the Ghana public service.

As a First Step the Labour Market survey shall be conducted in Health and Education sectors by October 2013. The results of this survey will inform the preparation of the 2014 -206 National Budget Estimates.

It is important to indicate that a “Work and happiness Regime” also enjoins the employer to REWARD ONLY work done, and NOT work not done. It also gives the employer the prerogative to determine which skills are critical and in short supply, and the parameters that drive productivity for payment of appropriate remunerations.

I am also aware that the Ministry of Employment and Labour Relations will establish this year a Public Service Productivity Committee to determine the drivers of productivity in the public service, once the policy on Ghana Public Service Pay Policy is approved by Cabinet.

The Public Service Productivity Committee shall work closely with the skills development Institutions of the Ministry of Employment and Labour Relations and recommend to Government parameters and strategies for improving labour and other forms of productivity in the public services.

I want to assure all Ghanaians that Government is determined to remove distortions and inequities in public service pay and establish the principle of equal pay for work of equal value.

We must collectively appreciate that fairness in public service pay management can be achieved through linking public service pay to work and productivity. It is only through this that we can achieve the objectives of equity in the management of the SSPP and equitably reward the contributions of workers to our national development.

Mr. Chairman, one major challenge facing us as a nation is the imbalance caused largely by the rising public sector wage bill. Indeed last year, we reached the peak when inclusive of arrears, more than 70% of Tax Revenue collected is used for payment of compensation to public service workers.

The implication of this is that after paying wages and salaries, Government is left with very little financial resources for other pressing national commitments such as maintenance, running of offices and investment in infrastructure and development.

This state of affairs is not sustainable. In this respect, I have directed the Minister of Finance to share with this forum the size of the wage bill in relation to total national tax revenues over the years.

And here I daresay we must be guided by Aesop's fable on the "goose that laid the golden eggs." Let us not in our inordinate desire for more of our own golden eggs kill the goose that lays them.

I have also directed the Ministers for Finance and Employment and Labour Relations to work with the Tripartite Committee and the PSJSNC on a revised agenda that will ensure that public sector wages are negotiated before the reading of the Budget.

Mr. Chairman, Distinguished Ladies and Gentlemen, you are aware of the challenges we have had with some of our public service institutions on the issue of market premium.

Fortunately, Government has come up with a **WHITE PAPER** on Guidelines for the determination of market premium, properly known, in the public service. I urge the forum to discuss the Guidelines and build consensus on modalities that will enhance its implementation, with focus on the prerequisite conditions, qualification and determination of market premium, conversion difference and categories 2,3 and 4 allowances.

Another flash point in pay distribution has been the case of different salary scheme prescribed for Article 71 office holders.

I am pleased that this was flagged in the CRC process and it is my hope that the CRC implementation committee will speed up work on amending the constitution to set up an Independent Emolument Commission to cover all in matters of pay administration.

It is my desire that at the end of this Forum, you will come out with more effective strategies/options to enhance the implementation of the SSPP over time.

You must discuss the issues within the broader domain of sustainability, the capacity of our economy, and the competing and alternative uses of our national revenues.

You must also discuss the issues in the interest of our national pursuit of Macroeconomic Stability, growth and development. Example: (1) infrastructure improvements, (2) Improvement in access to and the quality of education, (3) health care and sanitation, (4) economic transformation, (5) energy, (6) industrialization and (7) social protection and poverty reduction.

Mr. Chairman, Distinguished Ladies and Gentlemen, there is no doubt that the implementation of SSPP has been fraught with a number of strike actions arising out of disputes mainly at the Education and Health sectors.

These are also the areas where we have the largest number of employees and where stakeholders such as students, pupils, and patients are most vulnerable. Job Evaluation, payment of Conversion Difference and Market Premium were the main issues of industrial disputes.

It appears to me that Organized Labour did not exhaust the Grievance Procedures under the Labour Act, 2003 (Act 651) before embarking on many of these strike actions. The durations of the strikes are not helping matters both at the Labour Front and in managing the national economy.

I wish to state that, as social partners, let us examine the challenges confronting the implementations of the Single Spine Pay Policy and resolve to declare a truce on industrial actions and strive to dialogue and discuss issues at the negotiation table to avert these incessant strike actions.

Let us address our challenges in a more democratic, less acrimonious and objective ways in order not to make the worker worse off, while appreciating also the employers' ability to pay.

It is my conviction that individually and collectively we can all help build a nation which will be economically sound with increasing standard of living, a peaceful and harmonious society, which we shall all be proud of.

Going forward, government is taking action to increase revenues in order to balance the budget because it is only when we increase the size of the cake that we can each claim a bigger share of the cake.

Government is also taking action to block leakages and theft of government revenues. I have asked the Attorney General to initiate action to prosecute persons indicted in the Auditor General's reports.

It is my expectation that labour and our social partners will support us in these actions to safeguard the public purse.

While pensions are not an immediate issue for discussion, I wish to state that government will take appropriate measures including appointing a new leadership for the National Pensions Regulatory Authority.

With the calibre of personalities gathered here coming from the Executive, the Judiciary, Legislature, Council of State, National House of Chiefs, Organized Labour, Employers, Academia, Security Services, CSOs, Faith-Based Organizations, Think Tanks etc, I know we shall have very dispassionate, objective and fruitful deliberations.

Thank you and God bless us all