

**AGREEMENT: 2012 IMPLEMENTATION OF TOTAL GUARANTEED
PACKAGES FOR ALL JUNIOR OFFICIALS**

Made and entered into by and between:

**Passenger Rail Agency of South Africa
(Herein referred to as the "PRASA")**

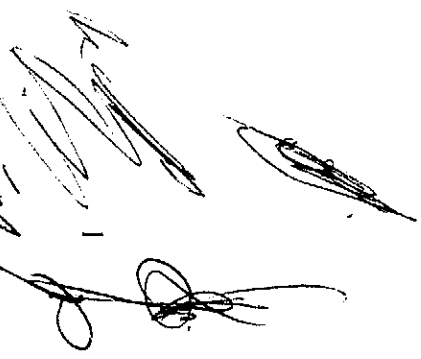
**SATAWU
South African Transport Allied Workers Union
(Herein referred to as the "Trade Union")**

And

**UTATU
United Transport and Allied Trade Union
(Herein referred to as the "Trade Union")**

(Organised Labour herein collectively referred to as "Labour")

The parties hereby agree as follows:



1. CHANGE IN THE REMUNERATION STRUCTURE FROM BASIC SALARY TO TOTAL GUARANTEED PACKAGE

PRASA Management and Labour agree to implement a uniform total guaranteed package structure for all Junior Officials employed at PRASA Corporate Office, PRASA CRES and PRASA Rail (METRORAIL and Shosholozza Meyl).

2. DATE OF IMPLEMENTATION

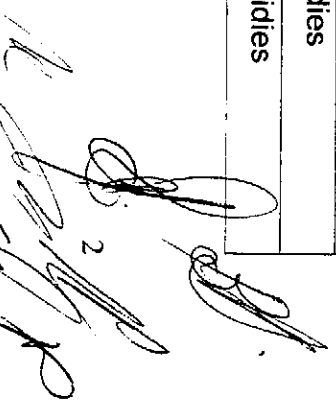
During the 2011 wage negotiations PRASA Management and Labour committed themselves to finalise the implementation of Total Guaranteed Packages and medical aid equalisation by 1 November 2011. Due to the complexities of the processes involved, this date was not possible and implementation is hereby moved to 1 April 2012.

3. IMPLICATIONS OF CHANGES IN THE REMUNERATION STRUCTURE

3.1 Elements included in Total Guaranteed Packages

The following elements will form part of the total guaranteed packages:

Salary	Service bonus
Retention allowance	Fixed salary agreement
Technical Allowance	Station Manager allowance
Non-pensionable allowance	Endurance allowance
Driver responsibility allowance	Monthly (retention) award
Telephone rental allowance	Emergency care
Attendance bonus	(Fixed) Shift allowance
Travel allowance	Motor or public transport
House owner assistance	Medical aid subsidies
Retirement fund contributions	Funeral fund subsidies



3.2 Elements excluded from Total Guaranteed Packages

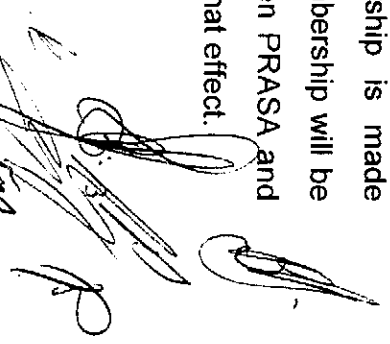
The following elements will not form part of the total guaranteed packages and will continue to be paid in addition thereto:

Special TCO Allowance	Train Driver Training Allowance
Performance Driven Allowance	Conditional Cell phone Allowance
Shift Allowance	Standby Allowance
Overtime/Sunday Time (incl Call-Out payments)	Acting Allowance
Performance Bonus	Reward & Recognition
Paid Public Holiday	Penalty Payment

3.3 Equity Costs to be included in Total Guaranteed Packages

3.3.1 Total Guaranteed Package is inclusive of medical aid contribution subsidies based on entitlement opposed to utilisation. PRASA agrees to include a minimum subsidy of R356 per month in the packages of all Junior Officials, who currently do not receive a medical aid subsidy. The medical aid contribution subsidies of those who are currently higher will remain unaffected i.e. their current actual subsidies will be included in their total guaranteed packages.

3.3.2 The parties hereby agree that the equity adjustments in clause 3.3.1 above may be offset against any further adjustments that may be required when medical aid membership is made compulsory for all. Compulsory medical aid membership will be implemented later, following negotiations between PRASA and Labour and based on the agreement reached to that effect.



3.4 Future Processing of Medical Aid Contributions

Current South African taxation legislation does not differentiate between employer and member contributions. PRASA may process the full medical aid contribution as a payroll deduction as from date of implementation.

This change will neither change the costs for PRASA nor the net take-home pay of individuals on date of conversion.

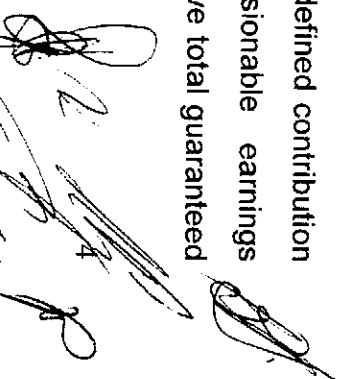
3.5 Change in the determination of Pensionable Earnings

3.5.1 Pensionable earnings (the amount that will determine retirement fund benefits and contributions in future) will be defined as 75% of total guaranteed package. The new standard will automatically be applicable on promotion or on appointment of new staff.

3.5.2 The pensionable earnings of current Junior Officials will be determined based on individuals' salaries expressed as percentages of total guaranteed package as calculated on 1 April 2012. As such, current benefits and contributions will remain the same and will only change when members choose a different percentage (refer paragraph 3.5.3 below).

3.5.3 As from 1 April 2012, members of the defined contribution retirement funds only may choose their own pensionable earnings ranging between 75% and 100% of total guaranteed package. Individual choices will be limited to 5% intervals for ease of administration.

3.5.4 Those individuals who are members of the defined contribution retirement funds only and whose pensionable earnings percentages are below 75% of their respective total guaranteed

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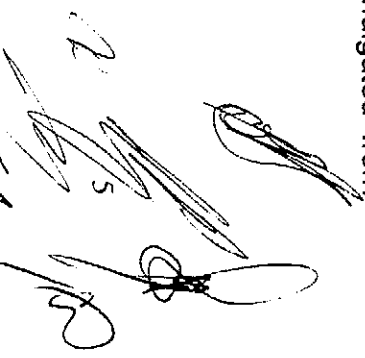
packages will automatically move to the next higher 5% with each next increase. This means that ±710 individuals will move to 75% with the 2012 increase, ±622 will move to 70% and ±91 will move to 65%. With the 2013 increase ±622 individuals will move to 75% and ±91 will move to 70%. The last group will thus move to the minimum in 2014.

3.5.5 Employees that belong to the Defined Benefit Fund and Risk Pool employees will have no flexibility when defining their pensionable salary expressed as a percentage of Total Guaranteed Package. PRASA agrees to protect the current pensionable calculation base (i.e. to keep the pensionable value of salary on conversion as pensionable calculation base) for employees that belong to the Defined Benefit Fund and Risk Pool employees.

3.6 Change in the Calculation Base for Variable Payments

3.6.1 Benefit values (the amount that will replace basic salary as calculation base for variable payments such as overtime) will be expressed as a fixed percentage (i.e. 70%) of total guaranteed package. The objective of the standard definition is to pay amounts that are equitable and defensible, irrespective of historic differences.

3.6.2 PRASA agrees to raise the current threshold to R172 000 per annum (in line with the requirements of the Basic Conditions of Employment Act), and will be adjusted as promulgated from time to time by the Minister of Labour.



3.6.3 PRASA agrees to keep the actual salary on date of conversion as future calculation base for each and every individual whose salary is more than his/her calculated standard benefit value (i.e. whose salary is more than 70% of his/her total guaranteed package), until his/her calculated standard benefit value (i.e. 70% of his/her total guaranteed package) exceeds his/her actual salary on conversion. Benefit values will be calculated when an annual or other increase is granted.

3.7 Change in Post-retirement Medical Aid Contribution Subsidies

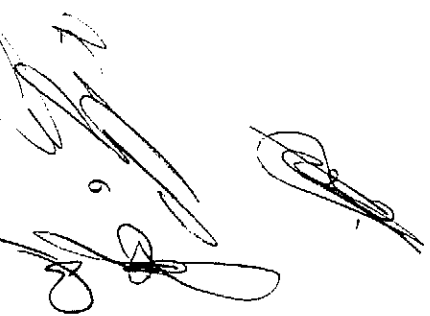
Subsidisation of medical aid contributions in retirement will be terminated on date of implementation. All pensioners who are currently receiving medical aid contribution subsidies (i.e. a subsidy of R213.00 per month) will continue to receive such subsidies. Those Junior Officials who will retire on or after 1 April 2012 will no longer be eligible for such subsidies.

3.8 Withdrawal of SAA Concessions

SAA concessions will be terminated on date of implementation.

4. COMMUNICATION STRATEGIES

The implementation of the changes as detailed in Section 3 above will be preceded by a comprehensive communication strategy, which will include individual total guaranteed package build-up calculations being distributed to each and every Junior Official followed by staff communication sessions in all Regions. PRASA Management and Labour will ensure effective communication to all affected employees on the revised remuneration structure.



5. APPLICABILITY AND CONDITIONS

5.1. The agreement is applicable to all Junior Officials employed by PRASA and / or its Divisions (as covered in clause 1 above).

5.2. The agreement will be extended to all non-unionised employees who fall within the Bargaining unit.

5.3 All Junior Employees who are currently employed on a Total Cost To Company basis are included in this agreement, only for the purpose of package structuring flexibility.

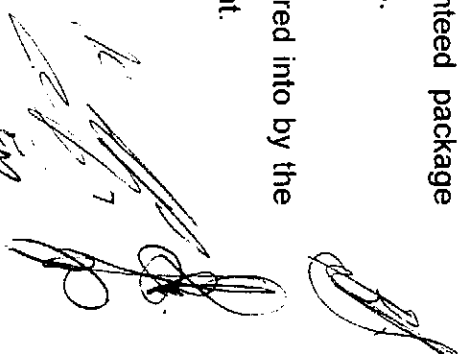
5.4 All outstanding Salary Parity review matters and appeals to be concluded before implementation of TGP. The outstanding salary parity issues will be defined and limited only to jobs already re-evaluated, re-alignment of jobs in correct job families and employees earning below the 25th percentile as per the attached Annexure. The implementation date for these adjustments will be with effect from 01st February 2012 and will not include a retroactive adjustment.

5.5 All future pay increments (i.e. all increments from 1 April 2012 onwards) will be based on TGP (i.e. items that form part of TGP will not be increased separately).

6. GENERAL

6.1. This agreement constitutes the entire agreement between the parties regarding the implementation of a uniform total guaranteed package structure with effect from 1 April 2012 for all Junior Officials.

6.2. This agreement replaces any previous agreement(s) entered into by the parties in respect of the elements covered in this agreement.



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6.3. Any dispute relating to the validity, interpretation and application of this agreement or on any matter relating to this agreement shall be determined or resolved through dispute resolution process as determined by the Labour Relations Act of 1995 or any other labour dispute resolution settlement services appointed and agreed to by the parties.

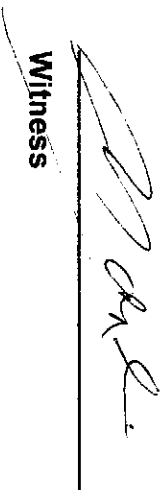
This agreement was concluded and approved by the parties in Braamfontein, JOHANNESBURG, on this 4th day of February 2012 in the presence of the undersigned witnesses.

DULY AUTHORISED SIGNATORIES


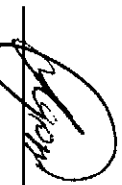


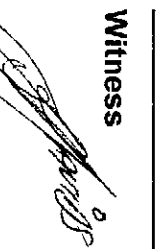
Management Representative



Senior Manager: Employee Relations


Witness

Trade Union Representatives:


SATAWU
Witness
SATAWU
Witness
UTATU
Witness

UTATU

Witness

ANNEXURE A
Re evaluated positions

Engineering Technician
LAN Administrator
Maintenance Planner
Process Worker (incl Flagman Duties)
Senior Technical Training Officer
Technical Officer (Electrical Control)
Track Inspector
Total

Misaligned job families

Patrolman
Track Assistant
Trackman
Track Master
Track Worker
Total

Below 25th percentile

Access Controller
IT Technician
Messenger
Office Administrative Assistant
Process Worker (Tools)
Protection Official
Senior Engineering Technician
Station Supervisor
Technical Superintendent
Technical Supervisor (Rolling Stock)
Ticket Official
Ticket Sales Agent
Track Welder
Traction Linesman
Trade Hand (Rolling Stock)
Train Control Officer
Warehouse Assistant
Yard Official

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