



OPINION: UNREST OVER HEALTH SECTOR REMUNERATION: WHAT IS THE PROBLEM?

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Introduction

Employee unrest over remuneration in the Ugandan health sector is an old problem. Although salaries have been increasing since 1990, the country has witnessed more strikes in this period than before. In fact, one has the impression of a constantly looming strike by the health workers over poor remuneration. The salary is still meagre when compared to the cost of living. But I will also argue that the cause of pay unrest is associated with lack of pay policy and proper job evaluation. I will demonstrate that government has largely managed salaries by crisis –mainly responding to emerging complaints.

Although remuneration refers to all forms of employee reward, here it will simply mean salary because of the notion of "consolidated pay package"ⁱ in the Uganda public service. And although I am aware of its wide definition, I will use the term "health sector" to mean public departments that are financed and, or regulated by the Ministry of Health, for the purpose of this presentation.

The roots of pay conflicts and the birth of lunch allowance

Remuneration in Uganda was generally miserable in the 1970s and 1980s. A doctor's salary for instance would not buy him/her one pair of new shoes! This is not to mention the basic necessities like food, school fees, clothing, housing, etc.). In the words of Prof. Apollo Nsubambi, a former minister of Public Service, government was paying a "killing wage".

Thus, when government increased salaries of public officers in the 1990s, it simply moved from a "killing wage" to a "subsistence wage". It was (and still is) far from a living wage. Actually for some, it is still less than subsistence. Different sections of government employees began to use avenues at their disposal to secure better pay. Government on its part handled these demands differently and pursued a multi-spine pay structure.ⁱⁱ A separate pay schedule was created for the judiciary and none gazetted police officers. It was argued (or understood) that these were in positions where they could take bribes if they were not paid enough! Thus, a magistrate Grade I (U5a-3) was paid Ush.635,250 while a graduate teacher, same scale, got a paltry Ush.333,100. These differentials were not based on job evaluation, nor was there any convincing reason for their basis. Arguably, this marked the genesis of the subsequent (and now seemingly chronic) pay conflicts in the Ugandan health sector in particular and the public service in general.

Thus, when the medical workers went on strike in 1996, the objective was a living wage but the basis was the perceived inequity. And although Government gave them lunch allowance (Ush. 66,000 for qualified staff and Ush.44,000 for support staff), and a separate pay schedule with higher salaries than others of similar scale, it did not remove the basis for the unrest. Actually non health workers also demanded for increment.

This is not a case against wage differentials. In many countries medical workers are paid twice the salary of other employees. It is a critique of the approach used. The differentials should have been based on a well planned, well executed, and very transparent job evaluation.

It should be noted that lunch allowance created complaints even within the health sector. At first, it was payable from delegated funds. Hospitals with budgetary constraints would not pay it. Most staff on local government pay rolls did not get it even once. Complaints over inequity therefore continued both from within and from without.

The death of lunch allowance and birth of consolidated pay package

Later, government announced a consolidated pay package. The aim was to guarantee lunch (and other) allowances by making them part of the salaries. Then all those entitled would get it. Problems would be solved. But in reality, the total pay was reduced by PAYEⁱⁱⁱ as it was pushed beyond the taxable threshold of Ush.130,000 below which this tax does not apply. The pay unrest remained.

Meanwhile, hospitals without institutional houses were not to hire accommodation for their workers. Their consolidated pay included housing allowance. Others in hospitals with institutional houses enjoyed free accommodation. There was a more serious problem. The cost of accommodation reduced the salaries of those affected to less than subsistence levels. It is important to note that in places like Gulu town, the cost of basic accommodation ranges between Ush.200,000 to 300,000 per month. This substantially erodes the income of people whose salary is in the range of Ush.300,000 to 500,000. The result of consolidating the pay package therefore defeated its purpose. Remuneration complaints were born anew.

The stillborn single-spine salary structure

The single-spine pay structure simply means having a single pay plan whereby employees in the same pay scale are paid equally. Its proponents argue that it ensures equity. Equity does not necessarily mean equality unless the employees do similar work, have similar working conditions, similar qualifications, similar everything. Meant to begin from 1st July 2003, the single spine salary structure attracted outright rejection. Like a 'stillborn baby', it died at its inception.

Public service defended it saying it was based on recommendations of The Job Evaluation Report.^{iv} If that is so, there are issues which will undermine the job evaluation exercise. For example, the structure puts a sub-county chief and a doctor in the same salary scale (U4). One wonders if they do similar work for similar hours, if they require similar qualifications, if they are exposed to similar risks, if they take the same time to train or if they have the same international market value. The differences seem obvious even to non experts. That these were ignored casts doubt on the adequacy of the job evaluation which was done.

This notwithstanding, remuneration was grossly reduced for nearly all cadres of health workers. Table 1 below gives a snapshot of the pay gap created by the aborted salary structure.

Table 1: Salary changes before and after 1st July 2003

Salary scale	Old salary	New salary	Amount lost	% pay lost
U8	168,960	75,270	93,690	55%
U7	205,942	106,355	99,587	48%
U6	231,721	172,020	59,701	26%
U5C	263,929	172,020	91,909	35%
U5b-a	350,160	172,020	178,140	51%
U5b-4	350,160	270,245	79,915	23%
U5a-3	534,675	270,245	264,430	49%

Sources: Circular Standing Instructions No.2 of 2002 and No.2 of 2003

Ironically the salary scales were raised but the actual salaries lowered. For example, those in scale U5b-a and U5a-3 were "raised" to U4 and U4-3 respectively. Their salaries dwindled from Ush.350,160 and 534,675 both to a meagre Ush.270,245! It looked a mask for the reductions. The other mask was to state that those already earning higher than the new changes would retain their salary under *person-to-holder* arrangements. In other words, it was saying "don't mind, the reductions will affect others, not you". Both masks did not work. The Medical workers union announced a national strike which was to begin on 1st October, 2003. They later called it off after a meeting with the health minister and the president who promised to consider their demands. This action was not even 'new wine in old wine bottles'. It was old wine in the same wineskins. Government approach has always been reactive and political largely targeting only to cool down burning fires. A lasting solution can only be found by making a clear pay policy based on a well planned and well executed job evaluation.

The way forward

There is need for a pay policy which is an important tool against reward uncertainties. The philosophy underpinning any pay policy is creation and maintenance of satisfactory relations between employees and the employing organizations with potential benefits of attracting, retaining and motivating staff to perform.

Many people like mystery, but not where their income is concerned. Public Service needs to increase pay predictability and consistency. Currently pay changes are announced (or expected) every new financial year either for good or for worse. Automatic salary increments for all employees confirmed in public service are motivating but need to be based on merit and equity except when adjusting for inflation.

There is need for a clear, transparent and well executed job evaluation to bring perceived equity which is a prerequisite for pay satisfaction. Different forms of equity need to be addressed –*individual equity* which means that hard working employees should earn more than their less hardworking colleagues, *internal equity* which means that similar jobs should have similar remuneration and *external equity* which means that employees should perceive their salaries as being at par with those of similar employees in other organizations.

Finally, the government should begin to think about a living wage. Employees without a living wage will most likely remain bothered with equity and other pay issues. Without a living wage, most of the efforts to solve salary conflicts will remain a futile exercise doomed to inevitable failure.

End notes

ⁱA system whereby all allowances - for housing, lunch etc are merged into a single pay package.

ⁱⁱA pay system where workers are treated and paid differently, even those who belong to the same pay scale

ⁱⁱⁱMinistry of Public Service, Circular Standing instruction No.2 of 2001

^{iv}PAYE (Pay As You earn) is an income tax in Uganda payable by those who earn above Ush.130,000 per month

^vMinistry of Public Service, Circular Standing Instruction No.2 of 2003

