Hi all,

The meetings mediated by Steve Adler ended yesterday without any resolution. The gap between the position of the treasury and our position is as large as it was yesterday. No further meetings are currently scheduled. Meanwhile, VERA decided to go ahead and request 'tsavei meniaa'. You will receive shortly a letter from Ronnie Ellenblum on this issue.

In addition, we got a letter from Menachem Magidor explaining VERA's position. Magidor also provided an entirely misleading (to be kind) description of the proposal that we rejected. So, it is time, as promised, to give you precise details of our position and that of the treasury. I apologize for the bit of arithmetic that is involved here but there is no way around it. The final paragraph of this letter provides a simple summary.

We had two demands. We wanted a mechanism that will prevent future erosion in our salary. In addition we demanded a full compensation for past erosion in our salary. MOST IMPORTANTLY, the erosion referred to the period of 1997-2006. Our calculations showed that the erosion FOR THIS PERIOD is 30-35 percent.

Our initial position was: 1) our salary should be linked annually to the index plus two percent. This mechanism will start on January 2007. 2) We should receive 30-35 percent on past erosion.

During the negotiations we lowered each of our demands. Our current demands: 1) we will be linked to the agreements of the Histadrut and will receive annually 2.5 percent. Again, this will start in 2007. Because we know what the Histadrut will get for 2007-2009 (5 percent) – this mechanism in and by itself will give us approximately 12.5 percent (5 percent of the Histadrut plus 2.5 percent for each year) for the 2007-2009 period. We agreed to continue this deal until the end of 2014. 2) We asked for 21 (instead of 30-35) percent for the salary erosion in 1997-2006.
Compare this position to the treasury's position. They suggested a total of between 11 to 21 percent until the end of 2009 (16 percent plus or minus 5 percent, determined by an arbitrator). Starting at the year 2010 and until 2014, we will be linked to the Histadrut and get annually on average 1.5 percent. Now, here are the basic problems with this proposal. Our proposed FUTURE mechanism (linkage to the Histadrut plus 2.5 percent annually) already provides us with 12.5 percent for the period of 2007-2009. So, the proposed 16 percent includes 12.5 percent for the future and 3.5 (plus or minus 5) for past erosion. In effect then, this proposal is equal to past erosion of 3.5 and in the worst case scenario the arbitrator can even make it a negative number! In addition, the treasury's mechanism (Histadrut plus 1.5 percent) is a bad mechanism. It may lead to an additional erosion of up to 1 percent each year. 1 percent is not much, but over 8 years it will be substantial.

So, not only are we not going to be compensated at all for past erosion, our erosion will continue in the future by a smaller amount of about 1 percent per year.

So, here is a brief summary of the treasury's proposal. They suggest to give us 3.5 percent (plus or minus 5) for past erosion and a mechanism that in effect will continue the erosion. The 3.5 percent for past erosion is very close to the ridiculous claim of the treasury about our past erosion. Obviously we cannot accept this proposal. Even after our substantial compromise we ask for 21 percent for the past and a mechanism that will truly prevent erosion. There is unfortunately a very large gap between our proposal and that of the treasury. I sure hope that Magidor reads this letter and provide more appropriate numbers in his future letters.

Best, Asher

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