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Godongwana’s 4.7% offer sets scene for civil service strife

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Finance minister Enoch Godongwana. Picture: FREDDY MAVUNDA/BUSINESS DAY

The government could not go back on its 4.7% wage increase offer, as finance minister Enoch Godongwana did last week, because “the law states that the last offer stands”, the Public Service Co-ordinating Bargaining Council (PSCBC) said on Sunday.

The council said it thought Godongwana might have misspoken, but a labour analyst and DA MP said it was more likely that the state had realised it could not afford the offer and was backing out.

The situation sets the scene for renewed strife in the public sector if the parties cannot come to an agreement.

The PSCBC is a platform for the government and labour to agree on wage deals and conditions of employment.

Its comment came after finance minister Enoch Godongwana said at a media briefing ahead of last week's medium-term budget policy statement in parliament that the National Treasury had rejected the PSCBC facilitation process that resulted in the proposed offer.

That process says "we must move to 4.7% and in six months' time we move to 1.3% and it becomes 6%", he said.

"As a proposal we have not accepted [this]. Unions are now going to get their new mandates, but I'm saying that proposal was from a facilitation process, it's not necessarily a full offer on the table," Godongwana said.

PSCBC general secretary Frikkie De Bruin told Business Day on Sunday: "The wage negotiations are still ongoing. What the Treasury did was to reject the 7.5% revised wage demand by labour.

"Remember, unions started with an initial demand of 12%, which they revised down to 7.5%, which the employer has shot down.

"The employer on the other hand started with a 3% offer, which it revised upwards to 4.7%. Now, the problem with the minister's statement is that he can't reject his own offer. I think it was a slip of the tongue and he wanted to say they reject the 7.5%, but I'm not sure. The 4.5% offer is the last offer on the table and the law states that the last offer stands."

Mandates

De Bruin said public service unions representing 1.3-million public servants, including teachers, the police and nurses, were still busy seeking mandates from their members on whether to accept or reject the 4.7% offer, which is above the 3.8% inflation rate recorded in September.

He said Godongwana would most probably announce during his budget speech in February what the wage increase would be for public servants effective April 1 2025.

Contacted for comment, Godongwana said: "I don't negotiate through the media and only the DPSA [department of public service & administration] can speak on these matters."

The Treasury and Godongwana's spokesperson, Mfuneko Toyana, did not immediately respond to requests for comment.

Reuben Maleka, GM of the Public Servants Association, which represents more than 245,000 government employees, said on Thursday: "We sourced members' mandate[s] on the 4.7% and we are busy receiving [more] mandates. It shows members are rejecting the 4.7%. We will be going back to the PSCBC to further engage."

Simon Hlungwani, chief negotiator of Cosatu's public sector unions, DPSA minister Mzamo Buthelezi and DPSA spokesperson Moses Mushi could not immediately be reached for comment either.

Labour analyst and DA MP Michael Bagraim said the minister's remarks "don't make sense at all. I think he might have overreached. I think they have gone back and done their homework and realised that they can't afford the 4.7%. Now he is looking disingenuous and someone who is backing off from what they said in the first place."

Bagraim noted, however, that this could be a negotiating tactic by the employer to say, "Well, if you are not taking the 4.7%, we are going back to 3%. But it makes no difference whether it's 3% or 4.7% because labour has not agreed on the 4.7% anyway."

"The minister is between the devil and the deep blue sea. It's a very difficult situation the minister is in. He also can't afford a strike. I'd be very unhappy sitting in his chair right now."

Relations between the government and unions soured after the state reneged on implementing the last leg of a three-year wage deal signed in 2018, citing a lack of funds.

Wage impasse

The National Education Health and Allied Workers Union, one of Cosatu’s largest affiliates, boycotted the 2023/24 wage negotiations due to the wage impasse of 2022/23, which resulted in the employer unilaterally implementing a 3% increase in October 2022.

In his budget speech in February, Godongwana said R251bn would be used to fund the salaries of public servants and the government was exploring other measures, which would be tabled for discussion in the PSCBC “as part of a broader discussion on containing wage bill growth”.

The wage demands for the 2025/26 financial year were viewed as putting Godongwana in a tight spot as they threatened to undermine his efforts to stabilise SA’s finances, and he has guardedly kept a tight lid on the R700bn-plus wage bill, which was once the fastest-growing expenditure item in the budget.

During the medium-term budget, Godongwana said the government was implementing a raft of measures, including early retirement, to curb expenditure over the medium term. Over the medium term, consolidated expenditure was expected to increase from R2.4-trillion in 2024/25 to R2.8-trillion in 2027/28.

Expenditure of R11bn over the next two years has been provided for a voluntary early-retirement package for public servants 55 years and older in a bid to reduce the public sector wage bill (which consumed 32.1% of consolidated expenditure in 2023/24) and to rejuvenate the public service.

It is assumed that about 30,000 government employees will take the package: 12,000 in the first year and 18,000 in the second year. The Treasury hopes to save R2bn each year from the initiative.

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