

DUMA GQUBULE: **Mboweni's budget is a declaration of war on public servants**

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DUMA GQUBULE: Mboweni's budget is a declaration of war on public servants BL PREMIUM 26 February 2020 - 17:50 Duma Gqubule Public Servants Association members during a march in Johannesburg. File Picture: SIMPHIWE NKWALI Finance minister Tito Mboweni's budget amounted to a declaration of war on the country's 1.3-million public servants. In his medium-term budget policy statement (MTBPS) at the end of October, he said the government had identified savings of R50bn in the areas of goods and services and transfers. It had to find additional measures of more than R150bn to meet its fiscal consolidation targets. "How will we do this? We will need to deal with the challenges of the wage bill. We look forward to robust discussions in the relevant bargaining structures and with other stakeholders to achieve a sustainable arrangement," says Mboweni. Since then, the government's behaviour has been reckless and irresponsible. It has acted in bad faith. It did not table any proposal in the Public Service Co-ordinating Bargaining Council (PSCBC) until the day before the budget. In a presentation to the council, the department of public service & administration said the government could not afford the last leg of the 2018 agreement, which had resulted in a deficit of R30.2bn. The government will not get to implement the cuts in the public sector wage bill. This is unacceptable, especially so soon after President Cyril Ramaphosa spoke so eloquently about the virtues of social compacts in his state of the nation address. When Ramaphosa addressed the Cosatu central executive committee on Monday he said nothing about the government's plans to slash the public sector wage bill, general secretary Bheki Ntshalintshali said on Wednesday. "The government wants to reopen the existing wage agreement, but it has not yet tabled a proposal in the PSCBC. If they were serious they would have started negotiations immediately after the MTBPS and tabled a proposal a long time ago at the council. This is an attack on the multiyear agreements at the PSCBC. It undermines collective bargaining. This will make it difficult for us to commit to multiyear agreements in future. We did not want these agreements. It was the government's idea," he said. In his speech, Mboweni said there would be reductions in baseline spending of R261bn over the next three years, which would be offset by additional spending of R111bn. About R160bn would go to Eskom and SA Airways. Therefore, the austerity measures would be R150bn. The baseline spending reductions include cuts of R160bn in the public sector wage bill and R100bn cuts in programme spending. He also announced tax cuts of R14bn, which will have no affect on GDP growth. The National Treasury has forecast GDP growth of 0.9% in 2020, 1.3% in 2021 and 1.6% in 2022, an average of 1.3% a year, which is below the population growth rate. So after five successive years of declining GDP per capita the Treasury has forecast three more years of declining GDP per capita. By 2022 SA will have had eight years of declining GDP per capita. However, as has been the case every year during the past decade, these forecasts are not credible because they always overestimate GDP growth. Noninterest expenditure is forecast to increase 3.8% a year over the next three years from 8.4% a year over the past three years. These are deep cuts of 4.6% of total spending a year, equivalent to an average of 1% of GDP a year, according to the Treasury. If implemented, these drastic austerity measures will slash economic growth to zero over the next three years. The declines in GDP per capita will accelerate to at least minus 1% a year, and unemployment will probably increase to 12-million people. Applied Development Research Solutions economist Asghar Adelzadeh says the budget has shown SA is stuck on a low-growth path. "The minister says the economy will rise again, but he provides no evidence of how this will happen. How will we start growing like the rest of the world? This is not a growth strategy. These expenditure cuts will ensure that SA remains on a low-growth path and does not succeed in reducing the debt-to-GDP ratio." SA's economy is in a deep crisis. It has had the longest period of declining GDP per capita since it started producing statistics in 1945. Three more years of pointless austerity will result in an

economic meltdown and increased political instability as trade unions take to the streets. The government will not get to implement the cuts in the public sector wage bill. • Gqubule is founding director at the Centre for Economic Development and Transformation