



PODCAST: Public sector wage talks leave Ramaphosa in tight spot

The Citizen - 4 Nov 2022

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Moneyweb SA currently pays R665bn in public employee compensation – and it's expected to soar to R702bn by 2025. Public sector workers march through the streets of Pretoria, demanding wage increases. Photo: Gallo Images/Foto24/Craig Nieuwenhuizen A looming public sector strike, following collapsed talks between unions and the government, will put President Cyril Ramaphosa in a bind. This week, four unions were issued with certificates of non-resolution, effectively allowing workers to embark on a strike that could see nurses, police and other public sector workers stay away from work, disrupting key government services. The Public Servants Association of SA represents over 230 000 workers and has already served a notice to strike after rejecting a 3% wage offer from the government. It says it plans to embark on a national strike next Thursday (10 November). Two teachers' unions, the National Professional Teachers Organisation of South Africa (Naptosa) and the South African Democratic Teachers Unions (Sadtu), accepted the government's offer. **READ MORE** Motsepe nominated to face Cyril for ANC leadership Offer, reaction In his Medium-Term Budget Policy Statement, Finance Minister Enoch Godongwana tabled a 3% increase for public workers, saying higher public-service wages would pose risks to the country's already murky fiscal outlook. That pushed some unions affiliated to the Congress of South African Trade Unions (Cosatu) – including the National Education, Health and Allied Workers Union (Nehawu), the Democratic Nursing Organisation of SA (Denosa), the Health & Other Services Personnel Trade Union of SA (Hospersa), and the Police and Prisons Civil Rights Union

(Popcru) – to declare a dispute. The wage stalemate comes at a crucial political time, as the ANC readies itself for the December elective conference to choose its party leader, as well as the general election scheduled for 2024. Tension is mounting for Ramaphosa and his administration as they face the hard task of striking a balance between appeasing public service labourers and protecting an already strained fiscus. Pressure “The ANC politicians will be under pressure, especially President Cyril Ramaphosa, because he does need union support,” says Ongama Mtimka, a political analyst and lecturer based at Nelson Mandela University. Added to that is a legitimate concern about whether the ANC will structure public service wage deals in a manner that helps it clinch the support it needs for re-election, says Mtimka. “We have reached a level in which the institutions like collective bargaining and the working arrangements in the tripartite alliance all come in to question ... whether [the ANC] have gotten to a stage where they say ‘What matters are bigger concerns’, such as reforming public service, and ensuring that the national fiscus is not overburdened.” He adds that there is tension between the “political imperatives of appeasing labour” and what has been understood by government as the “imperative of getting the fiscus in the right standing”. Balancing act Curbing the wage bill, which currently sits at R665 billion, is a critical factor for Godongwana as he attempts to cut spending and ensure that public finances are sustainable. Employee compensation is expected to grow at a rate of 1.8% and balloon to R702 billion by the 2024/2025 fiscal year, according to the mid-term budget. While Ramaphosa will need union backing in December, a genuine concern about the level of public servants’ wages and the rocketing cost of living remains, says Mtimka. Nehawu national spokesperson Lwazi Nkolonzi tells Moneyweb the unions are scheduled to discuss the matter at a Cosatu joint mandate committee (JMC) meeting, where a programme of action will be devised. “For public servants who have not received any increment for the past three years, and for government to come back and offer 3%, is an insult, bearing in mind that it does not even meet the percentage of the inflation currently.” The JMC meeting will determine the start date of mass industrial action by workers, says Nkolonzi. “What’s going to happen is that as the public servant unions, we are going to be convening a meeting before the end of the week to develop a concrete programme of action which will then culminate in us pronouncing definitely what’s going to happen.” Listen to Fifi Peters’s interview Michael Sachs from the Southern Centre for Inequality at Wits University (or read the transcript): This article originally appeared on Moneyweb and was republished with permission.