

Cosatu: We will collapse the public service if wages are reviewed

Engineering News - 26 Feb 2020

Cosatu: We will collapse the public service if wages are reviewed Photo by Creamer Media 26th February 2020 By: News24Wire The Congress of South African Trade Unions (Cosatu) has threatened to strike and "collapse" the public service if government does not honour the current public service wage agreement, Cosatu national spokesperson Sizwe Pamla told Fin24 on Wednesday. The agreement is non-negotiable and any attempt to review it would be out of line, Pamla added. This is in addition to the federation's earlier threat to "part ways" with government should the review go ahead. Cosatu is one of the ruling African National Congress' alliance partners. On Tuesday evening, both the Public Servants Association (PSA), which represents some 230 000 public servants - and Cosatu, which says it has a 66% representation - slammed a request by government to review the current public service wage agreement, dating back to 2018. In terms of the agreement, salaries are due to increase up to 7%, or CPI+ 1%, on April 1, depending on job grade. However, employer negotiators from Treasury and the Department of Public Service and Administration on Tuesday told unions that government was unable to afford the increases, and proposed a review of the wage agreement. According to a document presented to the Public Service Coordinating Bargaining Council on 25 February, which Fin24 has seen, government spending is at its highest level since the start of democracy and "well above what the economy can afford". "This year, government will be borrowing in excess of R375-billion, or 6.8% of GDP, to maintain current spending levels. This rate of borrowing has put South Africa's debt-to-GDP outlook on an explosive path," the document reads. "To ensure a sustainable outlook, government debt will have to stabilise... This will require a combination of measures to improve the quality of expenditure and grow the economy." The wage bill for some 1.2-million civil servants understood to be around 35% of government expenditure. National Treasury has said before that growth in the public sector wage bill "needs to be addressed" to cut South Africa's growing debt burden. Yet an overhaul of public sector wages has proven elusive. While Treasury has promised ratings agencies that government is serious about lowering the bill, unions say that the bill is not excessive, and bigger savings could be achieved elsewhere. According to the document, the 2018 wage deal resulted in a substantial deficit, but was agreed upon "with the proviso that the employer will implement cost containment measures in the form of reduction in performance bonuses and early retirement without penalties". However, it adds, these measures did not yield "significant savings", meaning expenditure reductions of R150 – R170-billion are needed for the 2018 medium-term expenditure framework. While other cost drivers in the public service include litigation, ICT, corruption and fraud, use of consultants and irregular expenditure, savings in these areas may not be realised in the short to medium term, the document said – hence the request to review the clause dealing with wage increases. Both the PSA and Cosatu ruled out agreeing to the proposal. "The current public service wage agreement cannot be changed. There is no use (for government) trying to talk about it," said Pamla. He added that, during negotiations for the current agreement, unions initially wanted more than what was offered - something the PSA echoed. "We are not Parliamentarians. The reality is that you do not negotiate wage agreements in Parliament. We have a standing agreement. Even if something is said about the wage agreement in Budget 2020, the minister of finance knows it cannot be implemented as that would undermine confidence (in him and government)," said Pamla. He warned that, if government thinks it can try and review the current agreement, it must be prepared to face a strike - one that "will collapse the entire public sector". The current administration does not, in his view, have the capacity to deal with the kind of "mass push back" it will encounter if it insists on reviewing the current public sector wage agreement. "We will be watching the finance minister closely when he delivers his Budget address," Reuben Maleka, Assistant General Manager: Members' Affairs for the

Public Servants Association, told Fin24. He added that the PSA trusted Mboweni would not "try to please rating agencies at the expense of public servants". "He should be telling them how much money has been recovered that has been lost through corruption," he said, adding that "we have already had to sacrifice". Asked if the PSA would strike should increases not be forthcoming, Maleka said the union would first declare a dispute. "It is a matter of doing what is right. That wage adjustment is in the agreement," he said. Edited by: News24Wire