MID-TERM BUDGET | Enoch Godongwana supports imposition of wage increase for public servants

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MID-TERM BUDGET | Enoch Godongwana supports imposition of wage increase for public servants 26 October 2022 Dineo Faku Senior Reporter Members of the Public Servants Association during a previous protest. File photo. Image: SIMPHIWE NKWALI In a move that could trigger a public sector strike, finance minister Enoch Godongwana has endorsed government's decision to unilaterally implement a 3% wage increase for all public servants, plus a R1,000 monthly gratuity. Godongwana announced that labour minister Thulas Nxesi, in his capacity as acting minister of the department of public service and administration, would invoke Section 5 of the Public Service Act to bring finality to public sector wage talks. On Tuesday Nxesi invoked Section 5 to implement a 3% salary wage increase for public servants after talks with public sector unions collapsed. Godongwana said the agreement meant a 7.5% increase for public servants considering the R1,000 monthly gratuity which amounted to a 4.5% increase. The monthly gratuity will continue until March 2023, but unions want it to be made permanent. "We have to close this matter once and for all," Godongwana said. Godongwana said the offer would be implemented through the payroll system and backdated to April 2022. "The offer on the table is in the best interests of the fiscus and public service workers. Implementing it does not undermine the collective bargaining process. We believe that the facilitation process has helped parties get to this point," said Godongwana. Treasury said in the 2022 medium-term budget policy statement that over the past 15 years the wage bill had grown as a result of above-inflation wage increases. Treasury said in the context of slow economic growth, the growing wage bill began crowding out spending in other critical areas including service delivery. It said between the 2020 and 2021 budget, government reduced the medium-term compensation baselines by more than R300bn to stabilise the public finances. “Future wage negotiations will aim to strike a balance between remuneration increases and the need for additional staff in services such as education, health and police,” Treasury said. Treasury said in the MTBPS that over the past several years, the government had taken steps to contain consolidated compensation costs, which accounted for 31.4% of consolidated expenditure in 2022/23, down from 34.5% in 2019/2020. “Managing the wage bill is critical for ensuring sustainable public finances,” said Treasury. It said South Africa’s wage bill was higher than its peers and one of the highest among emerging markets. “This suggests that high average compensation levels are mainly responsible for South Africa’s high public sector wage bill rather than the headcount,” said Treasury. The Treasury said a once-off payment can skew the wage trend in any particular financial year. For example, the once-off gratuity allocated in 2021/22 and 2022/23 in line with the 2021 public service wage agreement explains the decline in the 2023/24 wage baseline for most departments. “To avoid pre-empting the wage negotiations process, no provision has been made for wage increases in 2023/24, though increases will need to remain within the relevant fiscal resources to not compromise other spending priorities.” It said teachers remained the single largest occupation category in the public service, both in terms of expenditure and headcount, and about 52% of the wage bill was spent on teachers, nursing personnel and police officers. TimesLIVE...