

<b>MEDIA RELEASE:</b>	<b>Budget speech: PSA welcomes some components, especially confirmation of funds for public service salary increases</b>
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<b>EMBARGO</b>	None
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The Public Servants Association of South Africa (PSA) welcomes certain aspects of the Budget speech as presented by the Minister of Finance but believes more bold decisions were needed on certain aspects.

Positive aspects include no increase in personal income tax brackets, bringing some relief to individual income taxpayers. An additional R57.6 billion is allocated for salary increases for public servants, especially teachers, nurses, and police officials. In doing so, it is expected that government will honour its commitment to a salary increase for this year as the second leg of the two-year agreement. Another positive aspect is that the fuel levy is not increased, which will assist workers who must commute to work and the entire transport industry. An increase in this levy would have a ripple effect on consumers in the form of price increases for basic food items.

Tax revenue collection for the 2023/24-financial year amounted to R56.1 billion, representing a slight improvement on the previous period. The PSA has appreciation for the collecting methods implemented by the SA Revenue Service in this regard. R1.17 billion is allocated to social grants and welfare services and social-relief grants were extended. The PSA must, however, express displeasure that despite the commitment shown by SARS employees to improve tax collection, SARS is still to pay salaries owed to them that were due in 2021.

The two-pot system on pension withdrawal will be implemented from 1 September 2024 and workers will receive immediate financial relief by way of limited withdrawal from savings. The PSA, however, cautions workers that pension benefits are meant to cater for retirement and should not recklessly be withdrawn. The positive aspect from this is that government will be able to collect R5 billion in tax revenue from such withdrawals, should workers wish to make a withdrawal from their pension savings.

The PSA is pleased that some austerity and cost-containment measures are reversed. It is trusted that funds allocated to the health sector will ensure that government departments will be able to fill vacant, funded posts to support much-needed service delivery. The education sector is allocated an additional R25.7 billion towards improving school infrastructure, salary-increase payments, and nutrition schemes. Support for the health sector is welcomed, with R855 billion being allocated for infrastructure, salary increments, and National Health Insurance (NHI) costs to improve healthcare services, including district facilities, to improve access to healthcare. More doctors and nurses will be hired. The PSA is, however, of the view that in order for the NHI to be effective when signed into law, much more funding will be required to cater for the most vulnerable.

The R765 billion allocated to safety and security is welcomed, as is the training of 10 000 police officials in the next financial year to prevent crime. Salary increments for police officers will also be implemented.



The R7.5 billion allocated to Presidential stimulus programs will improve employment initiatives to support the youth. The allocation of R943 billion for infrastructure programs will also increase opportunities for job creation and business for entrepreneurs. Allocations to the Department of Justice and Constitutional Development will assist in speeding up state-capture cases and recover monies stolen through corruption.

The PSA is, however, concerned about various matters outlined by the Minister of Finance. These include the fact that the economy is not growing as expected owing to limited resources. The R150 billion withdrawals from the Reserve Bank contingency foreign fund demonstrate an act of desperation by government. The universal social grant was not mentioned as a relief measure for country's large group of unemployed youth. The R350 grant is still too little to assist them in seeking employment and maintaining a livelihood.

The South African economy is remains in a dire position. The PSA hopes that government, in recognition of this reality, will prioritise the reduction of debt in pursuit of a healthy financial balance sheet and sustainable job creation. The PSA, along with various other organisations, has made proposals to better the economy and improve the lives of citizens. It is trusted that government will take note of these proposals. In the interim, the PSA will closely monitor the situation and urges government to act swiftly should improvements not be forthcoming.

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