

<b>MEDIA RELEASE</b>	Medium-Term Budget Policy: PSA concerned about impact on Public-Service labour relations
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<b>EMBARGO</b>	None
<b>ENQUIRIES</b>	Communication communication@psa.co.za

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The statement by Finance Minister, Tito Mboweni, in his Medium-Term Budget Policy Statement on 24 October 2018 that the South African economy is at a crossroads, could predict the same scenario for Public-Service labour relations.

The Public Servants Association (PSA) that represents more than 240 000 public-sector employees, has expressed severe concerns about the Minister's comments regarding the 2018 public-service wage agreement. The Minister indicated that the agreement exceeds budgeted baselines by about R30.2 billion over the medium term and that government has not allocated additional money for this. National and provincial departments will be expected to absorb these costs within their compensation baselines. The Minister also stated that national wage ceilings remain unchanged, despite the new wage agreement. He furthermore indicated that the Department of Public Service and Administration will work with national and provincial departments to help them "manage the implementation of the agreement, while protecting key developmental priorities".

The PSA did not sign the agreement as the Union regarded as detrimental for public servants for various reasons. "The PSA's understanding of the Minister's statements is that government has not budgeted for the negotiated agreement with labour. Already-overstretched departments are now expected to absorb these expenses. This will have a direct impact on employment with a ripple effect on employees and service delivery. Should this, in fact, be the case, this will be in conflict with recent outcomes of the Jobs Summit and the Public Service Collective Bargaining *Indaba* and cannot be regarded as anything but negotiating in bad faith by the state as employer," said PSA General Manager, Ivan Fredericks.

"In addition, it is worrying that the Minister is of the opinion that 'wages that have crowded out other goods and services and capital investment' have contributed to a build-up of unpaid invoices in provincial departments. Financial mismanagement and wages are separate issues," said Mr Fredericks

The PSA is cautiously optimistic about certain aspects of the Policy Statement. "The strong stance taken by the Minister to fully investigate all irregular, fruitless and wasteful expenditure by elected officials in government structures, especially municipalities, is refreshing in a time when corruption seems to have become a norm. Ensuring compliance with legislation such as the *Public Finance Management Act* will ensure that economic progress is not hampered by incidents such as the VBS heist. Measures of this nature play an important role in restoring taxpayer trust in government structures," said Mr Fredericks.

The PSA indicated that more clarity on the Minister's plans to restructure and improve the management of State-Owned Enterprises is needed. "SOEs are vital to the country's growth plans and the recent looting of these entities cannot be tolerated. The urgent interventions to restore the South African Revenue Services to strengthen its mandate and leadership is welcomed in support of effective revenue collection. The PSA also welcomes the announced initiatives to improve infrastructure in the Education, Health and Social sectors. The test will, however, be the effective and speedy implementation of these initiatives," said Mr Fredericks.

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