

What a public sector wage increase will cost South Africa

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What a public sector wage increase will cost South Africa 5 days ago Amahle Pillay South Africa's government is opposing a bid by labour unions to compel the state to honour a public-service wage deal, warning the accord would lump the country with R37.8 billion (\$2.2 billion) of additional debt. The government in April reneged on an agreement to raise pay for more than 1.2 million servants as part of an effort to stabilize state finances. The Public Servants Association, which represents about 250,000 government workers, took the dispute to the Public Service Co-ordinating Bargaining Council and the matter is now before the Labour Court. PSA spokesman Reuben Maleka and South African Democratic Teachers Union Secretary-General Mugwena Maluleke said their organizations are opposing the government. "We are hopeful the court will rule in our favour," Maleka said by phone 29 September. Freezing public-servant wages is critical to Finance Minister Tito Mboweni's plans to cut government spending by R230 billion over the next two years to rein in surging debt. About a third of the government's annual R1.95 trillion budget is spent on state-worker pay. Mboweni is scheduled to present his medium-term budget later this month. 'Increase Unaffordable' Increasing government employees' wages is unaffordable, particularly given the impact of the coronavirus pandemic on state finances, Treasury Director-General Dondo Mogajane said in a 17 July affidavit. "Government is compelled by the Covid-19 pandemic to spend public funds (which are already in deficit) to alleviate the plight of the poor and vulnerable," he said. "Regrettably government simply cannot in these circumstances accede to the applicant's claim for yet further increases." Public Service and Administration Minister Senzo Mchunu backed the Treasury in a 25 September affidavit. Mboweni in June presented an emergency budget in which he targeted a primary budget surplus by 2023-24. This month's announcement is expected to outline spending reductions and revenue-adjustment measures amounting to about 250 billion rand over the next two years. Mogajane stressed that while the government is unable to afford raising public servants' pay, employees aren't facing wage freezes or pay cuts as some in the private sector have. "The Covid-19 pandemic has come at a great cost to employment in the private sector, with numerous remaining employees receiving no increments or even experiencing pay cuts to preserve employment," he said. "The applicants' members' jobs are in contrast not threatened. Nor are their salaries reduced."