

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 3561 [NW4228E]**  
**DATE OF PUBLICATION: 18 SEPTEMBER 2015**

**3561. Mr D J Maynier (DA) to ask the Minister of Finance:**

- (1) What is the (a)(i) total cost and (ii) breakdown of specified total costs of the public sector wage agreement in the (aa) 2015-16, (bb) 2016-17 and (cc) 2017-18 financial years and (b) sum total of the total costs of the specified financial years;
- (2) how will the public sector wage agreement be financed;
- (3) what are the implications for the (a) spending ceiling, (b) contingency reserve, (c) budget deficit, (d) borrowing requirements and (e) debt service cost?

NW4228E

**REPLY:**

- (1) Preliminary indications are that the 2015 wage agreement will cost as much as R63.9 billion over and above what is provided for this purpose in the budget baseline over the 2015 MTEF. Of the above amount R41.5 billion is for cost of living adjustments, R11.1 billion is for medical assistance and R11.4 billion is for housing allowance.

Line departments at national and provincial level are being engaged to assess the magnitude of shifts required for reprioritisation.

- (2) National Treasury is certain that the agreements can be accommodated within the current expenditure limits. Contingency reserves will play a role in accommodating higher compensation budgets this year, and so will resources available due to projected underspending. Some reprioritisation from other budget lines will also be required.
- (3) National Treasury is currently coordinating the budget process in preparation for the Medium Term Budget Policy Statement (MTBPS) in Parliament on 21 October 2015. The Minister of Finance will make an announcement at the MTBPS on how costs of the public sector wage agreement will be financed.