

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3668 [NW4335E]
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3668. Mr D J Maynier (DA) to ask the Minister of Finance:

(a) What is the (i) total cost and (ii) breakdown of such costs of the public sector wage agreement in the (aa) 2015-16, (bb) 2016-17 and (cc) 2017-18 financial years, (b) what is the sum total cost of the specified financial years combined for each specified provincial department in respect of each province and (c) how will the public sector wage agreement be financed in each specified case?

NW4335E

REPLY:

Question 1: Preliminary indications are that the 2015 public sector 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 is for medical assistance and R11.4 billion is for housing allowance.

Salary negotiations are taking place at the Public Service Coordinating Bargaining Council (PSCBC), which is established in terms of section 35 of Labour Relations Act 66 of 1995. The main purpose of the PSCBC is to allow Public Service parties to negotiate on transverse matters including terms and conditions of employment, resolve disputes and facilitate hearings to resolve disputes that arise in the Public Service. This excludes matters pertaining to Constitutional Institutions and Public Entities.

Question 2: National Treasury is certain that the agreement 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 from Departments and provinces.

National Treasury is currently coordinating the budget process in preparation for the Medium Term Budget Policy Statement (MTBPS) in Parliament in October 2015. The Minister of Finance will make an announcement at the MTBPS on how costs of the wage agreement will be financed.