

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1372 [NW1697E]
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1372. Mr N M Hadebe (IFP) to ask the Minister of Finance:

- (1) Whether, considering the rising inequality and the high unemployment rate that have compelled the Government to introduce additional grant schemes to provide relief, while the bloated public sector wage bill is constraining the Government's ability to allocate resources more effectively, National Treasury is taking any steps to accelerate the implementation of the social compact to ensure that the private sector takes a leading role in addressing the unemployment crisis;
- (2) how does the Government plan to balance the need for social spending with the need to rein in public sector wage bills?

NW1697E

REPLY

- (1) South Africa has a large and comprehensive social security system which is one of the largest in the developing world, with more than R300 billion of income support in 2024/25, including approximately R270 billion in social grant payments. Apart from grants, government provides support initiatives to address unemployment and develop skills. Parliament appropriates funds to these programmes annually with different Ministers and departments administering the programmes. In line with the stipulated government framework, government departments table in Parliament their plans on how they will implement these programmes within their Annual Performance Plans and Strategic Plans which allows members to hold the department accountable for their performance.

In addition, the Budget provides numerous incentives and partnership mechanisms for the private sector to create jobs. The following are the resources available during 2024/25 for key programmes for this purpose:

- R2 billion employment tax incentives, which is made available to private employers to hire young people.
- R2 billion for a tax incentive for learnerships.
- R6.9 billion for incentives to retain workers in small business or to create new micro enterprises.

- More than R500 million for labour-market matching activities, including job search assistance, counselling, and employer / employee intermediation services.
- R1.6 billion in grants for research and development, and innovation support.
- R24.5 billion for on-the-job training, learnerships, internships and other similar interventions.
- An additional R20 billion in support is available from government for incentives to provide exposure to young people to work, including through the Expanded Public Works Programme, the Jobs Fund, and the working for tourism programme, among many others.

(2) The majority of non-interest spending, around 60 per cent, is spent on the social wage, which is dominated by various social spending programmes, such as education, health, social security, and employment support. In the largest sectors – such as education and health – most of the spending is on wages (especially for nurses and teachers). In this regard, majority of the wage bill is embedded within the social wage. However, it should be noted that the wage bill is set during a negotiation process. The National Treasury is working with the Department of Public Service and Administration to achieve a sustainable settlement with public sector unions. Simultaneously, measures have been implemented to improve the efficiency of the overall remuneration system including by reviewing allowances and other benefits for public servants. The National Treasury is also working with government departments and provinces to improve headcount management, including limiting the appointment of staff.