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**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 3086 [**NW3402E**]**

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**3086. Ms D van der Walt (DA) to ask the Minister of Finance:**

1. With reference to the reply of the Minister of Public Service and Administration to question 2809 on 2 October 2017 and the announcement during the Budget Vote Speech on 24February 2016 by the former Minister of Finance, Mr Pravin Gordhan, in which South Africans were informed that the Government will cut its wage bill by R25 billion over three years, (a) how does the total wage bill of the 2016-17 financial year compare to the 2015-16 financial year, (b) how does the first six months of the 2017-18 financial year compare with the first six months of the 2016-17 financial year and (c) what savings in the wage bill have been achieved due to austerity measures since this announcement for each financial year or part of it to date;
2. whether the Government is still on track in achieving its R25 billion savings on the wage bill in the specified period; if not, (a) why not and (b) what steps will he take to ensure that the targeted savings are achieved; if so, what are the relevant details;
3. what percentage of the Government’s total expenditure for the 2017-18 financial year was allocated to wages?

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**REPLY:**

1. (a)The wage bill has increased by 8.1 per cent between 2015/16 and 2016/17 financial years.

**Table 1: Consolidated national, provincial and social security funds1**

|  |  |  |  |
| --- | --- | --- | --- |
| **R million** | **2015/16** | **2016/172** | **Per cent increase** |
| Compensation of employees | 427 995.5 | 462 611.2 | 8.1% |

1 Budget Review (2017, pp 214-215)

2 Revised estimate

(b)Wage bill information for the first six months of 2017/18 shows that the wage bill has increased by 7.4 per cent compared to the first half of 2016/17.

**Table 2: Consolidated national and provincial government1**

|  |  |  |  |
| --- | --- | --- | --- |
| **R million** | **2016/17** | **2017/18** | **Per cent increase** |
| Compensation of employees:  first half | 225,004.1 | 241,701.4 | 7.4% |

1 IYM reports, excludes National Parliament

(c) Wage bill reductions amounting to R25 billion were effected in 2017/18 (R10 billion) and 2018/19 (R15 billion). Assessment of savings for 2017/18 will only be possible at the end of the financial year.

1. Preliminary indications based on 2017/18 first half compensation spend are that government is broadly on track to achieving targeted savings on compensation budgets. A few national and provincial departments are, however, showing signs of excess pressures on their compensation budgets. The National Treasury will continue monitoring implementation of compensation budgets during the current financial year.
2. The share of total budget for 2017/18 allocated to compensation of employees is 33.5 per cent.

**Table 3:** **Consolidated national, provincial and social security funds1**

|  |  |  |
| --- | --- | --- |
| **R million** | **2017/18** | **Per cent of total budget** |
| Compensation of employees | 497 094.9 | 33.5% |

1 Budget Review (2017, pp 214-215)