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**THE PRESIDENCY: REPUBLIC OF SOUTH AFRICA**

Private Bag X1000, Pretoria, 0001

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**QUESTION NO: Question No: 737**

**Date Published: March 2016**

**Mr W M Madisha (Cope) to ask the President of the Republic:**

1. Whether the Government is implementing a policy across all spheres of government to actively and determinedly restrain the Government wage bill so that it does not (a) outpace inflation, (b) constrain the capital budget, (c) curtail service delivery (d) erode the contingency fund and (e) impact negatively on social spending on the poor; if not, why not; if so, what measure of success has the specified policy had in the period 1 January 2013 up until the latest specified period for which information is available;

(2)    Whether the Government is equally restraining government expenditure on the salaries of public representatives and office bearers in order to minimise the budget deficit; if not, why not; if so, what are the relevant details?          NW855E

**REPLY:**

1. Government is committed to remaining within overall expenditure ceilings which were initially introduced in 2012. The main driver of growth in the past in the government wage bill has been the implementation of above inflation salary increases. However, careful reprioritisation of spending since 2012 has led to a reduction in the share of compensation of employees from 36.1 per cent in 2012/13 to a revised estimate of 34.5 per cent in 2015/16.

In the 2016 Budget Speech, the Minister of Finance announced measures to curtail growth in the wage bill, including reducing compensation budgets by R25 billion over the next three years. An additional R7.2 billion has been shifted out of compensation budgets over the medium term to other spending priorities. The National Treasury, the Department of Public Service and Administration, and the Department of Planning, Monitoring and Evaluation are working on proposals to reform wage negotiation processes. Appointments to non-critical posts will be blocked on the payroll system. However, to protect service delivery, teachers, nurses, doctors, police officers and other critical posts will be excluded from this process. To further restrain growth in wage bill, the 2016 Appropriation Bill proposes earmarking compensation budgets. The success of these interventions will be assessed during the next three-year period.

The process of determining salaries of public representatives and office bearers is undertaken by the Independent Commission for the Remuneration of Office Bearers (“the Commission). The Commission is an independent statutory body mandated in terms of section 8 (4) and (5) of the Commission’s Act (Act No. 20 of 1998), to make annual recommendations relating to salaries, allowances, benefits and making submissions to the President for consideration. A number of factors are taken into consideration with the objective of restraining expenditure. Such factors include affordability, economic conditions, and inflation forecasts, amongst other. These factors are carefully considered by the President prior to taking a decision on the Commission’s recommendations. The process also involves consultation with various stakeholders including the Legislative Sector Forum (LSF) and the Minister of Finance. A case in point is the recently announced cost-of-living adjustments for public office bearers nationally and provincially. The Commission had recommended between 5% and 6% for main categories of public office bearers but the President, after due consideration, determined a below inflation increase, (i.e. Consumer Price Index minus 1% which translates to 4.4%) for the 2015/16 financial year.