**NATIONAL ASSEMBLY**

**QUESTION FOR** **WRITTEN REPLY**

**QUESTION NUMBER:** **804 [NW904E]**

**DATE OF PUBLICATION: 10 MARCH 2023**

**🟊****804. Mr E M Buthelezi (IFP) to ask the Minister of Finance:**

Whether the National Treasury has a plan to balance the increase in employee compensation while also ensuring that funds are allocated to ensure service delivery; if not, why not; if so, what are the relevant details?

 NW904E

**REPLY**

In recent years, government has proposed difficult but necessary measures to curb the growing and unsustainable public sector wage bill. Given the size and the share of the public sector wage bill to total consolidated expenditure, it is critical that the public sector wage bill is carefully monitored and managed in relation to the broader economy. A faster growing public sector wage bill in relation to economic growth, will lead to a crowding-out effect on other critical priority spending areas.

Government thus far has successfully in curbing or slowing down growth on compensation expenditure given the fiscal consolidation measures introduced in Budget 2020 and Budget 2021. This has resulted in consolidated compensation of employees’ accounting for 31.6% of total consolidated expenditure in 2022/23, which is a reduction from the 35.7% share in 2013/14. Please refer to **Figures 3.5** and **3.6** in page 29 of the 2023 Budget Review for relevant details regarding growth in compensation of employees’ spending relative to other service delivery areas.