

**MINISTRY: PUBLIC SERVICE AND ADMINISTRATION**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.:** **95.**

**Mr M Hlengwa (IFP) to ask Minister of Public Service and Administration:**

Whether his department has made any progress to reduce the public wage bill; if not, why not; if so, what are the relevant details? NW1056E

**REPLY**

Yes. During and post the 2018 Wage negotiations, economic realities and financial pressures were discussed with organised labour. The purpose was to jointly look at tangible measures going forward, to remain within the budgetary ceiling without negatively impacting on job security, as well as ensuring continuous efficient and effective functionality of departments within the Medium Term Expenditure Framework (MTEF) and beyond.

Numerous Human Resources (HR) related areas to reduce the Public Service wage bill have been jointly identified between the Department of Public Service and Administration (DPSA) and the National Treasury (NT) as follows:

1. **Organisational structures interim measures**

Regulation 25(2) of the Public Service Regulations (PSR), 2016 confers the authority to executive authorities to determine their department’s organisational structures, define and create posts necessary to perform the relevant functions of the department, grade the proposed new jobs and to engage in human resources planning.

Organisational structure of each government departments will be finalised when the National Macro Organisation of Government (NMOG) Project has been concluded by the 6th Administration.

1. **Creation and filling of posts**

Due to the current financial constraints, executive authorities of the 5th Administration were encouraged to align their organisational structures with their respective personnel budgets, and to create posts within the available funds in the current MTEF. Furthermore, executive authorities were encouraged to only fill critical posts in terms of section 9 of the Public Service Act (PSA), 1994.

Where the creation of a post is based on the redirection of funding from an abolished post to another post, the redundant post must first be abolished before the creation of the newly funded post.

1. **Employment of persons additional to the approved fixed establishment**

Regulation 57(2) of the PSR, 2016 states that “an executive authority may, unless otherwise authorised by the Act, within the available budget and at a salary linked to a grade determined through job evaluation or as determined in an OSD, employ persons additional to the establishment”.

The employment of persons additional to the establishment shall not exceed 12 consecutive calendar months unless otherwise directed by the MPSA. Requests made for the extension or continuation of the employment for periods longer than 12 months, must be assessed against the original reasons for the employment of persons additional to the fixed establishment to reduce such expenditure if no longer necessary.

1. **Posts in the Offices of Executive Authorities**

Chapter 3 of the guide to Members of the Executive and regulation 66 of the Public Service Regulation (PSR), read in conjunction with section 9 of the Public Service Act (PSA) 1994, stipulates the standard configuration of Offices of executive authorities and the capacity requirements for such offices.

The DPSA has issued a circular informing government departments that appointment made to private office of Executive Authority or Deputy Minister in terms of Regulation 66 of the PSR should be linked to their term of office of the relevant Executive Authority or Deputy Minister.

1. **Granting of Early Retirement without penalty for employees between 55 and 60 years**

Section 16(6) of the Public Service Act, 1994 as amended states that *“an executive authority may at the request of an employee allow him or her to retire from the public service before reaching the age of 60, notwithstanding the absence of any reason for dismissal in terms of section 17(2) if sufficient reasons exist for the retirement”*.

Granting of Early Retirement without penalty for employees is in response to a need identified by employees who wish to exist the public service before the official retirement age of 60 years.

The provision for applications for early retirement, where National Treasury provides funding support to departments, is limited to the period **01 April 2019** to **30 September 2019**. An assessment will therefore be conducted to determine whether a further need for financial support for early Retirement is required by departments.

The DPSA and NT have between April and June 2019 concluded National, Provincial and Sectoral workshops with the relevant human resource officials to support implementation. In addition the requisite governance, financial and administrative tools, documentation and reporting templates have been issued to departments.

1. **Decremental Budgets allocated for payment of Performance Bonus**

Regulation 73(3) of the Public Service Regulations, 2016 states that *“the Minister shall from time to time determine a percentage of a department’s remuneration budget that shall not be exceeded for the purpose of granting performance rewards”*. This regulation is supported by regulation 73(4) which states that *“the Minister shall from time to time determine the maximum percentage reward to be granted to an employee or category of employees”*.

A strategy to decrease the percentage of a department’s allocated remuneration budget for the payment of performance rewards has been developed together with the National Treasury.

The approved Incentive Policy Framework (2017), provides that departments may not utilise more than 1.5% of their annual remuneration budget for the payment of performance rewards. The strategy decreases the budget allocation as follows:

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| **Financial Year** | **Maximum % of Remuneration Budget** |
| 2018/19 | 1.5% |
| 2019/20 | 0.75% |
| 2020/21 | 0.5% |
| 2021/22 | 0% |
| Post 2022 | To be determined based on the comprehensive review of all PMDSs for all categories of employees |

The above initiatives are envisaged to support government’s approach to manage the wage bill. The DPSA and NT monitor the public service wage expenditure to identify new and further areas for potential savings.