



# ILERA **AFRICA** 9<sup>th</sup> Regional Congress

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# **Public Service Employees in South Africa: Are they being short-changed?**

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# Why the title of the paper

- At the time Abstracts had to be submitted, the Minister of Finance Tito Mboweni was adamant there would be no increase in the salaries of public service employees in 2020-21.
- He said this even though there was a three-year agreement in place that there would be an increase in 2020-21.
- That gave rise to the title of my paper:  
Are public service employees being short-changed?

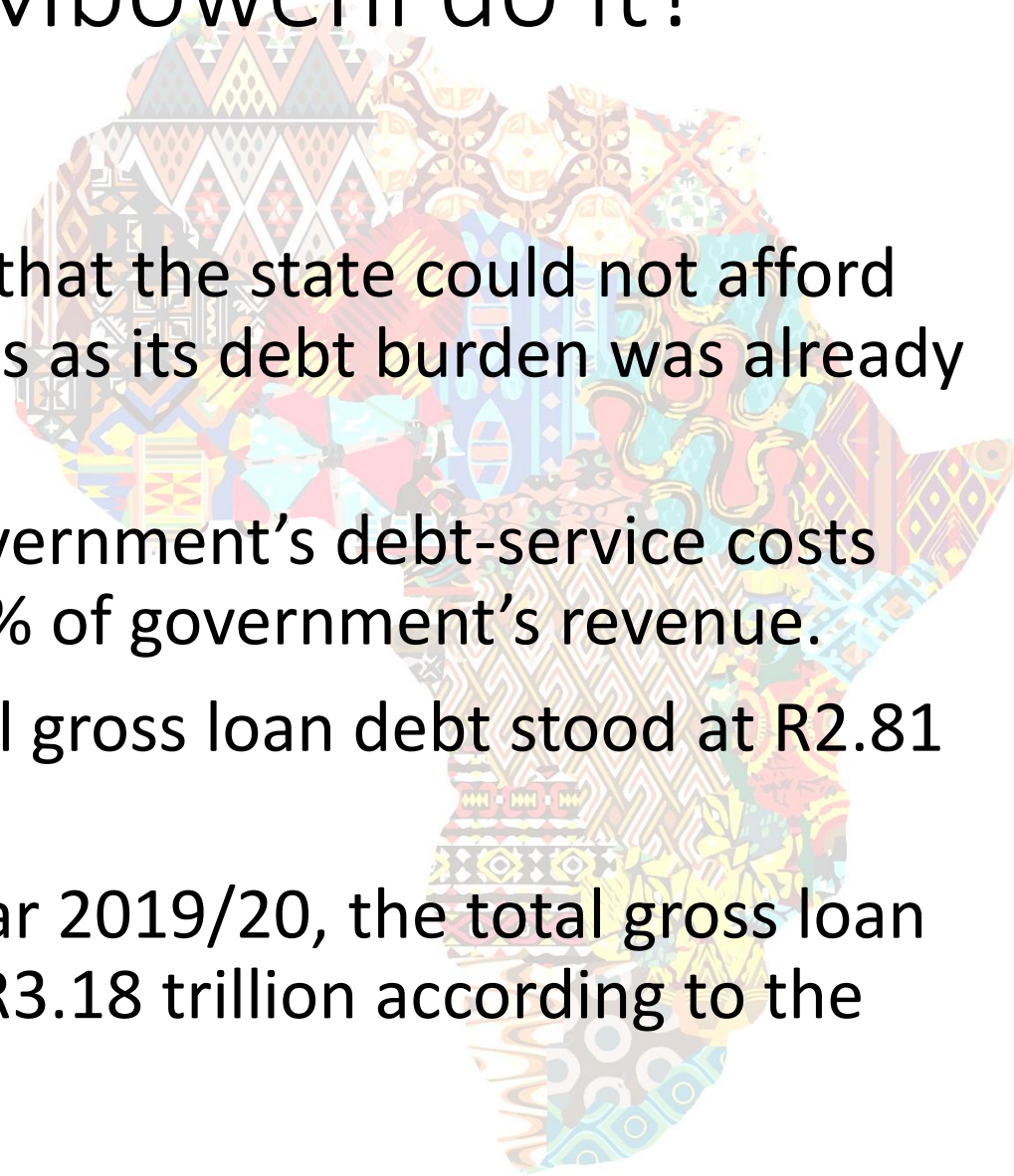


# Minister Mboweni's Budget speeches

- In his 2019 Budget speech Minister Mboweni said:
- “The public wage bill is unsustainable. National and provincial compensation budgets will be reduced by R27 million over the next three years.”
- The warning was out.
- Then, on 28 October 2020, the day of his medium term budget policy statement, Mboweni revealed National Treasury's plan to freeze public sector wages for the next three years.

# What made Mboweni do it?

- Mboweni insisted that the state could not afford the salary increases as its debt burden was already too heavy.
- In 2017/18 the government's debt-service costs amounted to 13.7% of government's revenue.
- In 2018/19 its total gross loan debt stood at R2.81 trillion.
- By end of fiscal year 2019/20, the total gross loan debt had risen to R3.18 trillion according to the National Treasury.



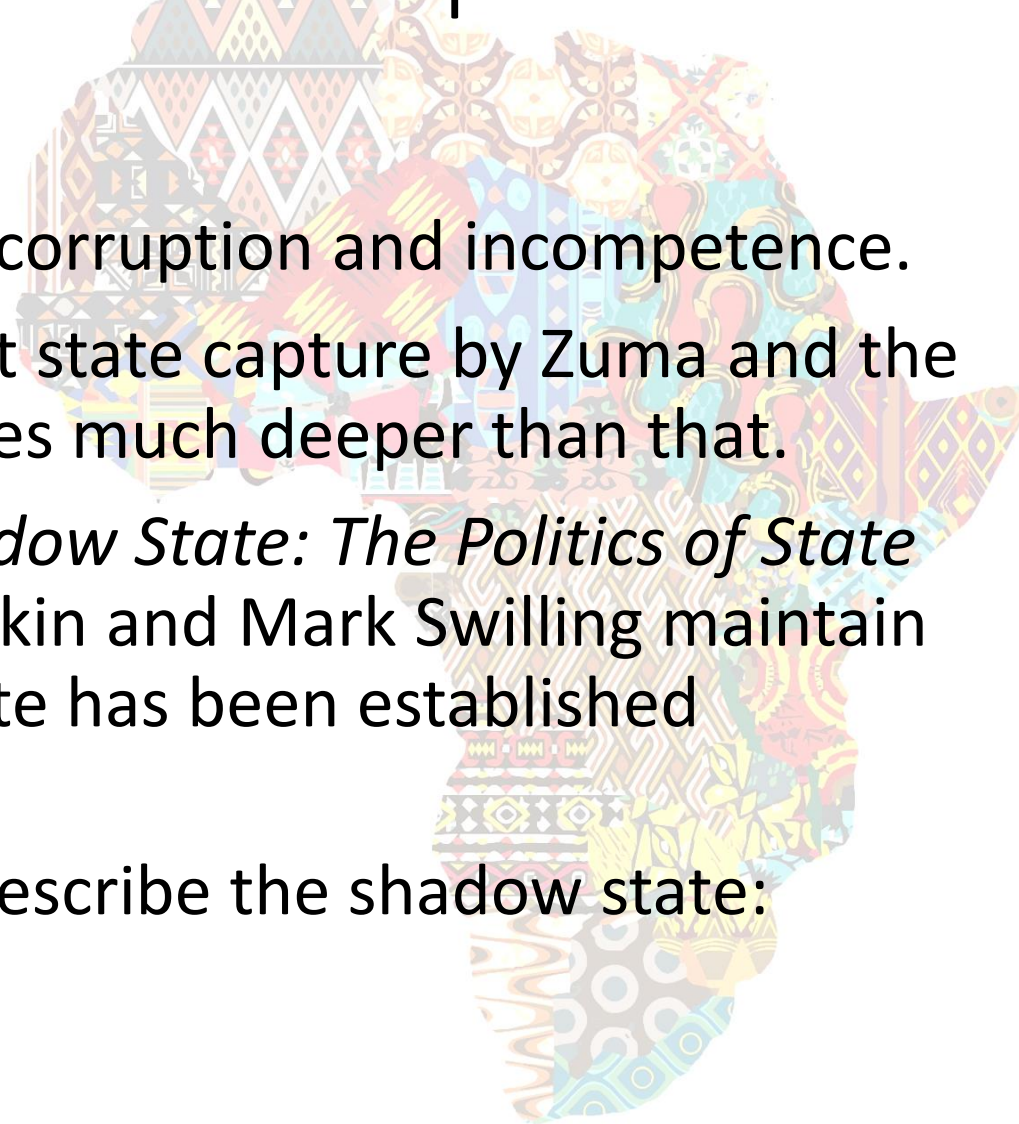
# Reasons for the state's high debt

- In his 2018 Medium-Term Budget speech Minister Mboweni stressed the “consistently high growth in the real public sector wage bill”.
- But there were other reasons as well.
- First of all the loss-making state-owned enterprises (SOEs). Top of the list is Eskom that had run up a debt of R484 billion at its peak in 2020.
- South Africa Post Office (SAPO) incurred a loss of R987 million in 2016/17, South African Airways (SAA) R5.6 billion in the same year, and Denel a loss of R18 billion in 2017/18.
- And the state was expected to bail them all out.



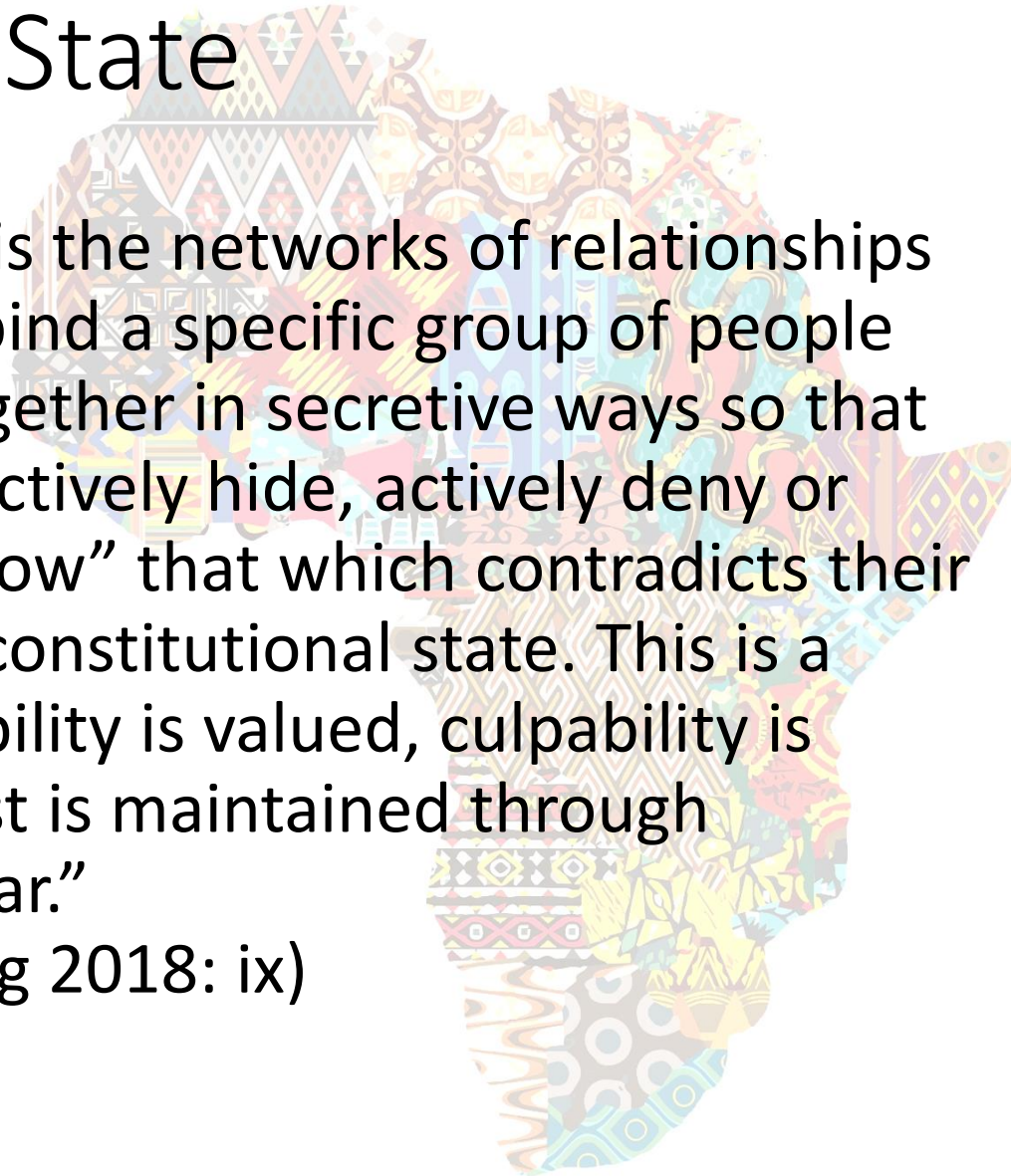
# Corruption and Incompetence

- And then there is corruption and incompetence.
- We all know about state capture by Zuma and the Gupta's, but it goes much deeper than that.
- In their book, *Shadow State: The Politics of State Capture*, Ivor Chipkin and Mark Swilling maintain that a shadow state has been established clandestinely.
- This is how they describe the shadow state:



# The Shadow State

- “The shadow state is the networks of relationships that cross-cut and bind a specific group of people who need to act together in secretive ways so that they can either effectively hide, actively deny or consciously “not know” that which contradicts their formal roles in the constitutional state. This is a world where deniability is valued, culpability is distributed and trust is maintained through mutually binding fear.”  
(Chipkin and Swilling 2018: ix)





# Shadow state still operating

- Media coverage of corruption demonstrating the networks of the shadow state have become increasingly frequent over the last year or so.
- Here is just one example of the network of relationships that the shadow state has created. It is the headline on the front page of the *Mail & Guardian* only 11 days ago (17-22 September 2021):
- “R3 bn corruption 63 officials 0 consequences Government departments have failed to take action against many of the employees implicated by the SIU in Covid-19 procurement graft.”

# Negotiations over public service employees salaries commence

- Even before negotiations commenced there were threats of strikes by public service unions.
- Shortly after Minister Mboweni's announcement of a wage freeze Mugwena Maluleke, COSATU's chief negotiator in the wage talks, likened the announcement to "a declaration of war".
- Die Burger announced: "Staking dreig in staatsdiens" ("Strike threat in the public service")
- In spite of all the threats there was not a strike as the state ended up making considerable concessions.

# The settlement

- After many months of tough negotiations, a settlement was reached.
- The general impression that was created in the media was that public servants received a 1.5% increase.
- But in reality the unions achieved a remarkably high increase: the lowest paid public servants received an 11.7% pay rise. Other public servants also received a higher increase than 1.5%
- What made up the difference between 1.5% and 11.7%?



# Non-pensionable cash allowance

- The difference between the two percentages is due to a non-pensionable cash allowance payable to all public service employees.
- The allowance is paid on a sliding scale: Levels 1 to 5 employees receive a cash equivalent of R1220 per month, levels 8 and 9 R1450, levels 10 and 11 R1640, and the top level 12 R1695 per month.
- The non-pensionable cash allowance was backdated to 1 April 2021 and goes up to 31 March 2022.
- These cash allowances add about R12 billion to the state's expenditure for the 12 months.

# Need to compare public and private sector employees

- Before considering whether public servants were short-changed, it is necessary to compare the incomes and employment situation of public service employees with that of the private sector employees.
- The focus is mainly on the lower incomes and minimum wages as that is where poverty and hunger are located.
- It is also necessary to consider unemployment as it is a main cause of poverty and hunger.

# Lowest salaries of public servants in least-paying occupations, 2018-2019

| Occupation                      | Annual Salary | Monthly Salary |
|---------------------------------|---------------|----------------|
| Nursing Assistant               | R124,788      | R10,399        |
| Community Development Assistant | R132,729      | R11,060.75     |
| Child and Youth Care Worker     | R132,729      | R11,060.75     |
| Social Auxiliary Worker         | R139,563      | R11,630.25     |
| Dental Assistant                | R158,595      | R13,2016.25    |



# Higher and upper salaries

- Although nursing assistants are the lowest paid public servants with an occupational specific dispensation (OSP), nurses higher up the occupational hierarchy earn considerably more. A professional nurse grade 3 is considerably higher, starting at R 362,559 annually or R30,213 per month.
- There are also high flyers in the public service. The overwhelming majority of professionals in the legal, engineering and medical occupations earn over a million Rand per year with some topping the R2million mark in 2018-2019.

# Unemployment in South Africa

- Unemployment and poverty have been haunting South Africa for a very long time. The sad reality is that there has been no meaningful progress in eliminating, or even reducing them, for the last twenty years.
- The unemployment rate stood at 23.3% in 1999 and increased to 29.0% in 2019. More alarming is that the number of unemployed over that period more than doubled from 3.16 million in 1999 to 6.67 million in 2019. The expanded unemployment rate, which includes discouraged workers who have stopped looking for work, stood at 38.5% in 2019.

# Impact of Covid-19 on employment

- The strict lockdown when the Covid-19 pandemic hit South Africa in March 2020 had a devastating effect on employment.
- According to Stats SA employment fell by more than two million from 16.38 million of the previous quarter to 14.15 million during the second quarter of 2020 as employers either had to lay off workers or shut down.
- According to the Nids-Cram Survey more workers - 2.8 million - lost their jobs between February and April 2020.



# Loss of jobs and rising unemployment

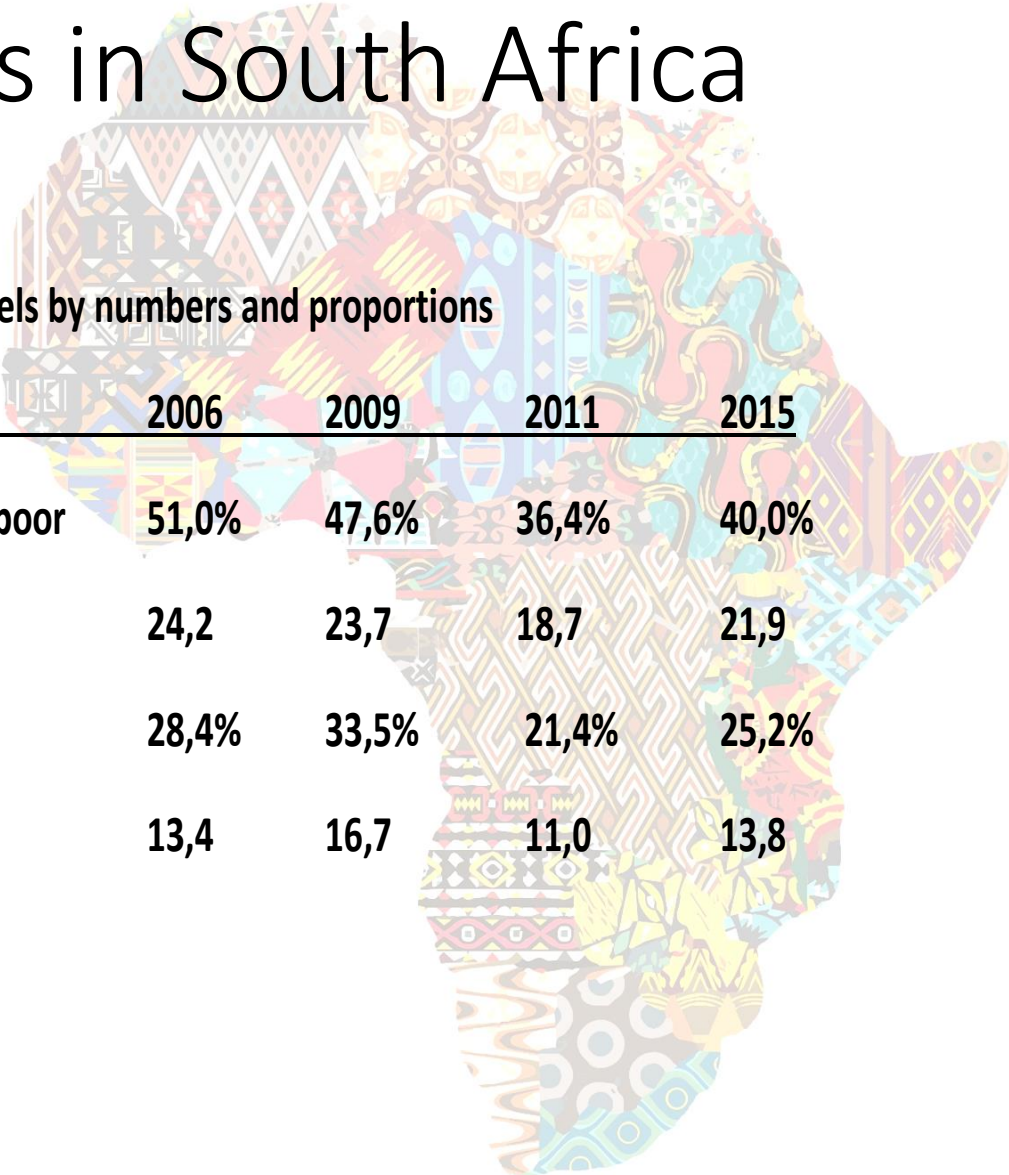
- A year later employment had improved, but nowhere near the pre-Covid level of employment. Employment rose 14.94 million in the second quarter of 2021, but still a far cry from the 16.31 million employed in the second quarter of 2019. Unemployed workers under the expanded definition of unemployment rose ominously by more than one and a half million to 11.92 million and the expanded rate of unemployment to a highest ever of 44.4%, almost half of the entire labour force of South Africa.

# Poverty: Two official poverty levels

- In 2005 the government introduced official national poverty lines. Households or individuals whose incomes fall below a given level of the poverty line are classified as poor. Two of the poverty lines are:
- “The “food poverty line” (FPL) was the level of consumption below which individuals are unable to purchase sufficient food to provide them with an adequate diet.
- The “lower bound poverty line” (LBPL) included non-food items, but requires that individuals sacrifice food in order to obtain these.

# Poverty levels in South Africa

**Table: Lower Bound and Food Poverty Levels by numbers and proportions**

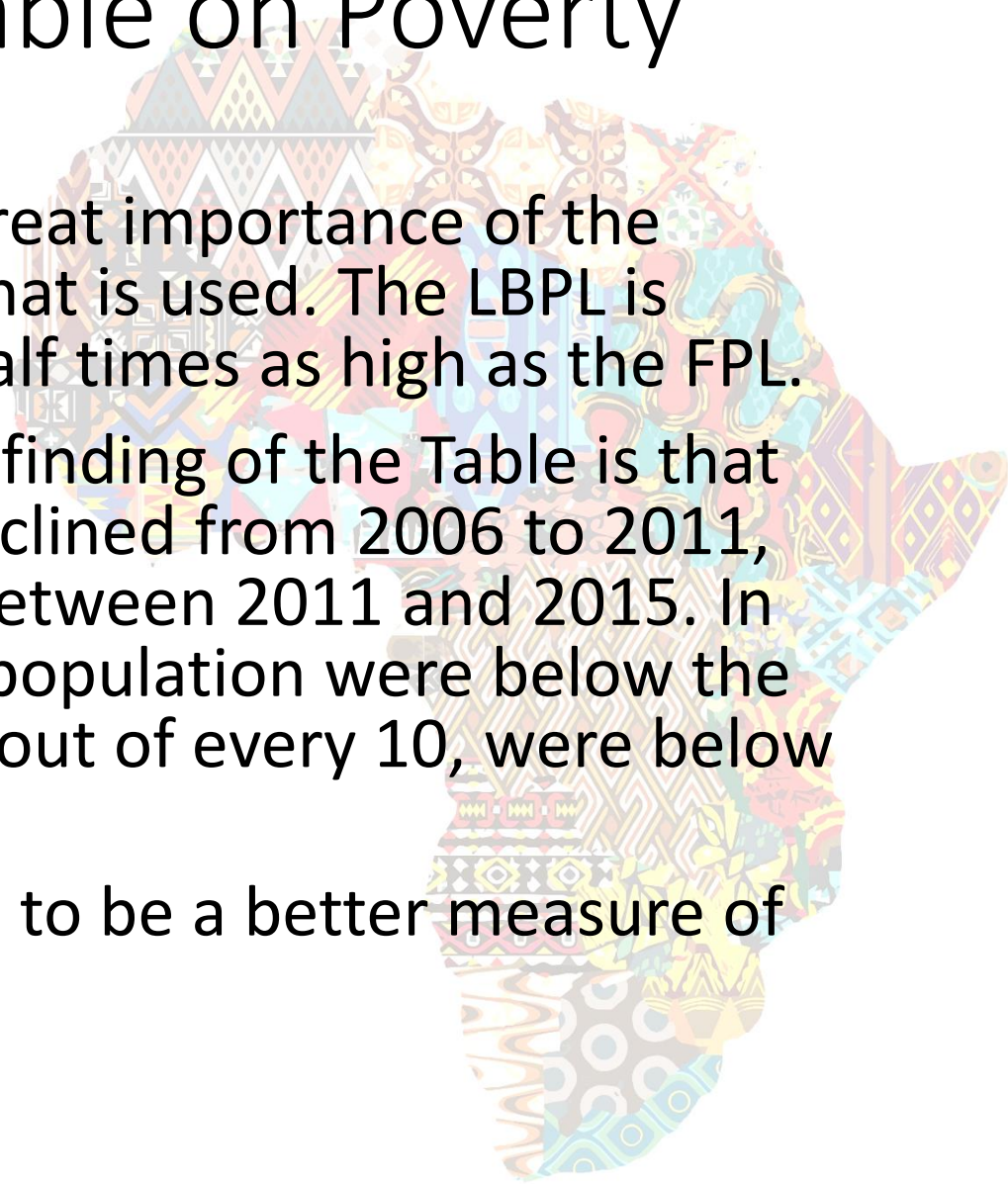


| <u>Poverty headcounts (in millions)</u>        | <u>2006</u> | <u>2009</u> | <u>2011</u> | <u>2015</u> |
|------------------------------------------------|-------------|-------------|-------------|-------------|
| Percentage of the population that is LBPL poor | 51,0%       | 47,6%       | 36,4%       | 40,0%       |
| Number of LBPL poor persons (in millions)      | 24,2        | 23,7        | 18,7        | 21,9        |
| Percentage of the population below FPL         | 28,4%       | 33,5%       | 21,4%       | 25,2%       |
| Number of poor persons (in millions)           | 13,4        | 16,7        | 11,0        | 13,8        |



# Discussion of Table on Poverty

- The Table shows the great importance of the definition of poverty that is used. The LBPL is generally one-and-a-half times as high as the FPL.
- The second important finding of the Table is that the level of poverty declined from 2006 to 2011, but start rising again between 2011 and 2015. In 2015 a quarter of the population were below the FPL and 40%, that is 4 out of every 10, were below the LPBL.
- The LPBL is considered to be a better measure of poverty.



# Who are being short-changed? Is it Public Servants?

- The wage settlement in the public sector in 2021 shows that public servants were not short-changed by the state. In fact, the salary increases they received are higher than the increases that workers have been able to obtain in the private sector.
- The lowest hourly rate that could be identified in the Public Service Co-ordinating Bargaining Council Salary Scales for 2018-2019 is the hourly rate of R83 for contract employment of nursing assistants. As from 1 March 2021 this would have increased by approximately 17% which comes to around R97 per hour.

# Who are being short-changed? Is it private sector employees?

In comparison the National Minimum Wage (NMW) applicable in the rest of the economy was set at R21,69 per hour for the year 2021 with effect from 1 March 2021. However, for domestic workers it is lower at R19.09 per hour. There are many employees in the private sector who earn this little.

- The lowest identifiable minimum wage for public servants is more than four times than the minimum wage for workers in the private sector.

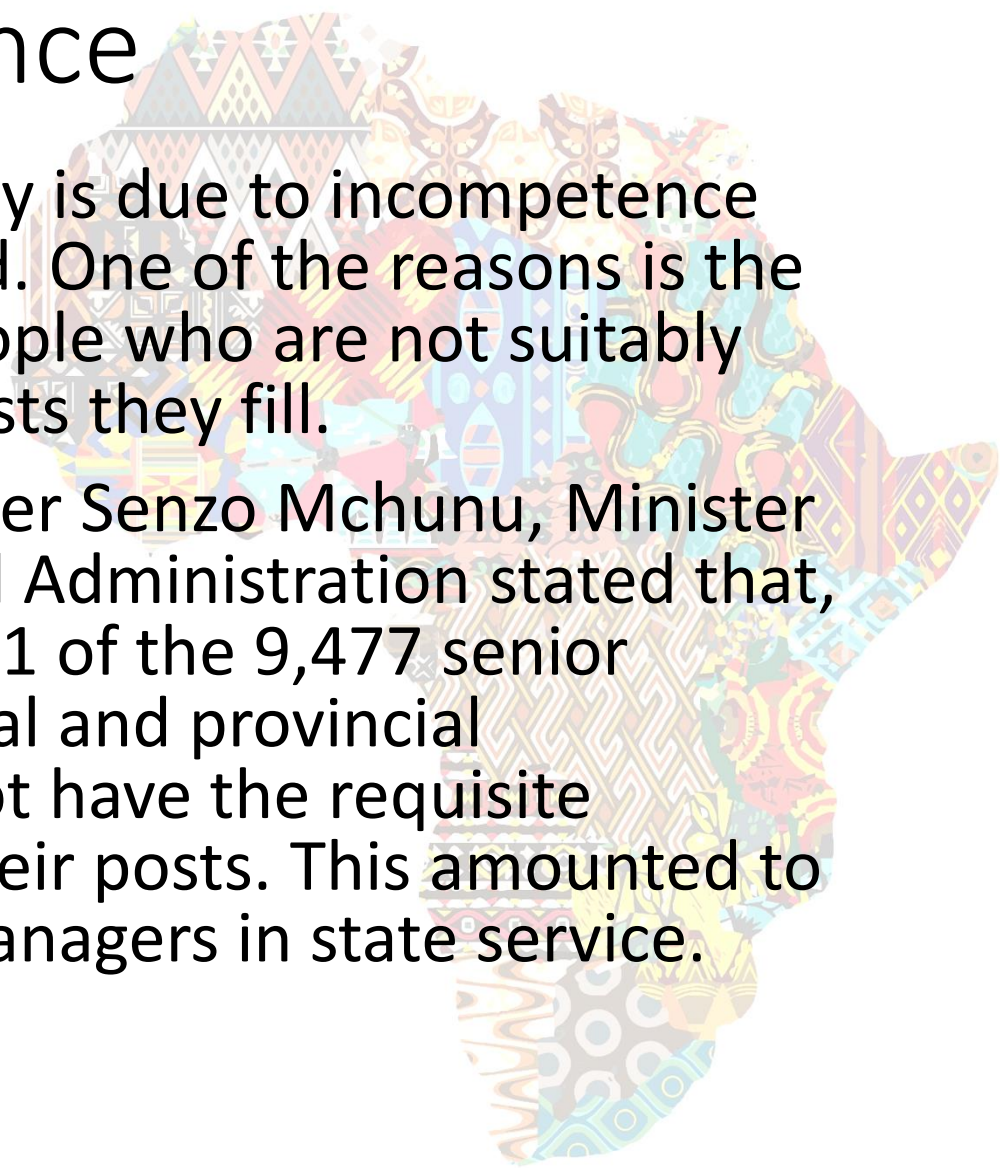


# Reversing the question: Are public servants short- changing private citizens?

- Poor service delivery in almost all domains of the state at national, provincial and municipal levels is spread widely across the country. It is happening in electricity and water supplies, sewerage and cleaning, lack of maintenance of roads and rails.
- Another daily regular in the media is about corruption and incompetence in the public service.

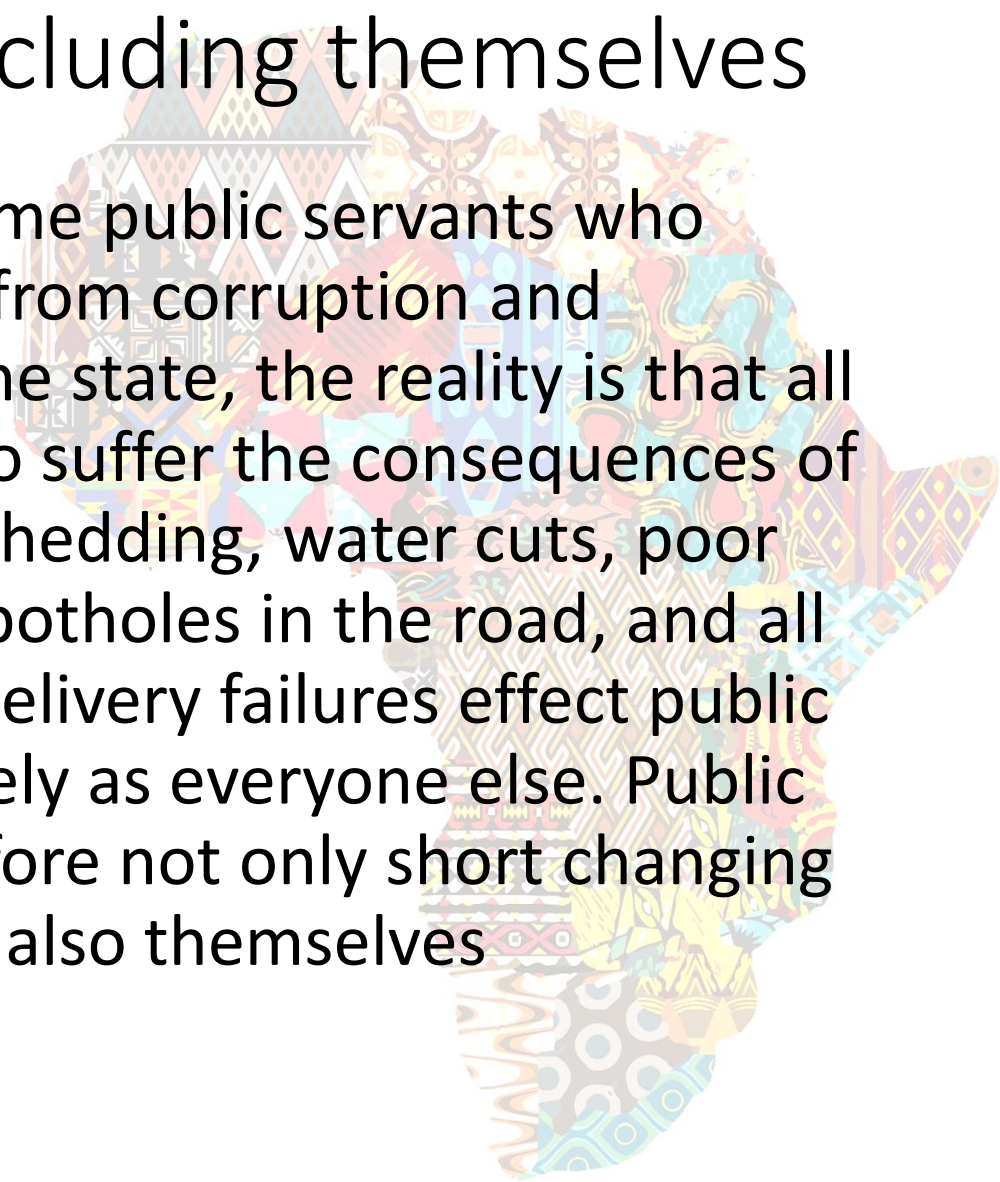
# Poor service delivery due to incompetence

- Poor service delivery is due to incompetence and it is widespread. One of the reasons is the appointment of people who are not suitably qualified for the posts they fill.
- In April 2021 Minister Senzo Mchunu, Minister of State Service and Administration stated that, as of February, 3,301 of the 9,477 senior managers in national and provincial departments did not have the requisite qualifications for their posts. This amounted to 35% of all senior managers in state service.



# Public servants short change everybody, including themselves

- While there are some public servants who benefit financially from corruption and incompetence in the state, the reality is that all public servants also suffer the consequences of state failure. Loadshedding, water cuts, poor cleaning services, potholes in the road, and all the other service delivery failures effect public servants as adversely as everyone else. Public servants are therefore not only short changing everyone else, but also themselves



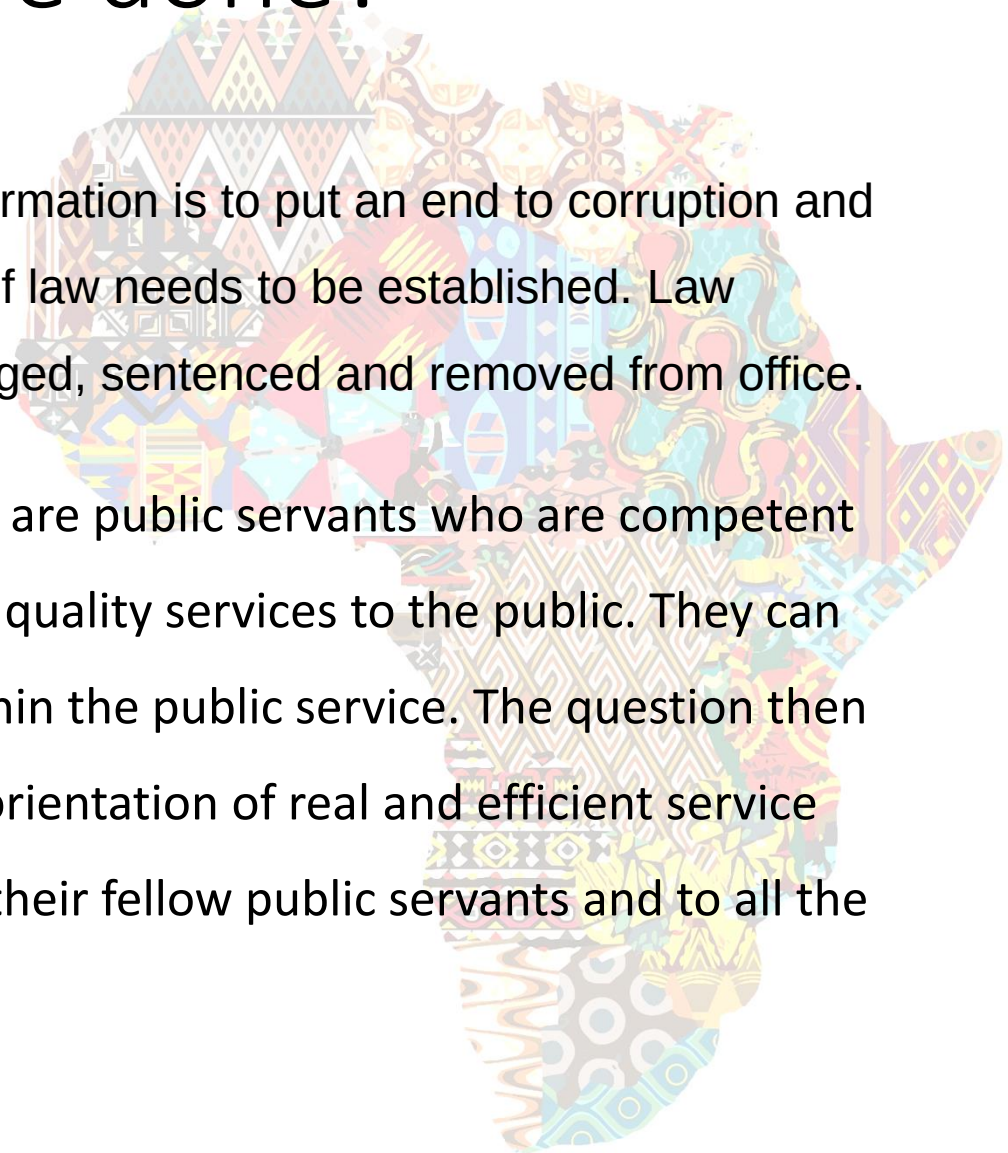


# Who can put an end to corruption, incompetence and poor service delivery?

- It is therefore as much in their own interest as private citizens to put an end to corruption and incompetence and provide efficient and effective public services.
- There are many public servants who are competent, hard-working and opposed to corruption.
- The question is what can they and the rest of society do to put an end to corruption, incompetence and poor public service delivery?

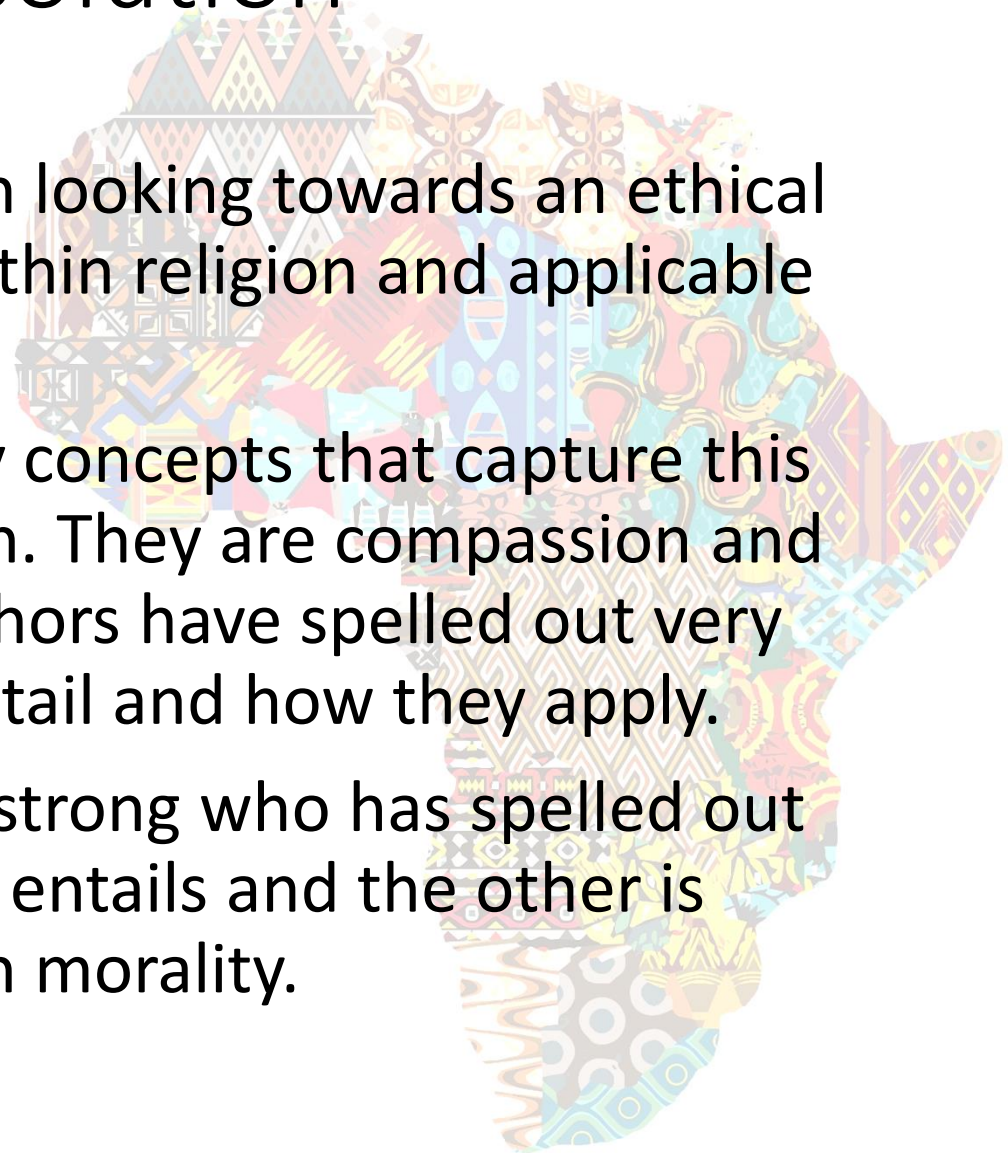
# What is to be done?

- The most obvious transformation is to put an end to corruption and incompetence. The rule of law needs to be established. Law breakers need to be charged, sentenced and removed from office.
- It is important that there are public servants who are competent and work hard to deliver quality services to the public. They can be found at all levels within the public service. The question then becomes how can their orientation of real and efficient service delivery be extended to their fellow public servants and to all the citizens in the country?



# An ethical solution

- One answer lies in looking towards an ethical solution based within religion and applicable to all faiths.
- There are two key concepts that capture this ethical orientation. They are compassion and morality. Two authors have spelled out very well what they entail and how they apply.
- One is Karen Armstrong who has spelled out what compassion entails and the other is Jonathan Sacks on morality.



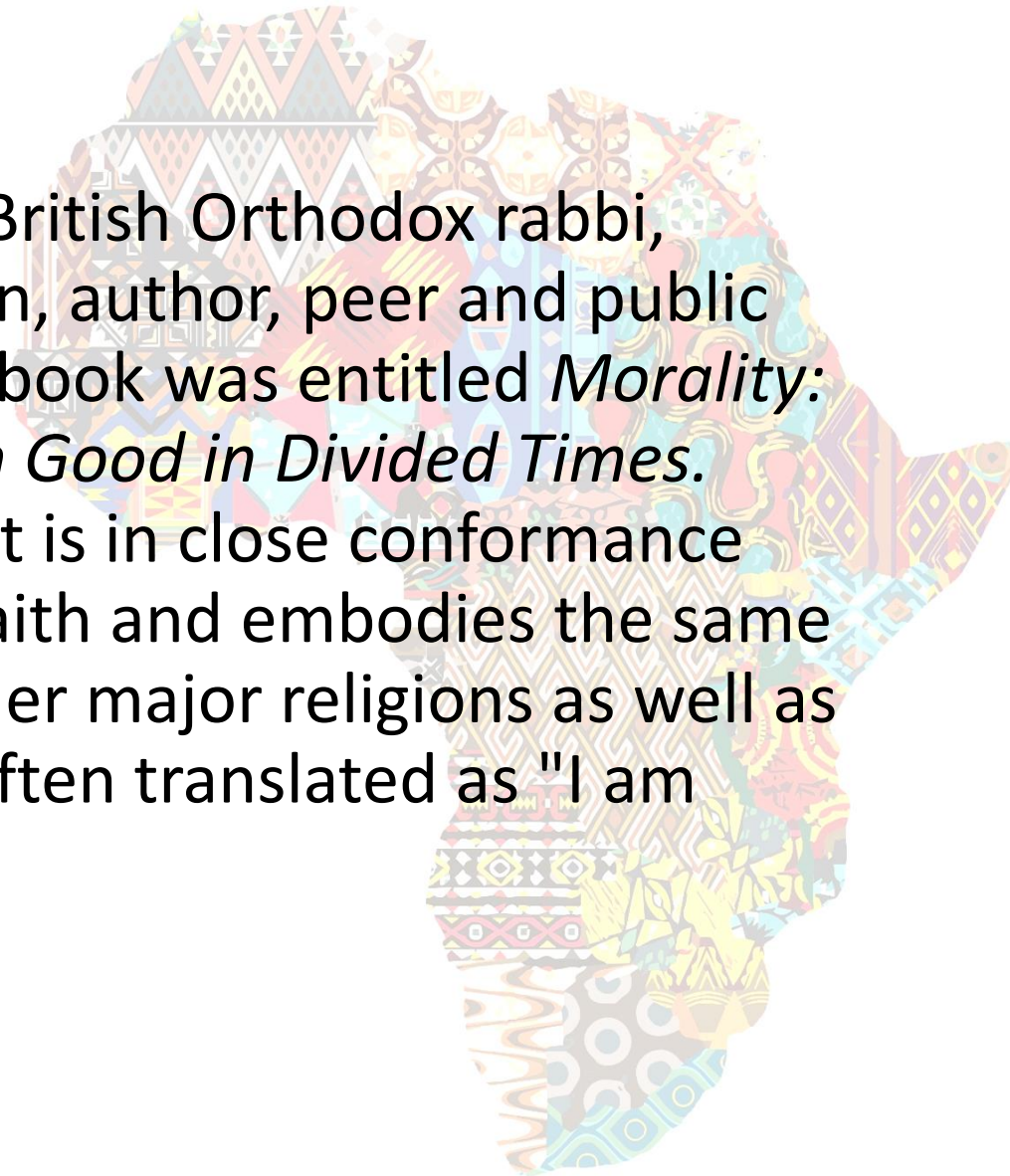


# Compassion

- In her book, *Twelve Steps to a Compassionate Life*, Karen Armstrong provides an insightful account of what compassion entails and its foundation in all religions.
- “All faiths insist that compassion is the test of true spirituality and that it brings us into relation with the transcendence we call God, Brahman, Nirvana or Dao. Each has formulated its own version of what is sometimes called the Golden Rule: “Always treat others as you would wish to be treated yourself”. Further, they all insist that you cannot confine your benevolence to your own group: you must have concern for everybody – even your enemies.” (Armstrong 2011:1-2)

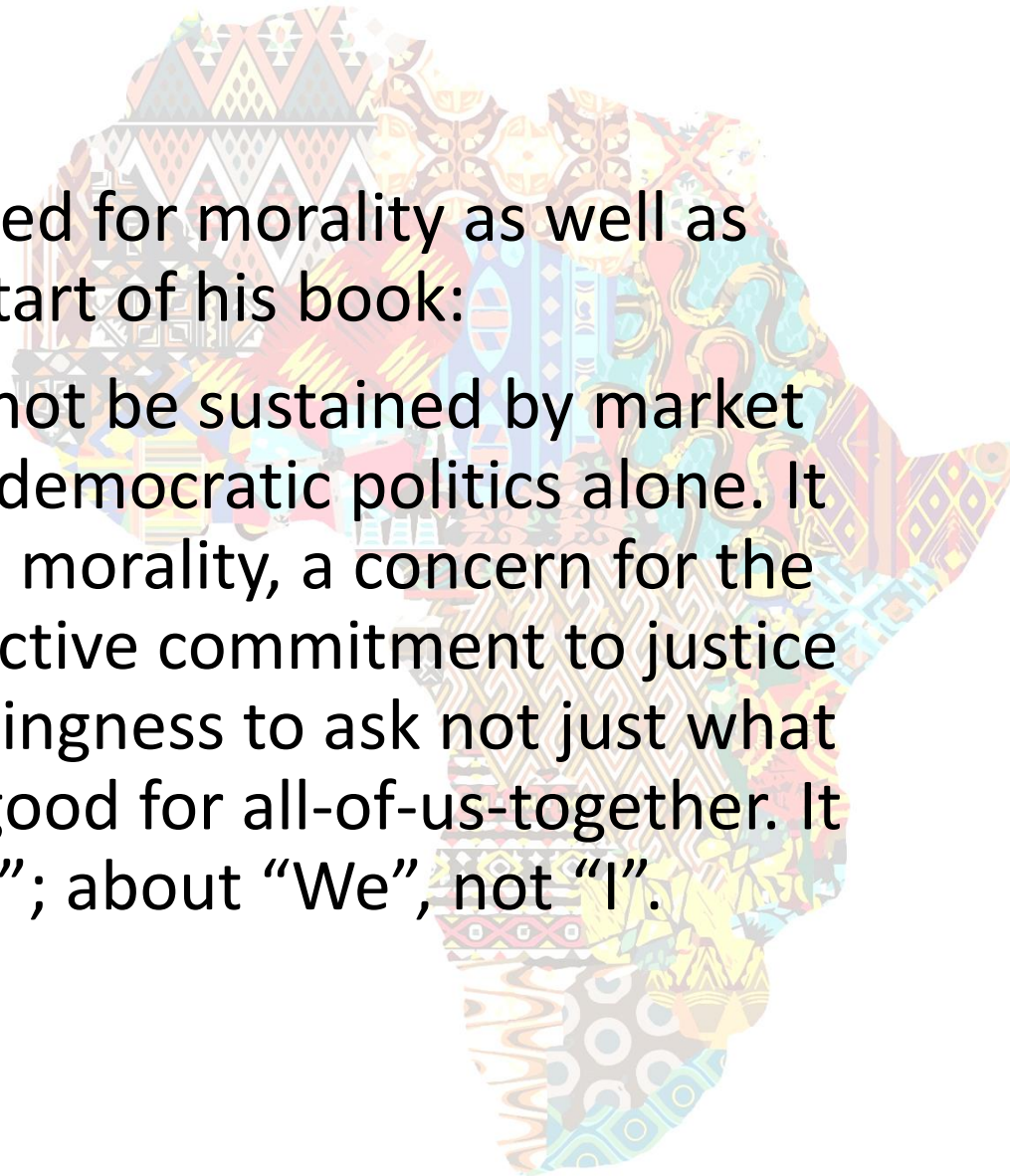
# Morality 1

- Jonathan Sacks was a British Orthodox rabbi, philosopher, theologian, author, peer and public figure. His second last book was entitled *Morality: Restoring the Common Good in Divided Times*. What he has to say in it is in close conformance with Judeo-Christian faith and embodies the same ethics as that of all other major religions as well as ubuntu, "humanity", often translated as "I am because we are".



# Morality 2

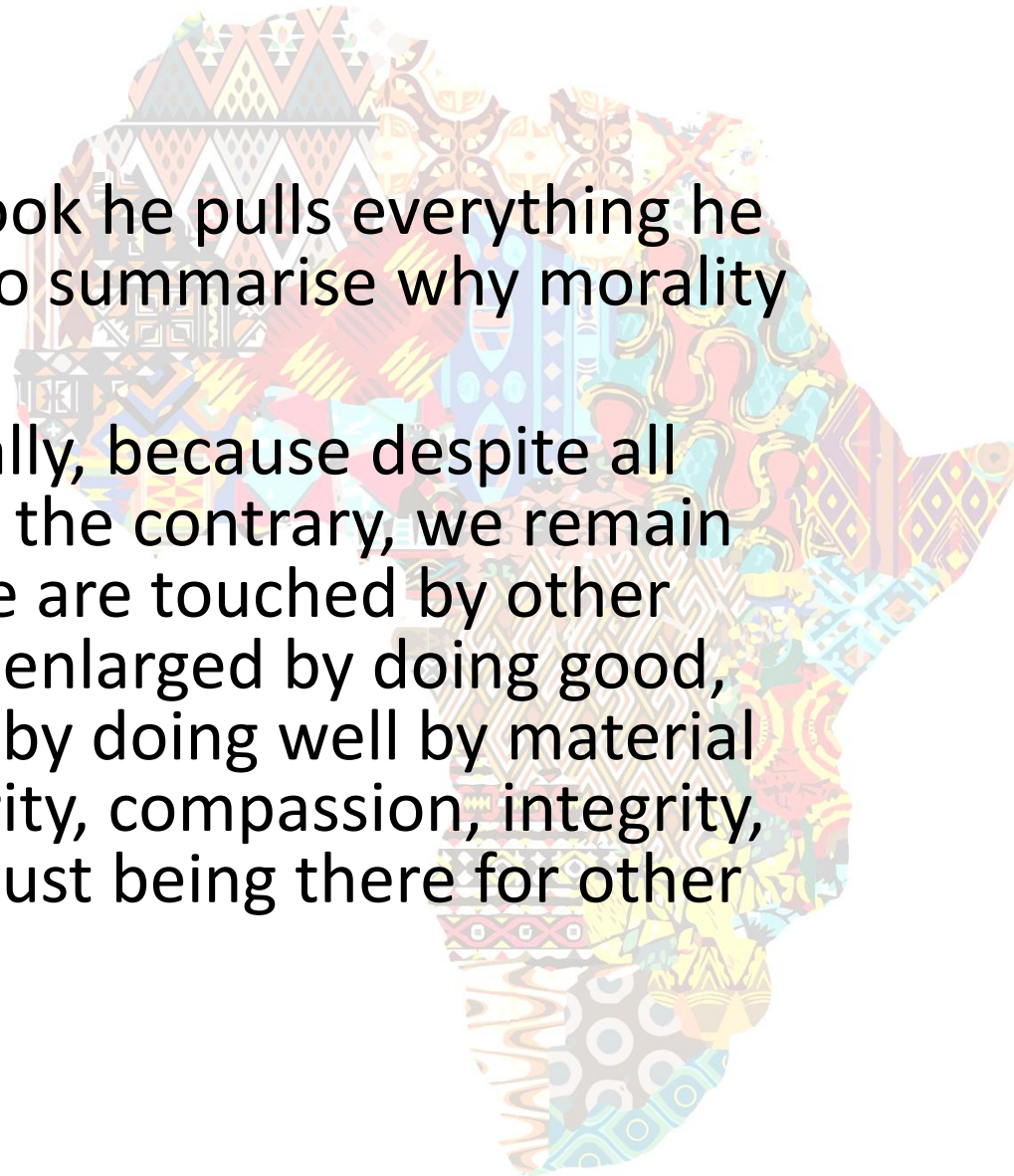
- Sacks spells out the need for morality as well as what it means at the start of his book:
- “Societal freedom cannot be sustained by market economics and liberal democratic politics alone. It needs a third element: morality, a concern for the welfare of others, an active commitment to justice and compassion, a willingness to ask not just what is good for me, but is good for all-of-us-together. It is about “Us”, not “Me”; about “We”, not “I”.





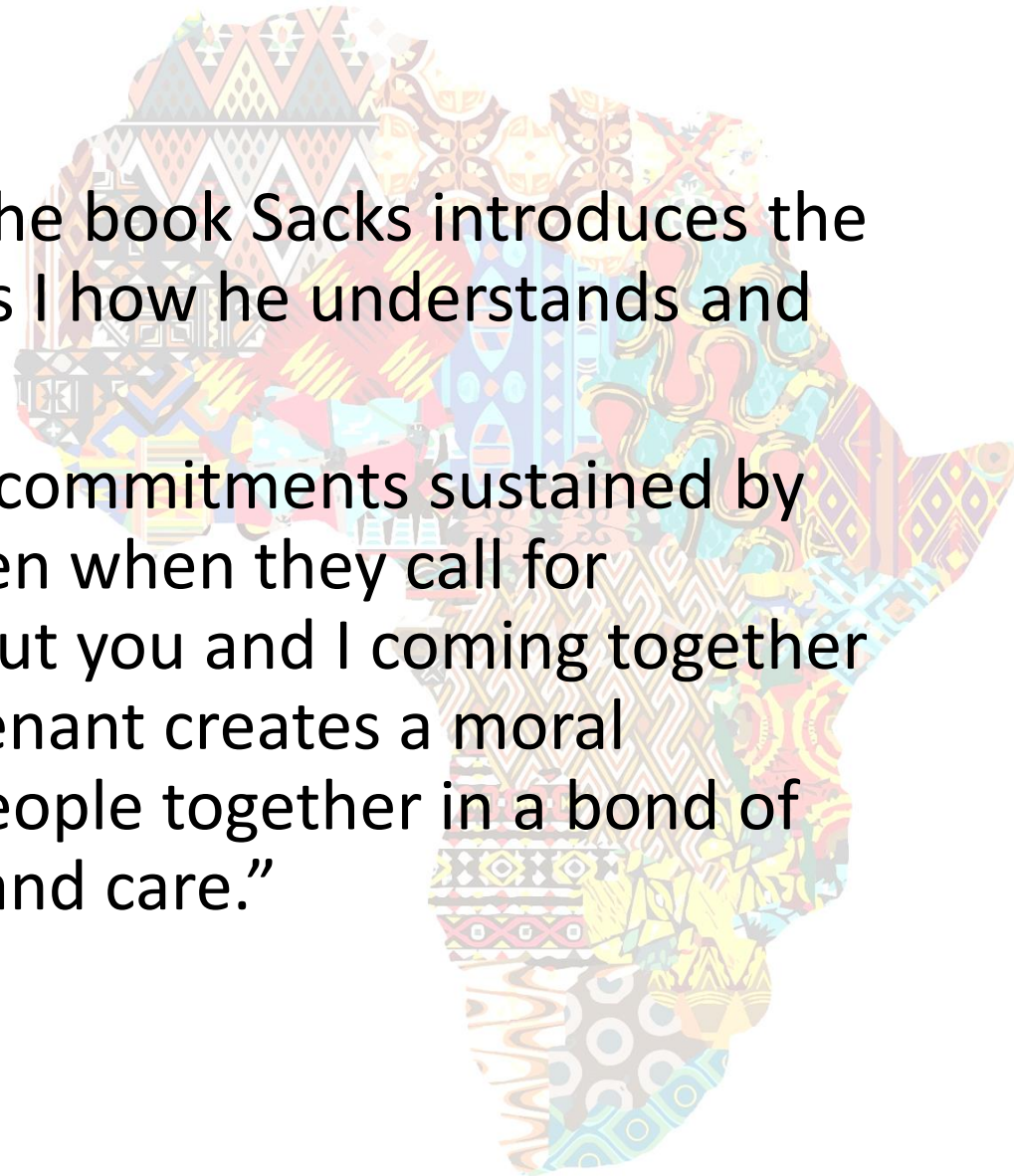
# Morality 3

- Near the end of the book he pulls everything he had written together to summarise why morality matters:
- “Morality matters, finally, because despite all fashionable opinion to the contrary, we remain moved by altruism. We are touched by other people’s pain. We feel enlarged by doing good, more so perhaps than by doing well by material success. Decency, charity, compassion, integrity, faithfulness, courage, just being there for other people, matter to us.”



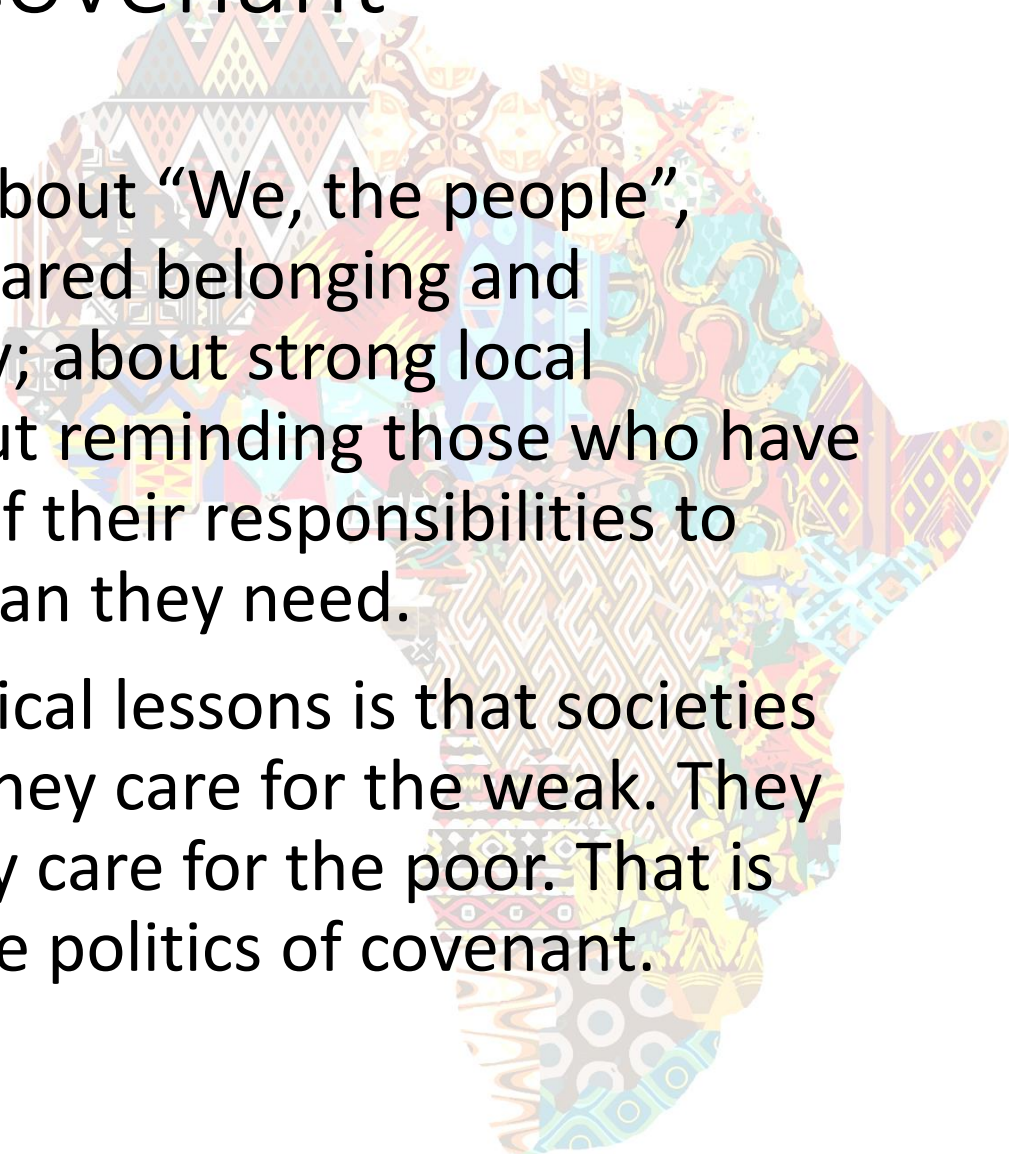
# Covenant

- In the last chapter of the book Sacks introduces the concept covenant. This I how he understands and applies the concept:
- “Covenants are moral commitments sustained by loyalty and fidelity, even when they call for sacrifice. They are about you and I coming together to form a “We”. A covenant creates a moral community. It binds people together in a bond of mutual responsibility and care.”



# The Politics of Covenant

- Covenantal politics is about “We, the people”, bound by a sense of shared belonging and collective responsibility; about strong local communities. It is about reminding those who have more than they need of their responsibilities to those who have less than they need.
- One of the great historical lessons is that societies become strong when they care for the weak. They become rich when they care for the poor. That is the beating heart of the politics of covenant.





**The end. Thanks for the  
opportunity and listening**

