

# Public servants deserve better wages

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A recent newspaper poster proclaimed loudly that public service workers are demanding a “90 percent salary increase”, unfortunately reinforcing what labour has claimed to be government’s propaganda offensive in the on-going dispute between it and the state over wages and other conditions of work in the public service.

For the first time in three years, public servants have downed tools and taken to the streets to demand pay increases and an improvement in their conditions of service. Government on the other hand counters that these demands are unrealistic, unreasonable and to an extent, illegitimate. The state’s stance has received a convenient boost from no less an individual than the Reserve Bank Governor who warned subtly that the wage demands if met risked increasing the rate of inflation.

In the climate of accusations and counter-accusations that has come to characterize the relationship between unions and the Public Service and Administration Minister Geraldine Fraser-Moleketi, what has been lost to the public are the real demands raised by public servants, and whether or not, the state is capable of meeting these demands. The one item which has become the central point of focus is the twelve percent wage increase demand. Unions insist that this increase is non-negotiable, the state on the other hand asserts that it has no budget to meet it.

Besides the twelve percent salary increase, public servants are also demanding that their wage agreement with the state be reduced from three years to one year, that all vacant posts in the public service be filled up, that there be an increase in the home owner allowance to R300000, and that there be a reduction in the number of notches in the pay progression system. In addition, they want pay progression to be de-linked from job performance, medical aid contributions to be increased and workers not to be compelled to become members of the Government Employees Medical Aid Scheme.

Finally, public workers are demanding a closure of the apartheid wage gap by collapsing the first two employment bands into the third level which will then become the entry point for all public employees, and for government to conclude minimum service level agreements in relation to essential services such as nursing, policing and correctional services.

In return, government is offering a six percent wage increase, a four year collective agreement with annual wage increases linked to inflation, and implementation of what it terms “occupation specific dispensations” for workers in the health, education and judicial sectors. If accepted, the minimum package for workers in these three sectors would rise to just over R71000 a year.

As is now widely known, unions have rejected the government offer and accused the state of negotiating in bad faith.

What is important is to consider whether the government offer is realistic given the country's existing economic conditions, and taking into account what management and senior levels of public servants earn in comparison with the salaries and benefits of their colleagues in the lower grades.

Currently, a public servant at Level 1, which is the entry point and the first tier of employment in the public service, earns around R2900 a month which translates into approximately R35000 a year. With this salary, a worker is expected to cover his or her basic needs including food, shelter, transport, education, clothing and medical care. And this is besides supporting their families where it is estimated that the average breadwinner supports at least three dependants. For many public servants, their current wages are hardly enough to afford them a decent standard of life given the rapidly rising cost of living.

At the end of 2006, the average annual rate of inflation-known as the Consumer Price Index- stood at 4,6%, however, the average rate of inflation on food stood at 8,1% with the cost of meat rising by a whopping 17,8% between 2005 and 2006, fish and other sea food rising by 10,5%, sugar by 7,8%, grain products (mealie meal, bread etc) by 6,6% and fats and oils by 6,5%. Similar cost increases were recorded in the cost of non-food items such as fuel and power (8%), education (7%), and health and medical care (6,5%). The majority of workers spend well over half of their income on food and other basic necessities, and this is where inflation hits hardest.

A six percent salary increase as offered by government means that the basic wage of the first tier of public servants will rise by a mere R174 per month to R3074. Contrast this pay with the monthly remuneration of a director-general in one of the state departments which stands at approximately R67000, and with the recent proposals made by the Independent Commission on the Remuneration of Public Office Bearers which suggested that President Mbeki's current monthly salary of approximately R92000 be increased by 57%, while the salaries of ministers and their deputies, provincial premiers, mayors and also judges rise by approximately 20%.

Members of Parliament, who are expected to approve these recommendations were aghast that the commission had only recommended a 'paltry' 5,4% increase for them. From whatever angle one looks at it, a six percent salary increase for public servants will hardly lift them from the current onslaught of soaring food prices and the ever rising cost of basic commodities.

Regarding the multi-year agreement, government's offer of a four year term is not gratuitous. If it commences in 2007 and ends in 2011, it will help the state circumvent a possible confrontation with labour during the crucial year of 2010 when South Africa will host the Soccer World Cup tournament. Since 1996, public sector unions have traditionally entered into three year agreements with the state and these are streamlined

along government's budgetary planning particularly its medium term expenditure framework.

While this approach helps create labour stability and therefore improve productivity in the public service, it unfortunately ties the hands of workers since they cannot embark on strike action to renegotiate issues or demands already covered by the agreements. Even giant private sector unions such as the National Union of Mine Workers and the National Union of Metal Workers of South Africa which have had multi-year agreements have strongly indicated that they will abandon them.

The occupation specific dispensation offered to public servants unfortunately does little to improve their overall living conditions. House prices have shot up dramatically in the last five years courtesy of increased consumer demand as a result of low interest rates. An average house now costs approximately R400000 and it is predicted that by 2010, a normal three bedroom house in Johannesburg will cost over R700000. Given low salaries in the public service, financial institutions are unlikely to rush to advance mortgage credit to public workers due to their perceived high risk of defaulting on payments.

Similarly, in the last one year, the cost of medical care has risen by almost seven percent and many public workers face the difficult choice of either remaining with private medical aid schemes and therefore paying more from their pockets, or else moving to the government scheme which is considered to offer a lower range of benefits.

Interestingly, government says very little about the last two demands made by workers, firstly, on the need to close the wage gap in the public sector, and secondly, to commit itself to a minimum service agreement in relation to essential services.

At the turn of democracy in 1994, one of the new government's avowed commitments was to address the huge wage disparity in the public sector. The situation then was that the public service was predominantly white with all the top echelons occupied by white managers earning salaries up to one hundred times more than those of the few black workers that trailed at the bottom.

Between 1994 and 1996, public sector unions and particularly the National Health and Allied Workers Union, were instrumental in transforming the public service to reflect not only the country's demographics, but to also close down the apartheid wage gap. With the adoption of the conservative macro-economic policy- the Growth Employment and Redistribution Strategy- in mid 1996, government however went into austerity mode. There was a cut in personnel expenditure by approximately one percent every year until 2001, vacancies were frozen and functions considered non-essential were outsourced or privatized. Ironically, government at the same time embarked on a drive to match the salaries and packages of its senior servants with those offered in the private sector, while keeping the wages of lower category public workers at very modest levels.

The result has been that rather than close the apartheid wage gap, the wage differentials have instead widened. By 1999, the wage gap in the public service stood at

approximately 1:20 but by 2006, this had risen to approximately 1:30. It is little wonder therefore that while a worker at Level 1 in the public service earns slightly above R35000 per annum, a director-general earns in excess of R800000 a year.

Essential services remain a bone of contention between unions and the state. According to the Labour Relations Act (LRA), no employee in the public service may embark on a strike if he or she is engaged in an essential service. Essential services are determined by the Essential Services Committee and include the parliamentary and police services, nursing and correctional services.

Public sector unions have been fighting to get government to sign a minimum services agreement so that workers would be able to strike over services which would fall outside of the scope of essential services. The state however, has stalled and it would appear not for purposes of advancing the LRA's objective of "economic development, social justice, labour peace and the democratization of the work place". Instead, essential services have become an instrument for blunting the public workers' right and ability to strike for better terms and conditions of service.

At the onset of the current public service strike on June 1<sup>st</sup>, government was quick to warn workers in the police, prisons and nursing sectors that they faced disciplinary action including summary dismissal if they participated in the industrial action. It is unlikely that government will soon give up what it considers to be its most potent weapon of disciplining workers in the public service.

For sometime now, there has been big lull in the public service with industrial action carefully put on hold through the instrument of multi-year agreements. However, this is now changing with workers demanding a bigger say in both what they want to be paid for their services, and in the way they should be able to exercise their constitutional right to strike. The current dispute is unnecessary because government can very well afford to meet the demands made by public servants.

The state does not need to look far for the relevant funds because as the finance minister proudly proclaimed during his budget speech in February, government already has a surplus of R5 billion from the 2006/7 financial year.