PSCBC 2025-26 Public Sector Wage Negotiations:
Labour's Pre-Negotiations Presentation

Introduction

a. The presentation is intended to stimulate discussion during and after the wage negotiations in the PSCBC. The presentation contains an outlook from both a national and international context, showing low global growth, rising unemployment and high levels of inequality.
b. Information on South Africa’s stagnant economic growth (GDP) and how government’s austerity measures have resulted in a decline in government spending in real terms. Information on how the decline in real government spending on public/ social services impacts communities – with Black women and children being particularly hard hit.
c. Data on how public sector workers are facing increasing financial hardship given their decrease in compensation in real terms, rising prices (inflation) and increasing pressures to help support. unemployed family members and friends. Very high levels of inequality in South Africa, including income inequality, place further burdens on workers and has a negative impact on economic growth.

Introduction continuation…

a. The 2025/26 Public Sector wage negotiations come at a time when the South African economy is predicted to be at a very volatile stage with the first quarter of 2024 having seen inflation averaging at 5.0% and decreasing to 4.7% in 2025.

b. The South African Reserve Bank unanimously decided to maintain its key repo rate at 8.25% on March 27th, 2024, marking the fifth consecutive meeting at 2009-highs, as expected.

c. The near -term growth projections are currently modest, with a 0.9% growth in 2024 and further modest growth projected at 1.8% by 2026.

Introduction continuation…

a. However, the key factor to underpin the above overview is to note that household spending is still highly under immerse pressure, due to tight monetary policies, low consumer confidence, continuous high living costs, shrinking employment and key to these, are stagnant wages at macroeconomic level South Africa finds itself on the back end of a weakening rand.

b. Debt distress that has enveloped the state, constricting consumer spending. responding to the creation of an economical sound environment that could have resulted in favourable GDP growth points over the past fifteen years.

Introduction continuation…

- Government has failed over the past fifteen years to run a primary budget surplus for the debt to GDP ratio to have stabilized over time, which would have led to a much lower national government debt.
- At a State-Owned Entity's (SoEs) level many of the public corporations find themselves not being able to adequately fund their operations and rising debt obligations are making it near impossible to properly invest in major infrastructural projects.
- The country’s rising credit risk due to weak GDP growth has come at an exponential expense having to invest in other major assets and/or loans to grow the economy.

Introduction continuation…

- Purchases of non-financial assets declined by 3.8% from 9.7% of total expenditure that was recorded in the 2014/2015 financial year to 5.9% in 2021/2022.
- National government interest recorded the largest increase, in terms of interest payments on government debt from R125.6 billion (which accounted for a 9.2% in terms of total spending) in 2014/2015 to R282.4 billion (which accounted for 13% of the total spending) I the 2021/2022 financial year.
- National government further forgets that the continued unabated corruption that is ravaging the country has accounted for a R1.5 trillion loss from 2014 to 2019.

Introduction continuation…

- National governments response and slow pace in effectively dealing with corruption has been nothing short of lack lustre to say the least.
- The Zondo Commission came in at an expense of around R1 billion rand for national government, and yet looking at the snail’s pace at which the recommendations from the report are being implemented, it bodes less confidence that citizens have in the public service.
- The run-down and inadequately capacitated ports and unreliable railway lines have radically slowed the economy with Transnet’s corruption alone equating to around R41 billion.

Presentation Indicators

- The next slide provides key indicators that will be the focus of our presentation, inclusive of in-depth submissions that will give way to the pre-negotiations process.

Presentation Indicators

1. Non- Implementation of PSCBC Resolutions

2. Economic Growth

3. Austerity Measures

4. Inflation

5 . Household Expenditure

5.1 food basket

5.2. medical aid

5.3 electricity , water and sanitation

5.4 transportation

Presentation Indicators continuation..

6. Employment vs Unemployment

7. Public wage bill (Forms part of the Vice – Chair’s Opening Remarks)

8. Economic policies (Forms part of the Vice – Chair’s Opening Remarks)

9. Public wage increases

1st Indicator: Non-Implementation PSCBC Resolutions

a. It must be noted that as is public sector workers are facing increasing financial hardship given their decrease in compensation in real terms, rising prices (inflation) and increasing pressures to help support unemployed family members and friends.

b. This is worsened by no implementation of the signed resolutions and below we are reflecting on these because not only did the public servants lose the buying power, but they also missed an opportunity to benefit from these resolutions:

Non-Implementation of PSCBC Resolutions….

a. We are presenting the key resolutions within the public sector, highlighting the major activities that the PSCBC has embarked on during the period 2015/2016 to 2023/2024 financial years, in accomplishing its mandate of promoting labour peace in the public service, as clearly stated in our mission statement, promotion of labour peace in the public service through Collective Bargaining and Dispute Management remains our top priority.

b. During this reporting period, through collective bargaining, Council facilitated and ensured the successful conclusion of the following collective agreements:

Non-Implementation of PSCBC Resolutions continuation…

Resolution 1 of 2015: Agreement on review and impact of existing outsourcing and agentisation practices within the public service & conducting an independent impact study on the principle of decent work;

- This resolution was meant to give effect to the 2010 Public Summit on the review and impact of existing outsourcing and agentisation practices within the public service. The study was done but the review was never done as things are still going as normal in terms of outsourcing and agentisation practices.

Non- Implementation of PSCBC Resolutions continuation…

Resolution 5 of 2015: the resolution was on the new danger dispensation

- The resolution is not fully implemented in that the study was done for the new danger dispensation however parties could not agree on the outcomes of the study because it did not have a proposed new dispensation to be considered and how it was to be financed. Secondly unions submitted additional categories for consideration by employer and this also was not finalised because of the austerity measures.

Non- Implementation of PSCBC Resolutions continuation…

Resolution 4 of 2017:

Review of the government employee medical scheme by concluding the intended performance review of GEMS in as far as 3 of 2015 is concerned and the establishment of the working committee of the PSCBC.

- The review was not done as most of the working committee meetings where most on the increment of the contributions by both the employees and the employer. Nothing much has happened.

Non- Implementation of PSCBC Resolutions continuation…

Resolution 1 of 2018:

- Clause 3 salary adjustments clause 3.3: employer was to adjust salaries of employees in SL 1 – 7 by CPI (projected) plus 01%, SL 8 – 10 by CPI (projected) plus 0.5% and SL 11 – 12 by projected CPI. This was not done and ended up in the constitutional court and there have never been any attempt to resolve this matter.

Resolution 1 of 2018: clause 5.2

- Temporary Incapacity Leave: Parties agreed that the employer will develop a guiding document on the implementation of the temporary incapacity leave and table such in the PSCBC for consultation.
- The guiding document was tabled by the employer, and we could not agree on the period to process the application, and unions were saying 30 days or maximum 60 days, and the employer said they could not agree with that because of their service providers they have sourced. Members continue to be affected by these and as many of them are advised after 2 years of huge amounts they owe to the employer which they must pay.

Resolution 1 of 2018: clause 8:

Outstanding matters: parties agreed that the following matter will be referred to a secondary process of review to be concluded within 3 months from the signing of the agreement in 2015

- - Review of Resolution 3 of 2009
- - Review of Resolution 4 of 2015 clause 4.1.4
- - Review of Resolution 5 of 2016 clause 3
- The review of the three never took place because from the first meeting the employer pleaded poverty and there were no counter proposals from the employer.

Resolution 1 of 2018: Clause 8.2:

Moratorium on the Filling of Vacant Posts: the employer confirmed that there was no public service moratorium on the filling of funded vacant posts and that the employer was to provide labour with statistical information on the filling of vacant post for the period 01st July 2017 to 30 April 2018 and amending 14.1.4 of Resolution 1 of 2007 by submitting reports to council on quarterly basis.

- Despite the confirmation that there was no moratorium the presentation by the Director General in the 2022 public summit confirmed that there was moratorium and that funded vacant post were now classed as unfunded vacant post and removed from the structures of the departments

- The 2017/2018 information was never tabled and in 2021 when they came to council the report was badly written and they promised to revert and to date this has never happened.

PSCBC Resolution 1 of 2022: Public Service Summit

- This resolution has not been implemented as there are many issues agreed on in the summit that are still to be actioned, outsourcing, review of expenditure on goods and services and many more.

Outstanding Wage Demands: Secondary Processes

a. During the last wage negotiations parties resolved to defer several demands for a secondary process, we must indicate that some of these demands has been on the table for the previous wage negotiations 2021/2022, 2022/2023 and 2023/2024.

b. This process was aimed to resume immediately after the conclusion of the 2022\2023 wage negotiations. The demands as consolidated by joint labour caucus were the following:

Outstanding Wage Demands: Secondary Processes

(a) R2 500 increase for housing allowance
(b) Review of PSCBC Resolution 7 of 2015: Clause 4.5.6.5.3 should be amended to say those who resign or dismissed shall be entitled to receive their accumulated savings.
(c) Pay progression: pay progression to be introduced beyond last notch.
(d) Conditions of service during state of disaster: Finalise and sign-off the draft resolution on conditions of service during disaster periods.
(e) Bursary Scheme: Bursary schemes for children of government employees, to address the missing middle.
(f) Contract Workers: Permanent employment of Community Health Workers, Teacher Assistance, Reservists, etc.
(g) Disaster allowance: 12% of basic salary during disasters like COVID-19.
(h) Abolish salary levels 1 -3.
(i) Leave encashment: Encashment of capped leave. (Res 1 of 2012)
(j) Recruitment and selection processes: Conclusion of a resolution on the recruitment and selection processes.
(l) GEMS: Medical aid to increase by 2.6% over and above the MPI (Medical Price Index).

2nd Indicator: Economic Growth

a. South Africa has experienced poor economic performance for the past two decades and with an economic growth progression of 1.3% and 1.6% for 2024 and 2025, respectively.

Year : Economic growth:

- 2013 1.8%
- 2014 2.7%
- 2019 0.3%
- 2020 6.0%
- 2021 4.7%
- 2022 1.9%
- 2023 0.6%

Economic Growth continuation…

3rd Indicator: Austerity measures – government spending

- GDP is measured using different approaches. It's worth drawing on the expenditure approach, to provide detail on government spending, and to highlight government's austerity measures. The expenditure approach calculates GDP based on consumption (spending by households on good and services), investment, net exports and government spending

Economic growth Continuation...

a. The near -term growth projections are currently modest, with a 0.9% growth in 2024 and further modest growth projected at 1.8% by 2026.

b. At macroeconomic level South Africa finds itself on the back end of weakening rand, debt distress that has enveloped the state in not responding to the creation of an economical sound environment that could have resulted in favourable GDP growth points over the past fifteen years.

c. National government has found itself having to service sovereign debt at soaring interest payments, at 16% of national governments spending being more than of double the share of government fixed investment.

d. The country’s rising credit risk due to weak GDP growth has come at an exponential expense having to invest in other major assets and/or loans to grow the economy.

Economic growth Continuation...

- Estimates released recently have shown that the country’s overall production and exports were down significantly compared to 2022; production declined from R1.2 trillion to R1.1 trillion, and exports declined from R883 billion to R782 billion.
- Much of decline was a cause of failing power and transport systems in this country which national government has not maintained nor rectified in over 15 years.
- South Africa’s economic decline has been attributed to many factors but at the core is the country’s failing infrastructure and failing network industries.

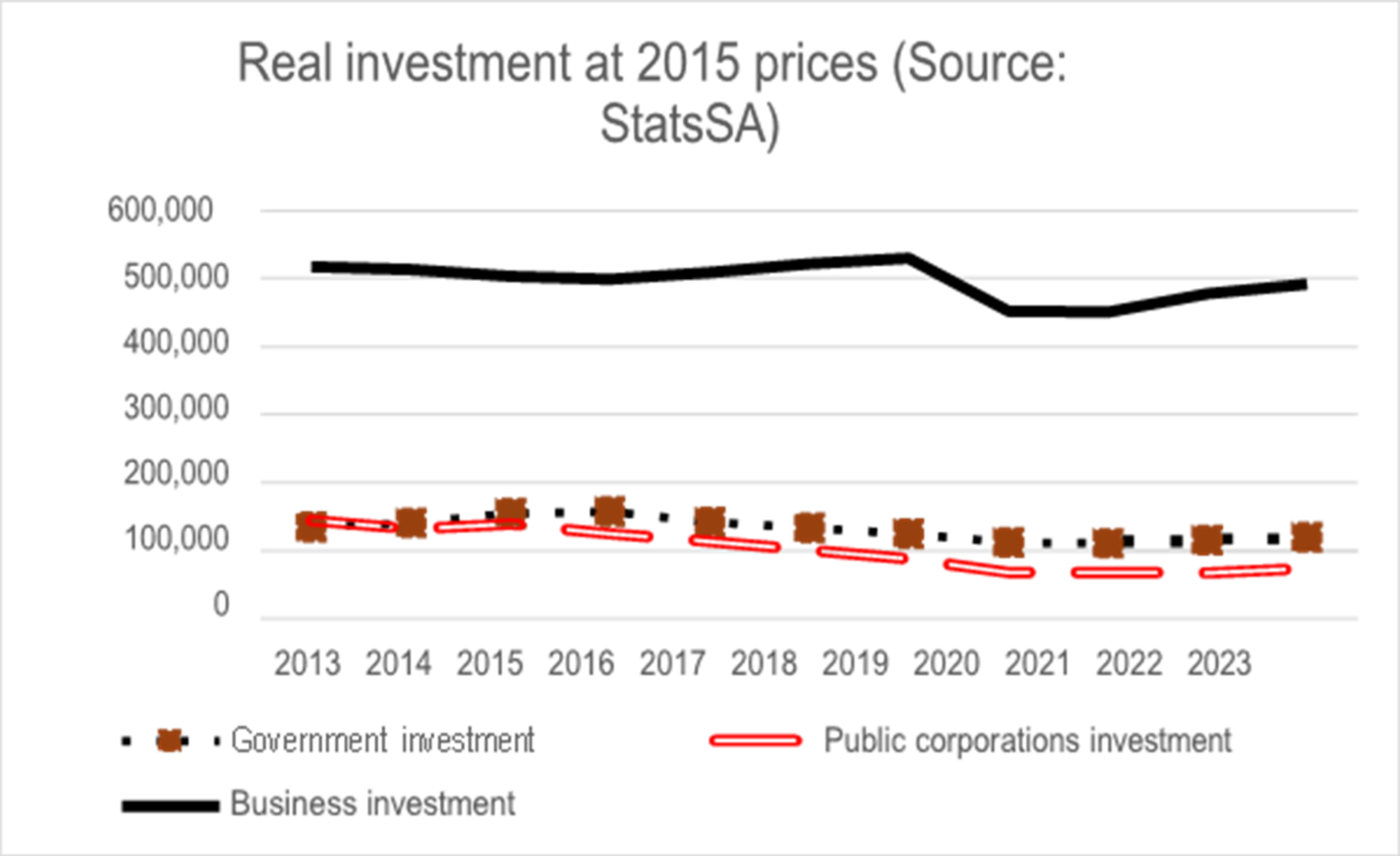
Economic growth Continuation...

- The disappointment in all of this and the insistence of a bloated public service being always made a scape goat, is very unrealistic and unfortunate.
- National government has consistently failed to address the issue of non-performing state-owned entities whose bail outs come out of the same confers that hard-working public-sector employees diminishing salaries come from.

Economic growth Continuation…

- Over the last 10 years government spending has grown at a slower pace (10%) than spending by households which grew by 13%. While this may not seem like a large difference – it is a very significant difference given that spending by households was already 3.3 times higher than government spending in 2015.

a. Government investment (fixed capital formation) has declined over the last 10 years. This includes a decline in investment of 49% by public corporations and a decline of 11% by government itself.
b. A more detailed analysis of the budget paints a disastrous picture. Between 2019/ 20 and 2026/27 Treasury will high cut R270 billion in non-interest expenditure. This does not even keep pace with inflation.
c. The cut in spending is even more dramatic when calculated per person. Over 8 years from 2019/20 to 2026/27 government will spend 23% less per person. This will have a severe impact on low-income earners and the poor – especially Black women and children who rely more on public services.



Real investment at 2015 prices (Source: StatsSA)
600,000
500,000
400,000
300,000
200,000
100,000
0
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Government investment
Public corporations investment
Business investment

REAL CUTS IN GOVERNMENT SPENDING HAVE SIGNIFICANT IMPACTS FOR WORKERS AND COMMUNITIES. E.G. EXAMPLE:

SOCIAL GRANT INCREASES ARE BELOW INFLATION

THE BUDGET FOR THE SOCIAL RELIEF OF DISTRESS (SRD) GRANT HAS BEEN CUT FROM R44 BILLION IN 2022 TO R33.6 BILLION IN 2BY INTRODUCING MEANS TESTS THAT FURTHER EXCLUDES THE BENEFICIARIES. THIS EXCLUSIONARY APPROACH IS INFORMED BY GOVERNMENT AUSTERITY MEASURES AND NEO-LIBERAL POLICIES THAT ARE ANTI-POOR AND WORKING CLASS.

SPENDING PER HEALTH CARE USER IN THE PUBLIC SECTOR IS REDUCED FROM R5 381 IN 2023/24 TO R4 864 BY 2026/27 NOTING THAT OR WHILE MEDICAL AID INCREASES, OR INFLATION INCREASE ON DOUBLE FIGURES AND ABOVE INFLATION.

Economic growth continuation…

d. Spending per learner for basic education will fall from R25 130 in 2023/24 to R24 494 in 2026/7. While increases in the private basic education sector increase by double figure, mostly at 10% which is above inflation.

e. Treasury has continued to cut spending for industrialisation – cutting the budget to Department of Trade and Industry (DTiC) by 14% in constant terms (taking inflation into account). In 2023 rands, the DTiC budget decreases from R10.1 billion in 2023/24 to R8.7 billion in 2024/25 which equals to R1.4 cut.

f. This adds to the big cuts made to Department of Trade and Industry's budget – which has seen a reduction of 30% from 2021/22 to 2024/25. The DTiC has reduced its employment by 14% or 200 people since 2021.

g. Debt servicing costs: R115bn in 2013; R382bn in 2024.

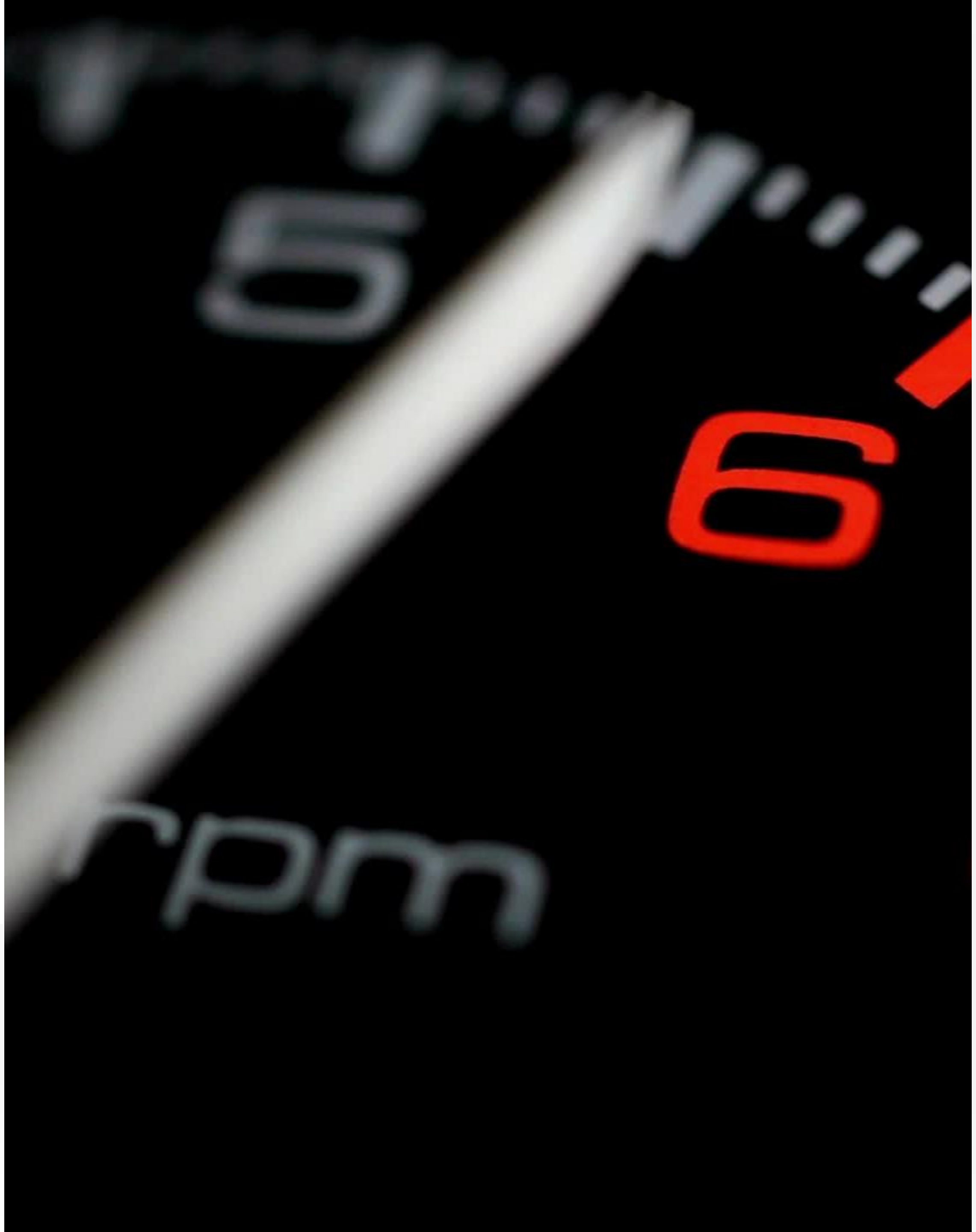
Economic growth continuation…

- Instead of spending money on the poor, government has chosen to prioritise the needs of financial markets and lowering debt targets. Government continues to prioritize debt reduction – with ever increasing ambitions of cutting debt targets.
- In 2021 the National Budget had considered stabilisation of debt at 88.9% in 2025/26 as “a sound platform for sustainable growth”, National Treasury has reduced the target to 75.3%.
- Such measures are totally misplaced – as South Africa does not have a debt problem, but a growth problem and this is based on myth of treating the country’s budget as household budget.

Economic growth continuation…

- Research by academics strongly criticizes this approach, arguing that evidence indicates that austerity leads to a decrease in GDP and therefore a higher debt-to-GDP ratio.
- The IEJ suggests that instead of reducing non-interest spending, government should reduce the cost of borrowing which would allow fiscal policy to prioritise growth and employment generation, support industrial policy and expand social spending.

4th Indicator : Inflation

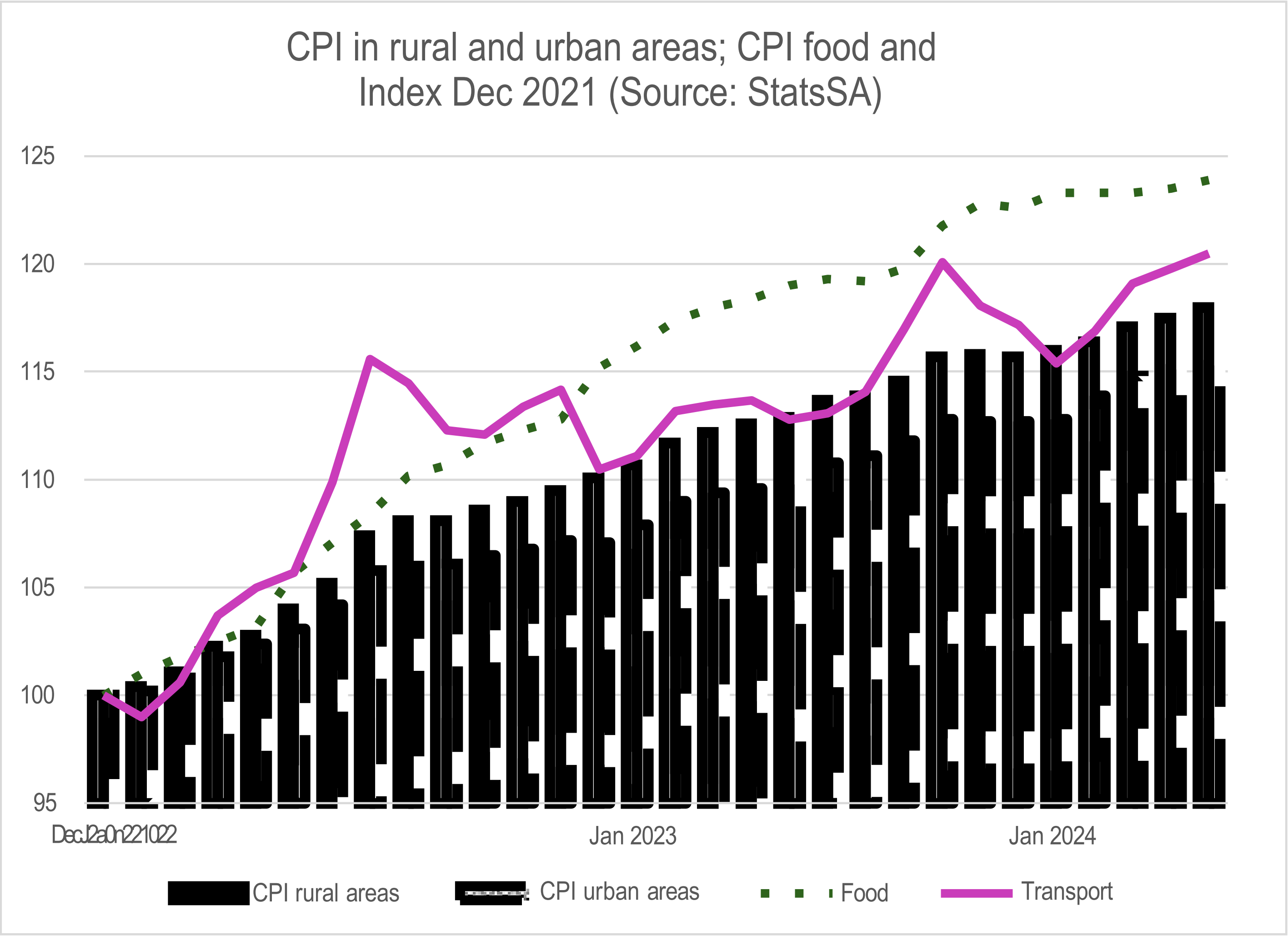


a. In 2018, the wage increase was 7%, yielding a real median wage gain of 2.5% when factoring in the 4.5% inflation rate. 2019 witnessed a 6.2% wage increase, resulting in a real wage decrease of 1.9% due to the higher inflation rate of 4.3%. In 2023, the wage increase was 7.5%, leading to a real wage increase of 0.7% when considering the inflation rate of 6.8%.
b. While wage settlement levels surpassed inflation in 2018, 2019 and 2023 they fell below the annual inflation rate in 2020, 2021, 2022 and 2024.
c. The picture painted by the above graph is that although nominal wages have been going up faster than inflation for the period under review particularly 2018-2019, the picture changed from 2020-2024 with nominal wage growing less than inflation.
d. Worth noting is the fact that real wage increase was positive from 2018-2019 and fell to negative from 2020-2022 going to positive only in 2023 and again deeping or lowered to negative territory. This tells us that real wages have been declining over time and worsen over the last 4years.
e. Inflation increased during and after the Cov-19 pandemic and the war in Ukraine which drove food and fuel prices up. The graph below shows this spike – and the decrease in inflation thereafter. It also shows what government has put as the inflation target (a range of 3 to 6%), applying conservative monetary policy – which we must challenge.

4^{th} Indicator: Inflation Continuation..

- The graph below shows that inflation is higher in urban areas compared to rural areas. Inflation is higher in urban areas than the average inflation rate (the rate usually quoted in the media etc).
- This means that workers living in urban areas will be further disadvantaged if increases are set at the inflation rate – given that inflation is higher in urban areas.
- If workers want to maintain their standard of living, as a minimum, it is important to secure above inflation increases.

Inflation Effects on Rural AreaHouseholds vs Urban Area Households



Household Expenditure

- Food basket
- Transportation
- Medical aid
- Electricity , water and sanitation

5th Indicator: Household Expenditure

- **Food basket**

a. The household food index is designed with women living on low incomes to provide a sense of what the food baskets of low-income households cost in Pietermaritzburg and is specifically designed to measure food price inflation as experienced by households living on low incomes. For the period under review nominal wage increases were higher than inflation in the years 2018-mid-2019 and fell to zero in 2020, there was years of recovery from 2021-2023, reaching a high of 7.2% in 2023 with another decline thereafter to no 4.8% in 2023 while inflation stood just above 5%. This clearly shows that inflation has been on an increase surpassing nominal wage increase which also affects the food basket.

b. Although located in Pietermaritzburg, the household food index may provide a picture of food price inflation as experienced by households living on low incomes in South Africa. The graph below shows that the median cost of the household food basket increased to R3 092 in 2019 to R5 077 in 2024. This translates to an increase of R1 985 or (64.1%) over a period of five years, which is indeed concerning as it pushes people to poverty.

c. Essential expenditure on groceries increased to an exponential 16%, education was up 8%, health care was up 7%, while fuel also went through its fair share of increases during the fourth quarter.

Household Expenditure Food Basket Increases: 2017-2021

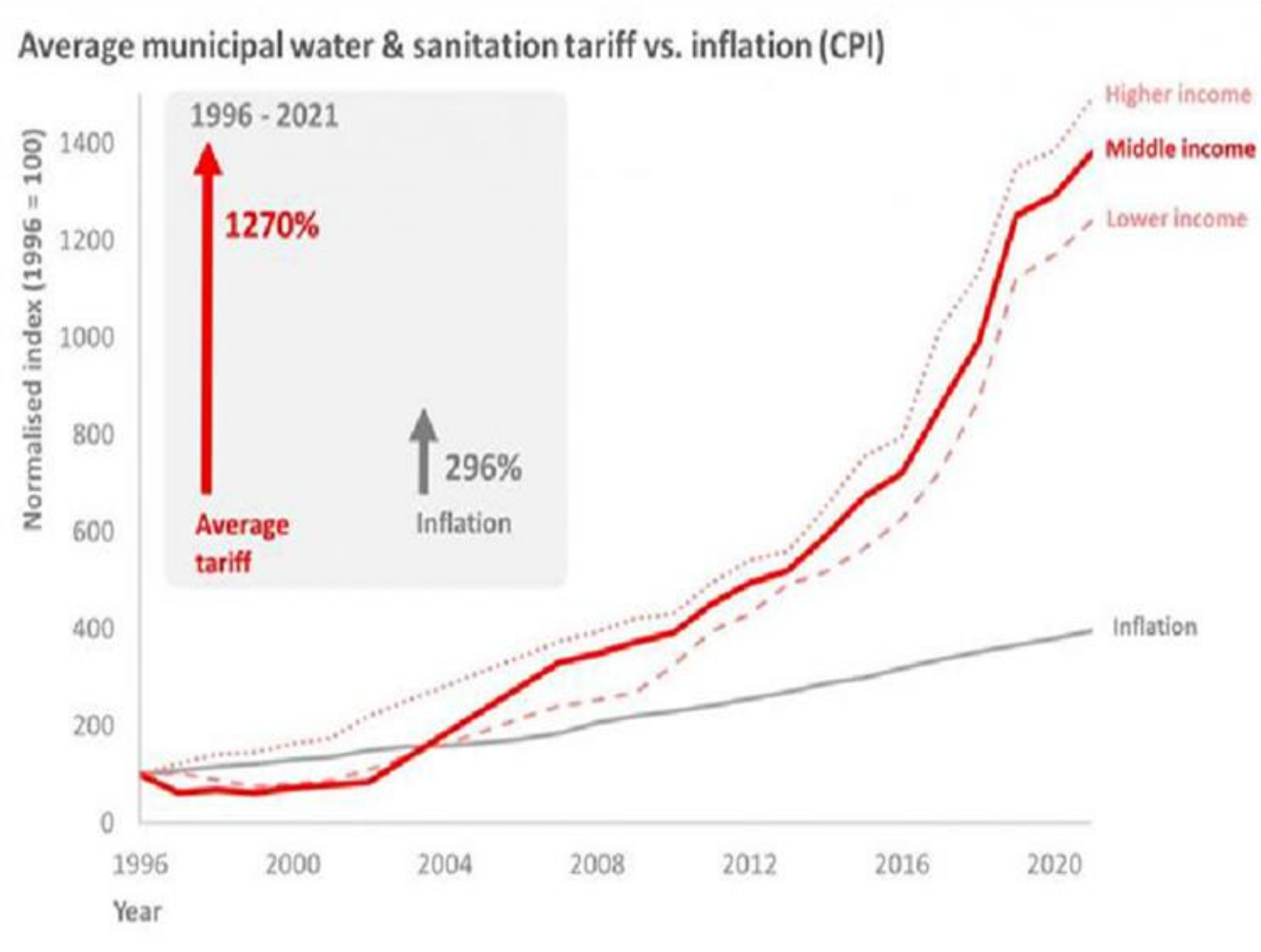
Product	Description	2017	2018	2019	2020	2021	5-year %
Apples	1,5kg	R21,49	R24,74	R28,74	R27,74	R28,49	33%
Bread	Brown, one loaf	R9,67	R9,99	R10,37	R11,24	R12,37	28%
Cabbage	One head	R14,99	R13,74	R16,49	R17,49	R14,74	-2%
Coca Cola	2 litres	R16,11	R16,69	R21,99	R22,12	R22,62	40%
Eggs	6 extra-large	R17,99	R20,61	R20,24	R20,49	R20,12	12%
Flour	Self-raising, 2,5kg	R36,59	R38,95	R41,24	R45,74	R42,74	17%
Maize	2,5kg	R25,48	R22,24	R25,49	R25,49	R26,49	4%
Margarine	500g	R23,99	R26,61	R32,24	R24,99	R26,49	10%
Milk	Full cream, 2 litres	R25,23	R26,68	R26,23	R29,49	R32,24	28%
Rice	2kg	R25,73	R23,53	R22,97	R32,24	R30,49	18%
Sugar	White, 2,5kg	R37,73	R36,64	R38,49	R45,74	R45,74	21%
Tea	100 bags	R20,60	R30,64	R28,74	R33,24	R32,49	58%
Total		**R275,59**	**R291,05**	**R313,22**	**R336,01**	**R335,01**	**22%**

Household Expenditure Increases (Food, Transport, etc..: 2023-2024

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
CPI	5.4%	4.7%	4.8%	5.4	5.9%	5.5%	5.1%	5.3%	5.6%	5.3%	5.2%	5.2%	5.1%
Food	11.1%	10%	8.2%	8%	8.8%	9%	8.5%	7%	6%	4.9%	4.4%	4.3%	4.1%
Transport	1.8%	-2.6%	0.8%	4.2%	7.4%	4.3%	2.6%	4.6%	5.4%	5.3%	5.7%	6.3%	5.5%
Public Transport	9.7%	2.6%	-0.2%	-0.1%	-0.3%	0.8%	0.4%	0.5%	2.2%	-0.2%	-0.6%	2%	1.8%
Administration Prices	0.7%	-0.8%	1.7%	6.1%	9.3%	6.4%	4.9%	6.9%	7.6%	7.9%	8.8%	8.9%	8.3%

Source: Statistics South Africa

Water & Sanitation Increased Tariffs vs Inflation



Medical Aid: GEMS INCREASES OVER THE PAST 5 YEARS

2020 FY	2021FY	2022FY	2023FY	2024FY
7.7%	4.25%	2.02%	5%	9.5%

Household Expenditure Increases: Medical Aid (GEMS) continuation…

a. The continuous medical aid scheme tariff increases harm the working class as lesser people can afford medical aid. The graph shows that the medical aid scheme (GEMS) was way above the inflation rate from 2018 to 2022 and below wage settlements and inflation in 2023. The medical aid scheme (GEMS) increased sharply by 9.5% in 2023 while workers received 4.7% below the 5.3% inflation rate of March 2024.

b. Medical aid continues to be one of the major erodes of the wages of workers as they continue to increase above the wage settlement of workers as shown in the graph above. This is one key element that needs serious and urgent attention. The signing of the NHI bill into law is a positive advance towards addressing this pressing problem.

Household Expenditure: Electricity Increases

a. Electricity increases have been higher than 5% for the period under receive and NERSA has been granting these higher than inflation rate increase with just above 18% increase in 2023 and a 12.3% in 2024.

b. This is concerning as majority of South African rely on electricity for their sources of energy for cooking and heating and thus electricity is also a major erode of workers' salaries. As illustrated in the graph above that inflation and wages increases are far less than the electricity increase, with wage increases at 4.5% and inflation at 5.3% for the year 2024 while electricity increase is 12.3% which is more than 6% compared to that of wages and inflation increases ,respectively.

Household Expenditure: Electricity Increases continuation…

a. For the ordinary employee in the public sector, continued non-performance by Eskom has resulted in alarming electricity tariff hikes. Electricity tariffs have increased by 512% from 2007 to 2020.

b. For the average employee that equates to five times inflation increase for electricity costs alone for the past 10 to 15 years.

c. National Energy Regulator of South Africa (NERSA) approved Eskom price increases of 18.65% for 2023/24 and a 12.74% increase that will start in April 2024.

d. The cost of water has also increased faster than inflation with the average municipal water tariff being at almost 1300% higher in 2020 than in 1996.

6th Indicator: Employment vs Unemployment

a. Employment grew by 552 000 over the last year, to 16.7 million (16 745 000). This is the second year in a row that employment has grown since its steep drop with Covid-19. Employment is now slightly above pre-pandemic levels.

b. In terms of unemployment, it has been rising steadily over past the past years and it is at 34% as we speak as well as the per capita income which is the income per person is very low. Thus, on both measures, poverty levels are high and increasing. In addition, S.A. is one of the most unequal countries in terms of income and wealth distribution.

c. The share of working age population with employed rose to 40.7% in the last year, and while it has been rising it has not yet reached pre-pandemic levels such as 43.5% in Q1 2018.

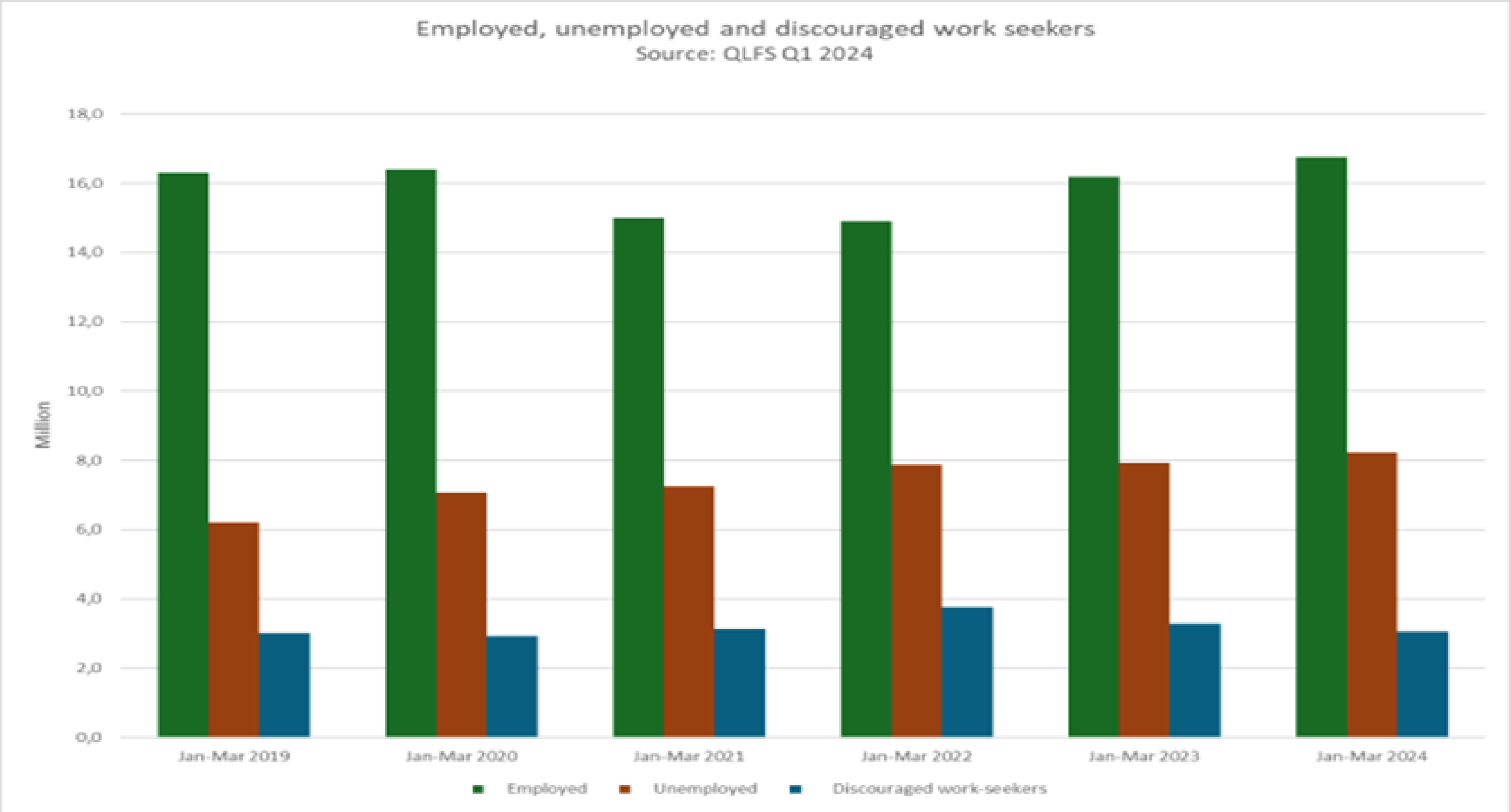
d. In the last year men fared better than women – with 4 out of 5 (79%) jobs created being in the formal sector. In contrast 3 out of 5 (58%) jobs created for women were in the formal sector. 1 in 5 (23%) jobs created for women were in domestic work.

e. Sectors that have driven growth in employment over the last year have been finance (accounting for 247 000 jobs created) and retail (accounting for 202 000 jobs created). Sectors that lost jobs were community and social services (which lost 111 000 jobs), manufacturing (which lost 48 000 jobs) and utilities (which lost 30 000 jobs). Worth noting is that the job losses are in the sectors of the public service, and this can be attributed to the continued austerity measures of government.

Employment vs Unemployment continuation..

While the growth in employment over the last year has been positive the harsh reality is that this growth is insufficient when compared to the needs of the working age population. The growth in employment has been much lower than the growth in the working age population and the general population growth as a whole. This gap is more than a statistical concern – it reflects the systemic inadequacies that plague our economy – a government hell bent on austerity and bosses that prioritises profit over people. Under this system, our already high unemployment rate has skyrocketed – growing more quickly than the working population and employment.

Unemployment has grown each year over the last 6 years with 8.2 million people currently unemployed.



7^{th} Indicator: Public wage increases

a. reneging by national government regarding the public sector employees have not seen any real wage increases in the past five years. Real wage increases have responded to constant repo rate and inflation increases.

b. The implementation of clause 3.3 of the Public Service Coordinating Bargaining Council (PSCBC), i.e. Resolution 1 of 2018, as was signed by the majority trade unions saw a decline in public sector wage increases and in turn eroded collective bargaining processes and trust between parties to the PSCBC.

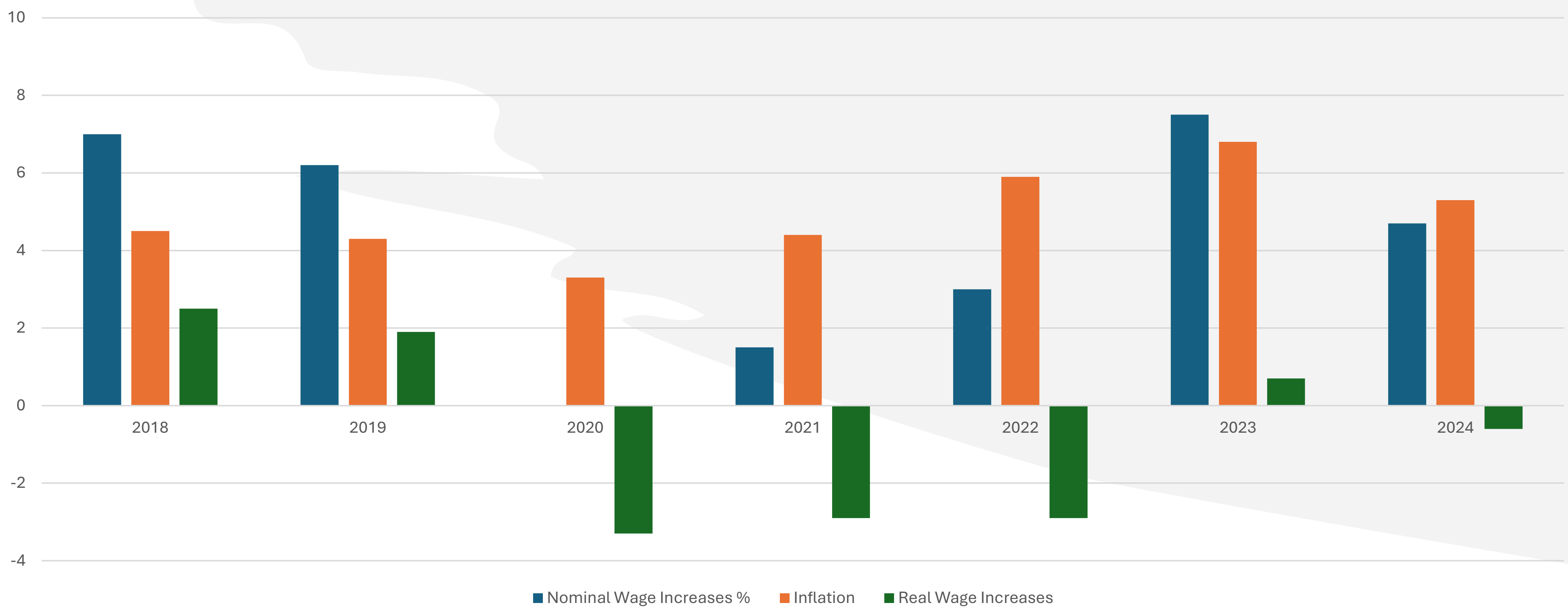
The Public-Service Wage Increase 2024:

a. The next slide provides an indicative table on how wages have been negotiated in 2024.
b. The table also calculates inflation over the period of the wage so that the real wage can be determined (see provided graph)

Wage calculations in 2024:

	Old Wage Rate 2023	Increase in % 2024	Increase in Rand 2024	New Wage Rate After Increase 2024	Price Increase (Inflation Rate	Real Increase (%) After Inflation	Inflation Increase In rands Value	Real Wage Increase in Rand Value
Level 1	9787	4,7	460	10246	5,3	-0,6	519	-59
Level 2	10448	4,7	491	10939	5,3	-0,6	554	-63
Level 3	12253	4,7	576	12829	5,3	-0,6	649	-74
Level 4	14295	4,7	672	14967	5,3	-0,6	758	-86
Level 5	16853	4,7	792	17645	5,3	-0,6	893	-101
Level 6	20124	4,7	946	21070	5,3	-0,6	1067	-121
Level 7	24527	4,7	1153	25680	5,3	-0,6	1300	-147
Level 8	29960	4,7	1408	31368	5,3	-0,6	1588	-180
Level 9	35342	4,7	1661	37003	5,3	-0,6	1873	-212
Level 10	43942	4,7	2065	46007	5,3	-0,6	2329	-264
Level 11	67630	4,7	3179	70809	5,3	-0,6	3584	-406
Level 12	79902	4,7	3755	83657	5,3	-0,6	4235	-479

2020-2024: Nominal Wages Growing Less than Inflation



Public sector wage increases vs state owned enterprises 2008-2024

a. Between 2008 and 2019 salaries have increased by an average of 9,2% per annum with an inflation at an average 6.3 % making the real increase to be at 2.9%. It's only between 2008 and 2019 that salaries have increased by 3% in real terms and have been declining ever since. Between 2020 and 2021 salaries have declined in real terms by 1.9%. The table below highlights the period 2018-2024 which clearly shows inflation to have averaged at 4.96% while public sector wage increased at an average of 4.27%.

Public sector wage increases vs state owned enterprises 2008-2024

	Inflation rate:	PSCBC	SALGBC	ESKOM	TRANSNET	SARS	NSFAS	SANBS
2018	4.7	7	7	7,5	7,1	5	8	7,8
2019	4.1	6,2	6,5	7	7,2	8	8	6,3
2020	3.3	0	6,2	7	7,7	6,1	6	
2021	4.5	1,5	3,5	7	5	5,9	6	4,5
2022	6.9	3	4,9	7	6	1,5		5,3
2023	6.0	7,5	5,4	7	5,5	7,5	7.1	6,9
2024	5.2 (MAY 2024)	4,7		7	6	4.7 (TBC)	7	6.5
Average	4.96%	4.27%	5.58%	7.07%	6.36%	5.53%	7.01%	6.23%

Public sector wage increases vs State Owned Enterprises(SoEs) 2008-2024

a. The previous slide indicates that of all the companies or State-Owned Enterprises (SOEs) that get funding from the fiscus, Eskom is a better employer which settles at above inflation rate with them settling on 7% on average.

b. Worth noting is that they were settling at 7% even during the COVID-19 situation while inflation was on 3.3% which was 3.7% higher than inflation. The energy sector being an essential service remained open during COVID-19 which is one reason that can explain why they settled at above inflation rate as they continued to function during that that period.

c. The table also show that the public service is the worst performing sector as on average they sitting at 4.27% and a zero percent increment in 2020 meaning, while inflation was at 3.3% this also affected essential and frontline workers in the health care, social development and security sector such as nurses, doctors and police who had to weather the storm and fight the global pandemic. Overall public servants are worse off than the other SOEs workers that derive their funding from the centre, the fiscus. The squeezing of the public service is explained by the postures of the National Treasury that the public wage bill is bloated and hence needs to be cut. These austerity measures disadvantages these public servants from their counterparts who are funded from the centre and provide essential public goods.

Conclusion:

- The public sector is the cornerstone of service delivery and ensuring the creation of a thriving environment for the country to be part of the economic agenda that will ensure the lives of South Africans are free from financial strain and poverty.
- Real wage increases have been meagre with a decline of 0.5% in 2018, -0.9% in 2024, and a modest 1% growth in 2023.
- These years saw a decline in workers' purchasing power, which has broader repercussions for the economy as workers may struggle to afford their basic goods and services to reproduce themselves.
- The public sector has been the backbone of the country and at the most fragile of times, public servants must bear the brunt of having to work in the most terrible of conditions and yet be able to do provide service delivery regardless of their conditions

Conclusion:

- Medical aid inflation increases, electricity tariffs hikes, unemployment rates and food basket should all be taken into consideration by parties when engaged in negotiations.
- The review of economic policies, specifically our macroeconomic policies (both fiscal and monetary policies) need urgent reviewal.
- We are against the huge salary increases given to management and chief executive officers, especially at the level of SoEs who continue to underperform whilst public servants do not receive inflation related wage increases.

End of Presentation