



MINISTER
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REPUBLIC OF SOUTH AFRICA

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The General Secretary
Public Service Coordinating Bargaining Council
Building B & D
260 Basden Avenue
LYTTELTON
0176

Dear General Secretary

ADVICE NOTE REGARDING PROCESSES AIMED AT FINALIZATION OF NEGOTIATIONS REGARDING CONDITIONS OF SERVICE FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATION (OSD) IN THE 2022/2023 ADJUSTED ESTIMATES OF NATIONAL EXPENDITURE (AENE)

I deem it proper and fitting for me to provide you with the information hereunder as I believe it will empower you to handle the finalization of the process we have been involved with in the bargaining process between government negotiators and the leadership of the affected unions.

1. Treasury and the Minister of Finance are in the process of finalizing the 2022 Medium Term Budget Policy Statement (MTEBPS) to be tabled on the 26th October 2022
2. The 2022 MTBPS process includes adjustments to the budget to cater for, inter alia, additional funds for unforeseeable and unavoidable expenditure, in terms of section 30 of the PFMA.

3. The 2022 MTBPS will also reflect the direction and critical decisions that government plans to undertake for the current fiscal year as well as over the 2023 MTEF.
4. Given the size and significance of the public sector wage bill and its carry-through effects on the entire fiscus framework, it is prudent for the Minister of Finance to include the proposed offer from government in the consolidated fiscal framework.
5. Furthermore, in order to ensure transparent and prudent management of the fiscus and adherence to legislation that governs same, it is the government's view that it is necessary to allocate the additional funding towards the implementation of the proposed pensionable salary increases for 2022/2023, as well as the carry-through costs over the 2023 MTEF.
6. The reason being that there will not be another opportunity to implement funding for wage increases in the current year once the MTBPS is tabled.
7. Moreover, any decision that may be taken post the 2022 MTBPS resulting in a wage agreement signed in the Public Service Coordinating Bargaining Council (PSCBC) with further cost implications, will have to be considered at a later stage.
8. While it is important to note that the above imperatives are not intended to undermine the current wage negotiation processes which are ongoing, the credibility of the budget will be irredeemably compromised by a failure to at least take account of the current offer from the facilitation process, which has serious fiscal implications.
9. To ensure that public servants are not negatively impacted and to safeguard the public budgeting process, I am contemplating invoking Section 5 (5)(b) of the Public Service Act which empowers the Minister to implement the final offer as it provides that:

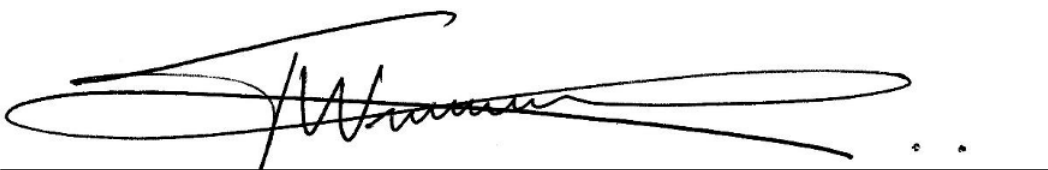
“Notwithstanding subsection (4), but subject to the Labour Relations Act-

(b) the last offer made by the State as employer in a bargaining council referred to in the said subsection (4) on a specific matter may, if a deadlock in negotiations is reached, be implemented by acting in terms of the provisions of this Act or any other law, provided any such act does not have the effect of reducing existing remuneration or other service benefits, except in accordance with section 34.”

10. This action is not contemplated lightly. The matter we are seized with requires urgent action from all parties to bring to finality, to significantly reduce the uncertainties regarding both the fiscal outlook and to ensure the stability of the public service.

11. It is my sincere hope that you will find the above contribution useful as we work together towards the deepening of our collective bargaining culture and the harvesting of hope for a prosperous society which we all cherish.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'TW Nxesi', is written over a horizontal line. The signature is stylized and spans across the line.

**MR TW NXESI, MP
ACTING MINISTER FOR PUBLIC SERVICE AND ADMINISTRATION
DATE: 17 OCTOBER 2022**