

## **MEDIA STATEMENT - FOR IMMEDIATE RELEASE**

### **NEHAWU RESPONSE TO THE 2017 MEDIUM TERM BUDGET POLICY STATEMENT**

Wednesday October 25, 2017

The National Education Health and Allied Workers' Union (NEHAWU) notes the tabling of the Medium Term Budget Policy Statement by Minister of Finance the Honorable Malusi Gigaba, today in parliament.

As NEHAWU, we are deeply disappointed by the lack of courage, urgency and decisiveness in the government Medium Term Budget Speech in tackling the triple challenges of poverty, unemployment and deepening social inequality, and putting our country on a path of broad based industrialization. We view this year's MTBS as a spit in the face of radical economic transformation. It is clear in the MTBS that Minister Gigaba has capitulated and abandoned radical economic transformation and replaced it with facilitating radical looting.

The Zuma-led administration will be judged by history as the one that presided over:

- Stagnant economy with low levels of growth;
- High levels of deindustrialization;
- Low levels of investment;
- Ever rising unemployment above 40%;
- The share of total income going to the top 10% of income earners is between 60-65 %
- With more than 30 million South Africans living in poverty and earning below 1000 per month;
- High levels of corruption and looting of the public purse by a coterie of corrupt individuals with direct links with the President and other corrupt Ministers.
- The destruction of democratic institutions to advance personal accumulation through corrupt means;

As NEHAWU, we feel vindicated by this MTBS that, this administration lacks the will and courage to deliver on its mandate of pursuing a second radical phase of our transition, as articulated by the President to mean "*...fundamental changes to the structure, systems, institutions, and patterns of ownership, management and control of the economy, in favour of all South Africans especially the poor, the majority of whom are African and female*".

This administration has capitulated on this mandate and has dismally failed the poor and the working class, and we reiterate our call for President Zuma to do an

honorable thing by resigning as a president of the Republic and give the nation space to sort out the mess that he has presided over.

### **1. A neoliberal macroeconomic framework**

The macroeconomic strategy of the Zuma Administration that is centered on foreign savings, inflation targeting, and flexible exchange rate privileges interests bearing capital over productive sectors of the economy, it is not a macroeconomic strategy that will take our economy on a path of broad based industrialization as envisaged in the second radical economic transformation phase of our transition. Conversely, the current macroeconomic strategy subjects the country and the economy to the vagaries of international speculative markets and undermines our sovereignty in respect to economic policy. We are extremely disappointed but not surprised by the Ministers capitulation at the time wherein the country demands radical shifts to the current status quo.

### **2. Public Sector Wage bill**

The National Education, Health and Allied Workers Union notes with dismay the fact that successive Ministers of Finance; continues to abuse parliamentary processes and use them as terrains of feeding propaganda to society about the public sector wage bill. We reject this tendency with the contempt it deserve, and we view this as serious provocation and an attempt to cajole and intimidate workers into submission whilst the treasury is assaulting hard worn gains, which workers and union have fought so hard to gain.

We are sending a strong warning to Mr. Gigaba and his gang to stop using parliament, as a terrain to wage war against workers; parliament is not a bargaining council if the Minister want to negotiate wages with Unions he must take up those issues in appropriate platforms.

Negotiating in bad faith with workers in the public sector will have unbearable consequences to processes underway in the bargaining council.

### **3. State-Owned Enterprises and entities**

We note Ministers concerns about issues related to management, governance, local procurement and levels of investment and corruption in SOE's. However, the Minister is not immune to these problems and challenges because he presided over corruption, looting and destruction of the SOE's when he was in charge of the Department of Public Enterprise.

We as the National Education, Health and Allied Workers Union are opposed to the privatization of state-owned companies, the selling of shares of public entities to bail out ailing state companies, who are not performing because of endemic corruption which some in government are responsible for.

We warn the Minister; that any attempt to sell public entities to individuals and families will be met with workers wrath, and we are prepared to go and mobilize our members and society to the streets to wage a relentless struggle against privatization.

#### **4. National Health Insurance and National Health Laboratory Services**

We welcome the announcement of the establishment of the NHI interim fund and will await the release of the legal framework; but are extremely disappointed about the state of the health system in our country and call upon the Minister of Health together with treasury to urgently release the sustainable funding model for the NHLS so as to bring about financial stability and sustainability in this institution.

#### **5. Post-schooling education and Training**

NEHAWU welcomes the increase in the allocation to this sector but we are deeply concerned and disappointed by the delay in the release of the Fees Commission Report; because it is our view that as a country we need to move urgently and with speed in developing an overarching funding strategy for free education.

#### **6. Border Management Authority**

NEHAWU continues to oppose the Border Management Authority in its current form outside the public service, we view today's announcements by the Minister as provocation because the matter as we speak is still before the National Council of Provinces, and will soon make our submission; we are shocked by the speed at which the Minister is rushing this process of further fragmenting and weakening the public service. If the Minister continues in this fashion we reserve our right to pursue this matter by other means possible.

#### **7. Government Employees Pension Fund and PIC**

As a progressive trade union that represents public service workers we are disappointed that the Minister has not reflected on the shenanigans that are happening in these important institutions that are responsible for workers' saving and their deferred incomes. The Minister has failed to assure workers that their savings will not be subjected to corrupt practices; nor has he pronounced on worker representation in these institutions. NEHAWU demands the following to the Minister of Finance:

- Clear accountability measures and mechanisms between GEPF AND PIC;
- PIC as an asset manager of public service funds must comply with the directives and from GEPF;
- Establishment of the special housing financing scheme for workers in the public service;
- An increase representation of the workers in the governing boards of both these institutions;

- Change in the composition of investment away from speculative activity in favour of investments in productive job creating sectors in the SA economy;

Issued by NEHAWU Secretariat

Zola Saphetha (General Secretary) at 082 558 5968; December Mavuso (Deputy General Secretary) at 082 558 5969; Khaya Xaba (NEHAWU Media Liaison Officer) at 082 455 2500 or email: [khaya@nehawu.org.za](mailto:khaya@nehawu.org.za) Visit NEHAWU website: [www.nehawu.org.za](http://www.nehawu.org.za)