



# NEHAWU

National Education Health & Allied Workers' Union

## OFFICE OF THE SECRETARIAT

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## MEMORANDUM TO THE NATIONAL AND PROVINCIAL DEPARTMENTS OF FINANCE - TREASURY

### Introduction

The national union in its Central Executive Committee held in December 2016, after in-depth analysis and robust discussions, came to one conclusion that the South African ruling class (meaning the capitalists class) is consciously disrespecting and undermining the interests of the working class particularly workers as they survive through selling their labour power. In addition, the ruling class, as long as it continues to put profit before human beings it is careless about workers and the need to earn a living for their survival. More than ever before, the union is convinced that the capitalists feel great and comfortable when the working class and the poor suffers exploitation, high levels of unemployment, poverty and inequality to a point that it uses the situation to turn the working class against each other for crumbs.

The CEC understood that the 'State' in any capitalist society, inherently represents the interest of the ruling class as it is a case with regard to South African State which continues to undermine the labour laws that regulate the relationship between employers and employees instead of enforcing these laws. As a result, collective bargaining as regulated in the Labour Relations Act as amended is completely undermined by government through Treasury and its neo-liberal policies. The Treasury continues to use the budget speech to set the limit on the wage demands of the public service workers even before the start of collective bargaining at the PSCBC. We condemn this and it is for this reason that NEHAWU is marching today for and on behalf of its members, workers in general in the public sector and working class in its entirety because it has been left with no other choice by Treasury.

### Context for the march

The national union has, despite the impressive 3.3% economic growth rate recorded in the second quarter of 2016, noted the statistics released by Statistics South Africa which reveals that actually the economic crisis is deepening. Equally, the union noted the official unemployment rate which has gone up to 27%, - is even worse amongst women as it has increased to 29.3% compared to men for whom it is at 25%. These nearly half a million people who have lost their jobs in 2016 are joining more than 15 million people who are not economically active - majority of whom are part of the half of the population that is

experiencing food insecurity and hunger. These are our mothers, fathers, brothers, sisters and children who survive from our own salaries. At the same time, the cost of living (inflation) has been rising since September 2014 from 4.6% to 6.1% in 2016, with severe impact on poor households that on average spend 34% of their income on food.

In this regard, the union recognises that we now face a gloomy prospect where the fifth administration of the African National Congress (ANC) would go down in history as having presided upon a long downward economic spiral, rather than an accelerated economic development in line with its mandate of forging a radical second phase of our revolution as directed by its 53<sup>rd</sup> National Conference in Mangaung. Since 2014 economic growth has been falling year after year, from 1.5% (2014) to 1.3% (2015) and in 2016 growth was expected to be at 0.9%.

The facts above combined with the lack of strategic political leadership in which the primary focus seems to be on factional battles and issues around corruption scandals, this economic situation has placed the country and our revolution at the mercy of imperialism as it continues to dictate policies through the sovereign rating agencies. Hence, our government is being preoccupied by reducing the budget deficit which has been entrenched at around 4% and public debt which has risen from R500 billion in 2009 to R2 trillion in 2016. It is for this reason now that our government has now made a concession on the need for partial privatization, rationalizing, and closing or selling off public assets as stated in the MTBPS or mini-budget in October last year. Even on the implementation of its mandate regarding the National Minimum Wage, government has had to account to these sovereign rating agencies prior to publishing the proposal.

However, despite this gloomy environment, the union recognise the increased public sector infrastructure spending to the tune of R987.4 billion worth of investment in energy, transport, housing, water and sanitation. Combined with the introduction of a National Minimum Wage, the extension of the Unemployment Insurance Fund and the tabling of the paper on Comprehensive Social Security reforms at NEDLAC, these are important gains and advances that have been made in 2016.

But alongside these important advances, the union has already through its members in the public service begun to experience the impact of this gloomy macroeconomic reality and the Treasury's austerity measures. In 2016, the Treasury has permanently closed existing public service vacancies and effectively imposed wage cuts at the managerial level of the public service in which the level of wage increase that was below inflation. Whilst we support the call by the Independent Commission for the Remuneration for Public Office that there should be zero wage increase for senior public officials in the light of the economic situation in the country and budgetary constraints, we suspect that these wage cuts will be extended to the rest of the public service workers, given the emphasis on reducing the public service wage bill in the mini-budget statement of 2016. Accordingly, the Treasury announced that over the next three years a spending ceiling is imposed – whereby there would be: "*reductions of R10 billion in 2017/18 and R15 billion in 2018/19 applied to the compensation budgets of national and provincial departments*". The Treasury further stated that the "departments will have to align

human resource plans within lower limits, moderately reducing headcounts over the medium-term”.

The closure of vacancies creates more work for fewer workers whilst the rate of pay is not increasing at the same time. So far this has created even more work-overload across state-administration and other supportive staff levels such as clerks, cleaners, messengers, porters and other so-called blue-collar workers in all departments and state institutions. All of this destruction of jobs in the public service is done in the name of reducing the public service wage bill. As NEHAWU we are saying NO to these austerity measures that are only targeted at the low-paid workers in the public service and state institutions.

Indeed, the application of these austerity measures have already robbed workers what has been due to them as historic benefits in institutions such as Parliament and others where performance bonuses are cut. In our view, this approach neglect or negate the emphasis on quality performance of civil servants which constitute the integral part of building a developmental state that is capable to respond to societal needs and communities they serve. Hence as NEHAWU, we say that we can see that the Treasury wants to close even more vacancies and give wage increase that is below the cost of living. If the Treasury is preparing for a big fight with us in the next round of collective bargaining - our message is clear, we say bring it on, we are going to fight tooth and nail.

At the same time, despite the ANC's resolutions on building a capable developmental state, we are seeing further outsourcing of state functions to weaken the state further more instead of strengthening it. This is exemplified by the Department of Home Affairs' determination in forcing the creation of a Border Management Agency and the outsourcing of aspects of tax collection and compliance under SARS including the current crisis in SASSA. All of these are reminding us that behind the agencification of the public service and public-private-partnerships there is always a parasitic corporate agenda as revealed by the nature of corruption the country has undergone. As a union in the public sector, we are going to fight corporate state-capture, whatever its colour.

Instead of being much tougher in the fight against fraud and corruption in both public and private sectors where greedy individuals are bleeding the country dry for their self-enrichment through stealing or looting of the scarce resources which ought to be used to provide basic public service to the poor. Our government chooses to severely punish workers for the crime they did not commit through austerity measures which cut the public service wage bill. What kind of government do we have that does not value the contribution of its workers at the point of service or production who spend their entire lives selling their labour power to ensure economic growth and reproduction of wealth in order to better the living conditions of the same country's citizens. South African workers need to be treated with dignity they deserve and we demand that they must be respected and compensated as such.

NEHAWU therefore decided to mobilise its members and public sector workers to its march directed to the National Treasury today, 22 February 2017 to highlight its position against the

austerity measures and place our demands to the public and government through the Minister of Finance.

As the union, we are alive to this destruction of jobs in the public service which is done in the name of reducing the public service wage bill. It is at this point that NEHAWU says: **NO** to these austerity measures as they are only targeting the low-paid workers in the public service and state institutions.

**Enough is enough, thus we demand the following:**

- Filling of all funded vacant posts in order to improve service delivery and ensure employment opportunities to unemployed graduates and young people immediately. Stop creating the unnecessary workload and create a conducive working environment that is stress free towards a qualitative service to people we serve.
- Drop immediately the austerity measures on wage bill and personnel to improve conditions of service and better pay as part of boosting the low morale and encouraging better performance of public servants.
- Immediately stop the implementation of neoliberal macroeconomic policies that undermine industrialisation and job-creation.
- Immediately absorb community health-care workers to become part of healthcare service and must constitute an integral part of the public service in order to improve their conditions of employment and better pay.
- Full implementation of National Health Insurance as it ensures the constitutional right of citizens to health as per the Constitution of the Republic of South Africa, 1996. In our view, the implementation of NHI constitute the integral part of a radical second phase of our transition as adopted by the 53<sup>rd</sup> ANC Conference in Mangaung and is a true transformation favourable to working class and workers in particular.
- Immediate stop on the implementation of Border Management Agency as it forms part of outsourcing of the public service to the private sector. Because the jobs of some workers belonging in the state like in home affairs, SARS, health, agriculture, SAPS and other departments which are working in the country's entry points or borders are going to be outsourced to the private sector. In our view, outsourcing negates the call by the Ruling Party – the ANC on building a developmental state which is a state capable to intervene to socio-economic and development of citizenry. In this regard, we want to tell our government that NEHAWU vehemently and totally reject the creation of the Border Management Agency and any form of outsourcing.
- Immediately fast track the engagement and conclusion of the comprehensive social security system.



- Imposition of wealth tax
- Demand for a higher minimum wage hence the budget speech must set aside a budget on the wage bill which must be above the CPI and considering for an increase beyond CPI.
- Total ban of labour broking and call for full employment.

### WHEN DO WE EXPECT THE RESPONSE

All the above demands are urgent and need a positive response as soon as possible since they directly affect our members and impact negatively to service delivery. In this regard, we therefore demand a response from you/your office within a period of 7 working days from the day of receipt of this memorandum.

Signed by:

For and on behalf of the Minister of Finance: Mr/Mrs/Miss: .....

Signature: ..... on 22nd Day of February 2017.

For and behalf of NEHAWU: Mr/Mrs/Miss .....

Signature: ..... on 22<sup>nd</sup> Day of February 2017.



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