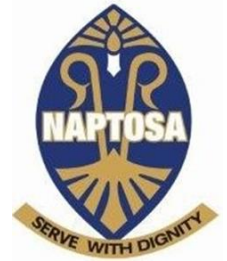


# NATIONAL NEWS FLASH



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## NAPTOSA'S RESPONSE TO MINISTER OF FINANCE'S MEDIUM TERM BUDGET POLICY STATEMENT (MTBPS) 2021

NAPTOSA noted the Minister of Finance's no-frills, but short on detail, MTBPS speech, delivered to Parliament on 11 November 2021.

We appreciate the acknowledgement (**again**) that –

- ESKOM remains a huge hurdle to our economic recovery and that too much effort has been put into fixing the organization, instead of securing energy supply by adding additional (private) capacity to the grid.
- criminality continues to be a blight on our society
- corruption, wastage, and maladministration still permeate government expenditure
- we need to build a capable local government sector that delivers effective and efficient services to citizens
- many State-owned enterprises have been badly managed and have failed to deliver

Until we see tangible steps to address these matters, they will unfortunately remain nothing more than mere acknowledgements. We therefore welcome the Minister's announcement that no additional funding is provided for State-owned enterprises in the MTBPS. But then again, we have heard this before while bailouts continued.

We agree that infrastructure development is not only urgently needed to grow the economy but also to assist with the creation of jobs. According to the Minister, 62 infrastructure projects were gazetted last year with a further 55 projects recently unveiled. Maybe the roll out of these projects are deliberately kept under the radar, but NAPTOSA has not seen any media attention given to these projects, nor did the Minister give any indication in his speech on how successful the rollout has been thus far. If there is a funding shortfall of R 441 billion on the 55 new projects, it is unclear whether the initial 62 projects enjoy full public/private funding at this stage. The Minister could at least have given some indication in this regard for the public to understand whether these projects have any prospect of success.

A worrisome aspect of the Minister's speech is that the country's debt service costs will become the largest portion of spending from next year and result in spending priorities being crowded out. We hope that the State as employer will not attempt to use this situation again next year to undermine collective bargaining in the public service with another zero percent wage offer.

We also do not take kindly to the Minister's indication that the main reason for the increase in non-interest spending this year (R 20,5b out of R 59,4b) was to fund the higher-than-budgeted public sector wage agreement. The agreement was concluded with the full backing of National Treasury. By highlighting this cost factor, the Minister continues the trend set by predecessors to suggest that the public service wage bill, and by implication public servants, remains the albatross around the neck of government. But when the chips are down, government turns to, and relies on, those very public servants to carry them through a crisis, so aptly demonstrated during the current pandemic.

NAPTOSA will not allow these types of comments to detract us from our focus to fight for the salaries and conditions of service of our members.

Pension reforms remain on the agenda, although progress is slow. Last year it was indicated that government will present legislation in 2021 to allow for limited pre-retirement withdrawals under certain circumstances. This year, the Minister announces that National Treasury will shortly publish a discussion document on the details of this proposal to obtain inputs before further announcements are made in the 2022 Budget. It is thus likely another year before we could see legislation passed on this matter.

As indicated in our response to the MTBPS 2020, it appears that such a proposal, could, at face value, be beneficial to members, but that the details would need to be carefully studied before definite support could be given to such a scheme.

NAPTOSA will keep members informed of developments in this regard.

**BASIL MANUEL**  
**EXECUTIVE DIRECTOR**