Basic service delivery could be compromised by higher public wage – commission

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There are concerns that sub-national government will shift funds away from basic service delivery in an effort to service higher public wages, members of Parliament have heard.

The Financial and Fiscal Commission (FFC) on Tuesday briefed the standing committees on finance and appropriations in a joint sitting on the mini budget.

Dr Hammed Amusa, the commission's programme manager for the macroeconomics and public finance unit, shared various recommendations made by the FFC in light of the mini budget.

Speaking specifically on public wage, which accounts for over half of provincial budgets, Amusa said it was one of the key risks to the provincial government's fiscal framework. This is because national government does not have additional funding to support the higher wage agreement, signed in June.

“The commission is wary of how this will play out for departments which need to reprioritise programmes to fund wage increases," he said.

The commission recommends that government departments "carefully manage" this pressure and practice financial prudence, to ensure wage pressures do not divert resources away from key services like health and education. The commission also recommended that reprioritisation be monitored to ensure it does not compromise service delivery.

Last week, at a briefing following the mini budget, Finance Minister Tito Mboweni acknowledged that the public sector wage bill must be addressed.

He proposed alternatives to reduce costs be included, for example the freezing of posts of public servants who resign or die. He also suggested that the thirteenth cheque be based on a performance evaluation as opposed to being automatically granted.

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