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NAPTOSA STATEMENT ON BUDGET SPEECH, 2022

As is the case with budget speeches, the maiden Budget Speech, 2022, of the current Minister of Finance, Minister Enoch Godongwana, contained a number of positive elements, but also a number of aspects that concern us.

As expected, the Minister allocated substantial funding for the economic recovery programme announced by the President in his recent State of the Nation Address. NAPTOSA is a firm believer that economic recovery is the only way out of the cycle of poverty and unemployment that is gripping our country. It is also pleasing to see government envisaging greater utilisation of public-private partnerships to support infrastructure projects.

But setting aside funding for infrastructure investment will only show an impact on these societal afflictions of poverty and unemployment if the money is used sagely, circumspectly and corruption free.

NAPTOSA expects the President to give detailed feedback to the nation in the next SONA on the impact of the recovery programme and we will be closely watching the unemployment numbers to see if there is any tangible evidence that the programme is showing success.

Unfortunately, the funding of the economic recovery programme comes at a cost to other programmes. While the funding for education over the Medium-Term Expenditure Framework (MTEF) period remains one of the largest items in the national budget (R 28,5b in 2021/22 to R 31,4b in 2024/25) and will increase by an average of 3,3 %, it is not nearly enough to address *inter alia* the issues of overcrowding in schools, insufficient number of new schools erected and inadequate maintenance of school infrastructure brought about by the budgetary cuts forced on education departments the past few years.

It feels that we are continually treading water in education, not really making progress. Funding for planned infrastructure maintenance gets watered down by the annual infrastructure regression due to vandalism and destruction of school property, exacerbated last year by the protest action in KZN and Gauteng.

We have in the past called for funding to be set aside to once and for all eradicate water and sanitation backlogs in schools. While we welcome the funding set aside for the provisioning of water to 50 schools and safe sanitation to 450 schools in this budget, we are disappointed that the Minister, as the new broom, did not take the bold step to provide funding for the total eradication of these backlogs.

The Minister's announcements regarding public service remuneration are both confusing and disturbing. It is not clear what the additional allocation of R 24,6b to provinces to compensate for the shortfall in teacher's compensation refers to, but it apparently does not mean additional money for teachers.

The additional R 20,5b set aside to meet the cost implications of the 2020/21 public service wage agreement is worrisome because it means that government did not have sufficient funds in last year's budget to fund the agreement. This obviously seriously impacts available funding for this year's wage negotiations.

The announced annual increase in employee compensation of an average of 1,8% over the next three years also does not bode well for salary negotiations. The Minister referred to the upcoming Collective Bargaining Summit on 28-30 March 2022, arranged by the PSCBC, expressing the hope that it will give stakeholders an opportunity to engage on building a sustainable public service and remuneration guidelines. NAPTOSA will be participating in the Summit. The Minister is mistaken to think that his allocation for wage increases will not cast a shadow over the Summit.

We appreciate the Minister's decision to grant some personal tax relief, grant an increase in medical credits, not tamper with VAT and to refrain from increasing the fuel and Road Accident Fund levies. Workers already suffer greatly from food and fuel inflation, higher interest rates and economic hardships brought about by the pandemic. We also welcome the increase in social grants and the allocation for the extension of the social relief for disaster grant.

NAPTOSA remains cautiously supportive of the restructuring of the retirement system for individuals that could possibly allow employees to make limited withdrawals from their pension funds. We await the publication of the draft legislation in this regard. We would also need to see what the impact of such a proposal would have on the GEPF. Fortunately, this would be a matter that would need to be flighted in the PSCBC, where we would have a proper opportunity to view all the details.

The announcement of the continued support to keep ESKOM financially sustainable to the tune of R 88b over the next three year, while understood, is hard to swallow, especially in view of ESKOM's current application to NERSA for a 20,5 % tariff increase. We urge government to speed up the process of paving the way for alternative power generation.

The announcement by the Minister that charges have been brought against a company Director and a Gupta associate involved in the corrupt ESTINA dairy project, smacks of deflection of the broader corruption issue. What about the involvement of politicians?

We trust that the positive elements of the budget speech, that will bring some financial relief to workers, will not be usurped by the employer's approach to the 2022 wage negotiations.

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