



Box 1: An increase of 15 per cent in civil servants' salaries

Under the auspices of the Public Service Co-ordinating Bargaining Council, government and labour unions in July 2012 reached a three-year salary agreement. In terms of the agreement, government employees would receive a 7 per cent increase for the period 1 May 2012 to 31 March 2013. In the second and third years, the increase would amount to the average projected consumer price inflation rate plus 1 per cent for the period 1 April 2013 to 31 March 2014, and 1 April 2014 to 31 March 2015 respectively. The higher salaries would apply from 1 April of each year.

With the lengthy negotiations concluded in July, the 2012 government wage increase was only implemented in the third quarter of the year and backdated to 1 May 2012, resulting in notable increases in the remuneration per worker paid by national and provincial governments in the third quarter of 2012. On 1 April 2013, the implementation of the second-year increase under the multi-year agreement resulted in a further 6,6 per cent increase in government wages. As such, the year-on-year increase in remuneration per worker of civil servants at national department and provincial level amounted to 15,0 per cent in the second quarter of 2013. While increases in the remuneration per worker are also affected by compositional changes within the workforce, the key reason for the high year-on-year increase in public-sector remuneration per worker in the second quarter of 2013 is that it incorporates two annual salary increases, that is, the backdated May 2012 salary increase and the April 2013 salary increase. The year-on-year increases should only normalise from the final quarter of 2013.

Remuneration per worker in national departments and provinces

