

**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**QUESTION NUMBER PQ 944 (NW1061E)**

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**Dr D T George (DA) to ask the Minister for Finance: (*Interdepartmental transfer on 21 April 2011 from Public Service and Administration*)**

- (1) With regard to the doubling of the public service salary bill in the past five years, whether steps have been taken to contain the escalation of the salary bill; if not, why not; if so, what are the relevant details;
- (2) Whether the National Treasury has conducted any study on the highest paid jobs in contrast to the lowest paid jobs in (a) the public service and (b) the state-owned enterprises; if not, why not; if so, what are the relevant details?

NW1062E

**REPLY**

- (1) Government will continue with its efforts to achieve the appropriate balance between spending on personnel, capital and goods and services.

The fiscal framework approved by Parliament recommends a decline in consolidated government expenditure on compensation of employees from a preliminary outcome of 35 per cent of total expenditure in 2010/11 to 34.7 per cent of total spending in 2011/12. The medium-term forecast contained in the 2011 Budget Review is for wage expenditure to continue moderating, reaching 33.7 per cent of total spending by 2013/14.

Moderating growth in government wages will depend on the extent to which government is able to negotiate cost of living adjustments that are commensurate with inflation and the trade-offs that government makes between wage and employment growth.

- (2) The National Treasury (NT) is responsible for presenting an affordable wage bill in which the state is able to grow public sector employment and improve conditions of service. Issues relating to the details of remuneration policy and structure are the responsibility of the Department of Public Service and Administration (DPSA).

The DPSA conducts comprehensive personnel expenditure reviews which include extensive salary benchmarking exercises. These studies do not include public entities though. The last review was conducted in 2006 which covered the years 2000 to 2006. The DPSA on an annual basis also conducts salary comparison and benchmarking of public service employees' salaries with those of the market by using reputable salary surveys.

NT and DPSA are in discussions on further studies which would help to understand trends and to target changes that might be required more appropriately.