

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 706 [NW854E]
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706. Dr D T George (DA) to ask the Minister of Finance:

With reference to the Foreword of the Budget Review released on 25 February 2015, can he explain what is meant by the National Treasury's Director-General's assertion that the National Treasury aims to reach a fair, sustainable public-sector wage agreement that protects the purchasing power of public servants?

NW854E

REPLY:

Government is committed to containing costs and improving composition of expenditure. The period between 2007/08 and 2012/13 was characterised by worsening composition of expenditure in favour of compensation of employees. This was largely a result of significantly above-inflation wage settlements, introduction of occupation-specific dispensation (OSD) and increase in personnel growth even during times of economic turmoil.

Fair remuneration is that which fully compensates employees for the value created in delivering public services. A wage agreement that protects the purchasing power of public servants is that which ensures that the standard of living of public servants remains unchanged in the face of an increase in cost of living, i.e. public servants are in a position to purchase the same goods and services as they did during previous periods. This is achieved through implementing cost of living adjustments that are in line with changes in the Consumer Price Index (CPI); which provides a comprehensive measure of changes in cost of living.