



Remuneration Analysis and Modelling

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Public Economics

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Overview: Whole of government

- Expenditure on CoE: Why we need to know more
 - Government spends much more than it receives in taxes
 - Between 2006/7 and 2017/8, spending on CoE tripled
 - Real, inflation-adjusted CoE spending has risen quickly
 - Personnel numbers grew in all parts of government, but have fallen from their highest point
- What drives real compensation increases?
 - Changes in individual remuneration
 - Changes in distribution of personnel across salary bands



Expenditure on CoE: Why we need to know more

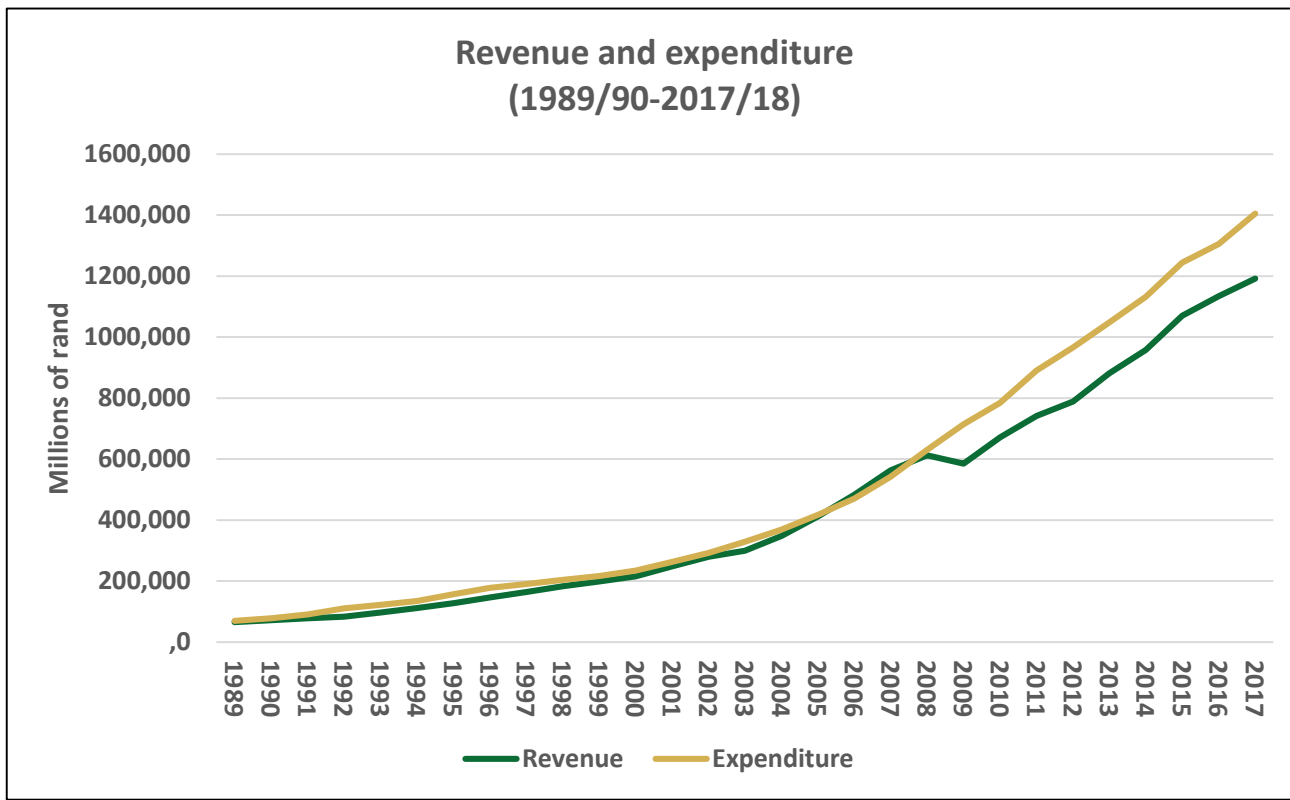
- CoE in 2017/18: R549bn of R1.558tn total spending
 - 35.2% of consolidated expenditure v 32.9% in 2008/09
 - Only interest payments grew faster
 - Declines in % of spending going to transfers, G&S, capital

Millions of rand	2008/09	%	2017/18	%	Ave annual growth
Compensation	R 233 345	32.9%	R 548 923	35,2%	10,0%
Transfers	R 237 946	34%	R 511 677	33%	8,9%
Goods & services	R 117 809	17%	R 223 651	14%	7,4%
Interest payments	R 58 627	8%	R 163 155	10%	12,0%
Capital	R 49 707	7%	R 82 978	5%	5,9%
Total	R 708 489	100%	R 1 557 959	100%	9,2%



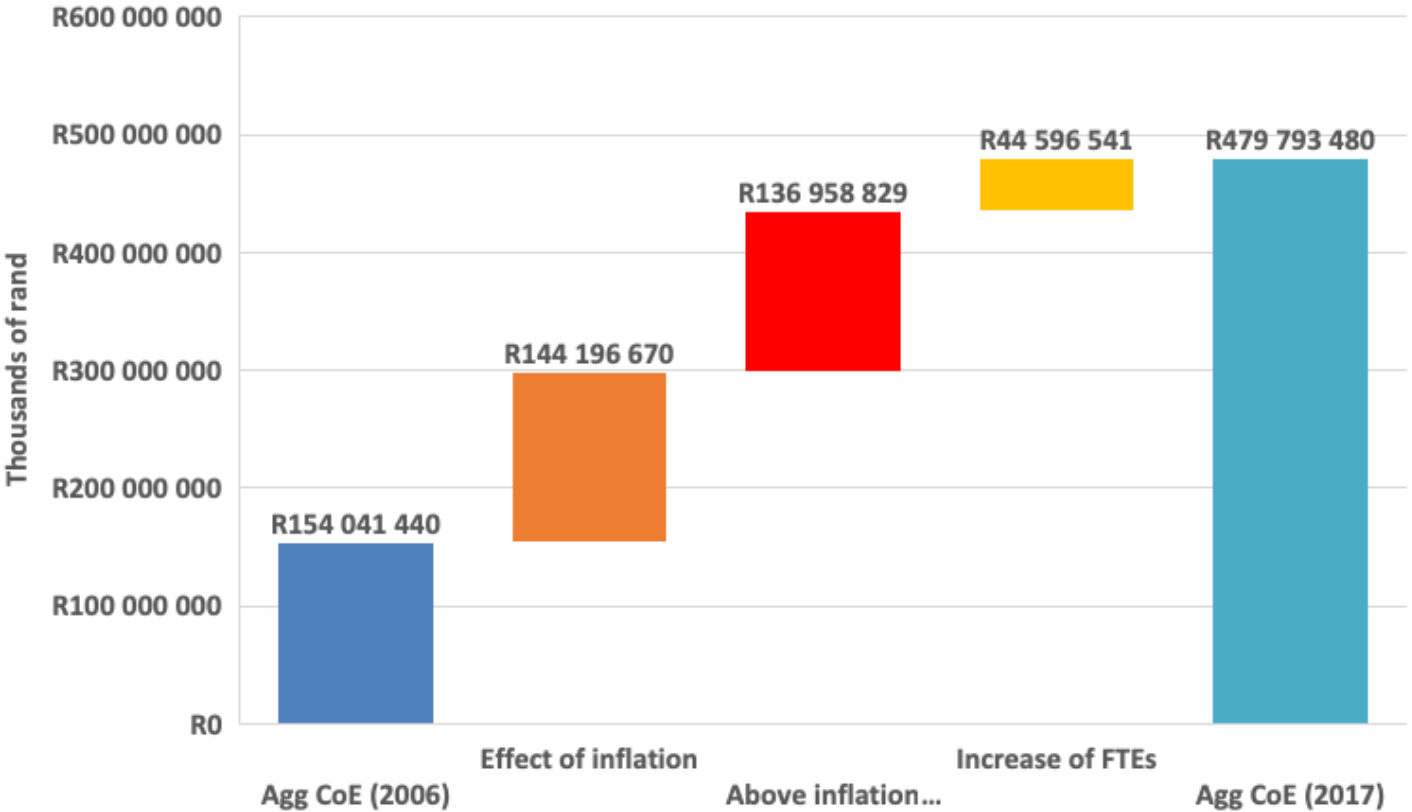
Government spends much more than it receives in taxes

- Ever since 2008, govt has spent an average of R150b a year more than it has been able to raise in taxes, leading to large deficits and more and more debt



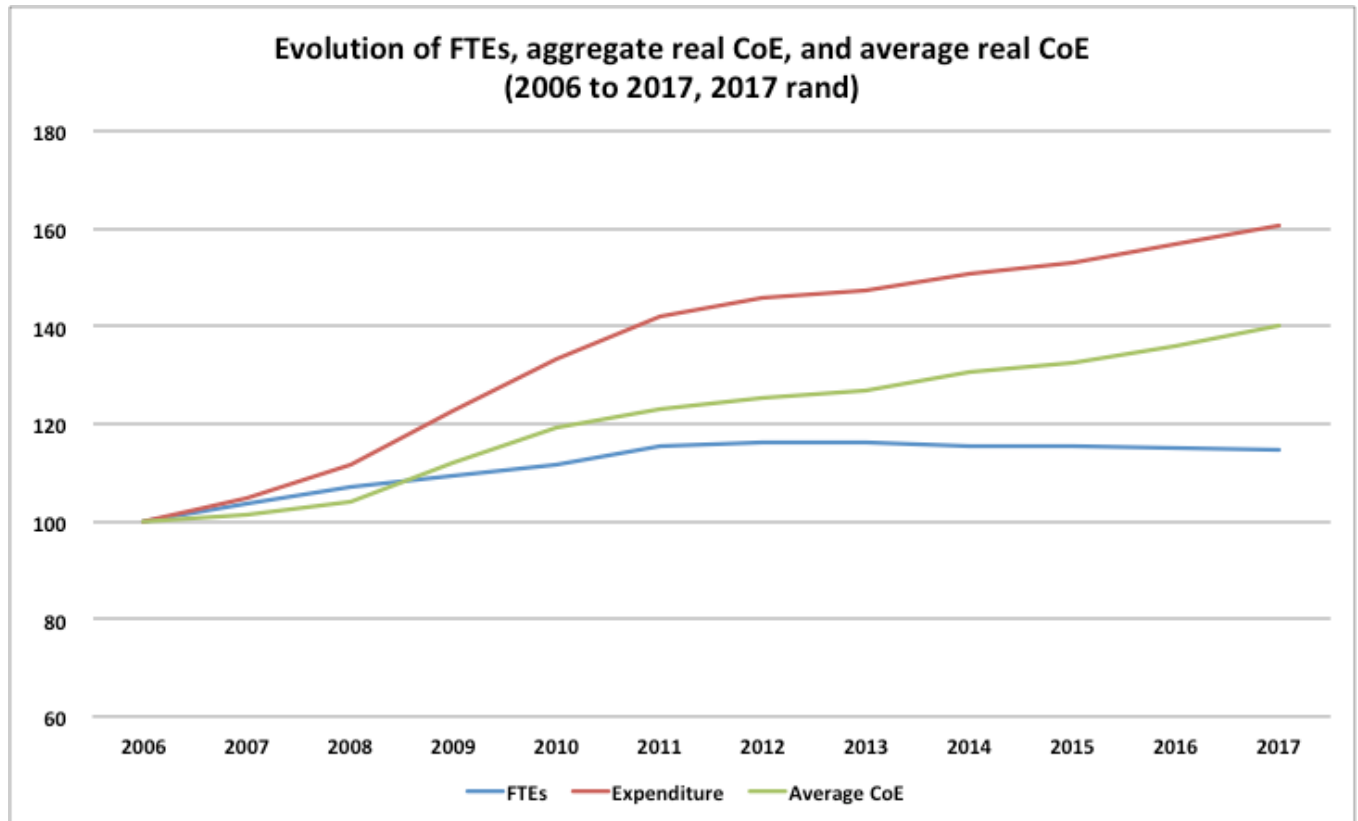
Between 2006/7 and 2017/8, spending on CoE tripled

Increase in aggregate compensation spending increased personnel, inflation and above inflation increases



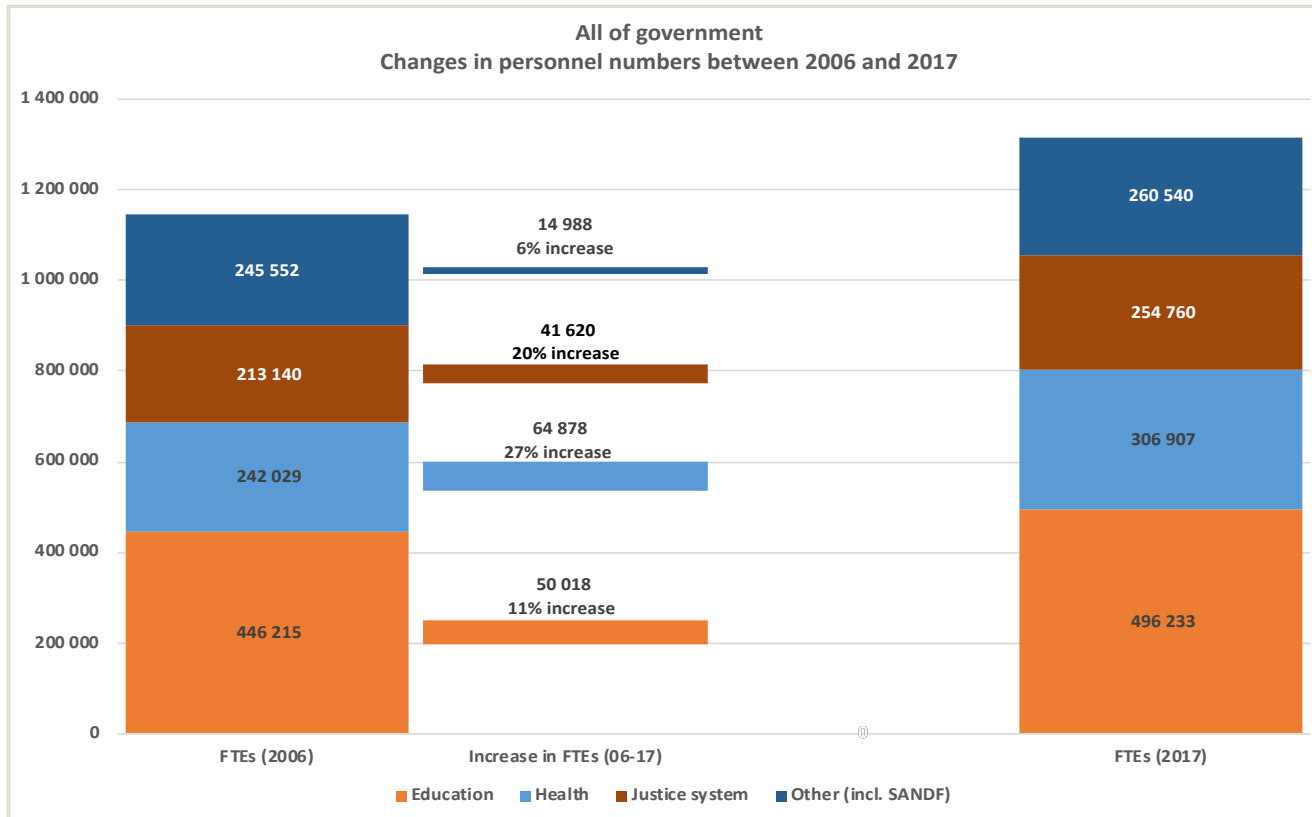
Real, inflation-adjust CoE spending has risen quickly

- Since 2006, the public service has grown by 15%, average real CoE has risen by 40%, and real total spending has risen by 60%

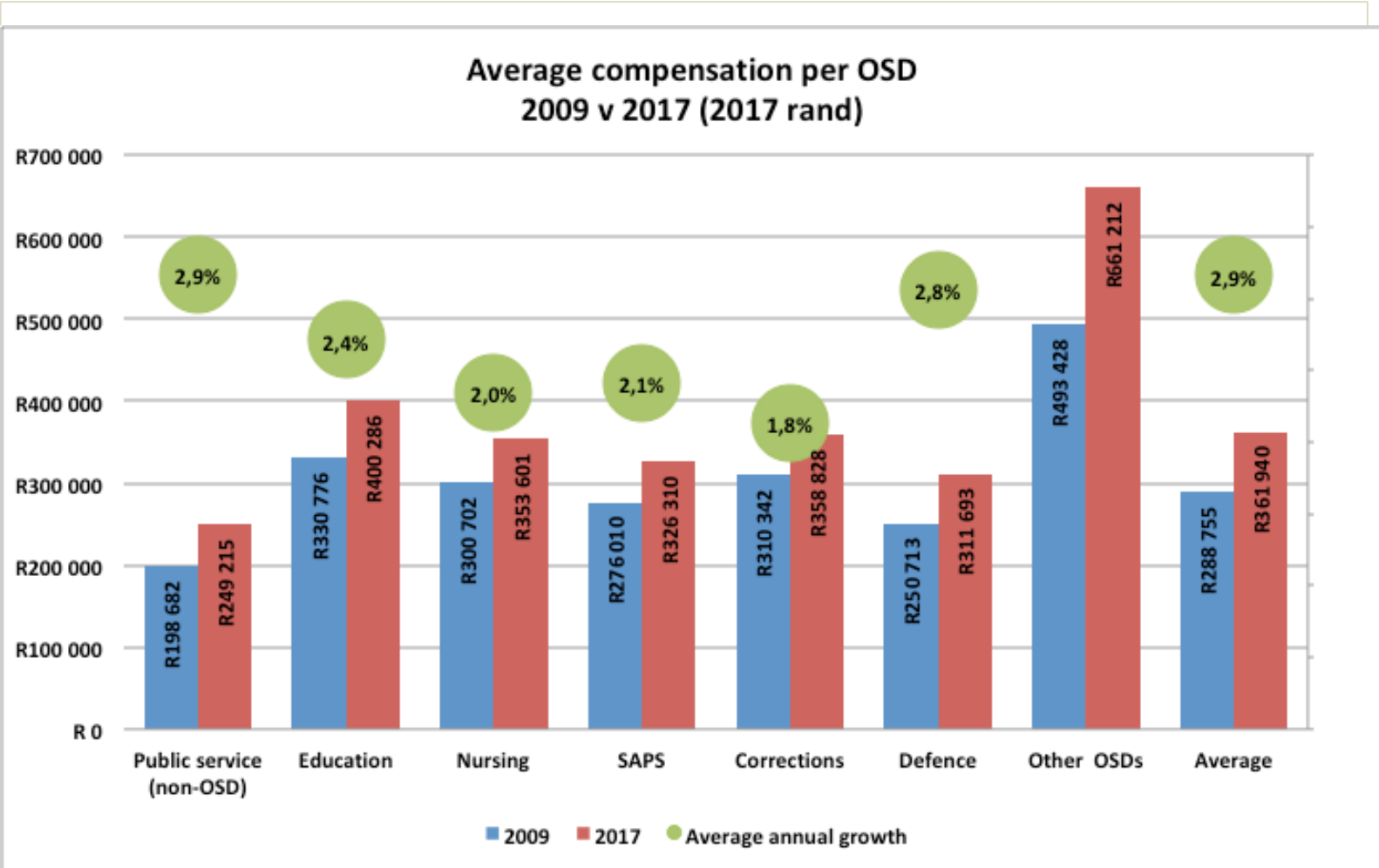


Personnel numbers grew in all parts of government

- Personnel: 1.156m in 2006 to 1.326m in 2017
 - Highest number was in 2013: 1.344m
- Average salary per person: R133k (2006) to R362k (2017)

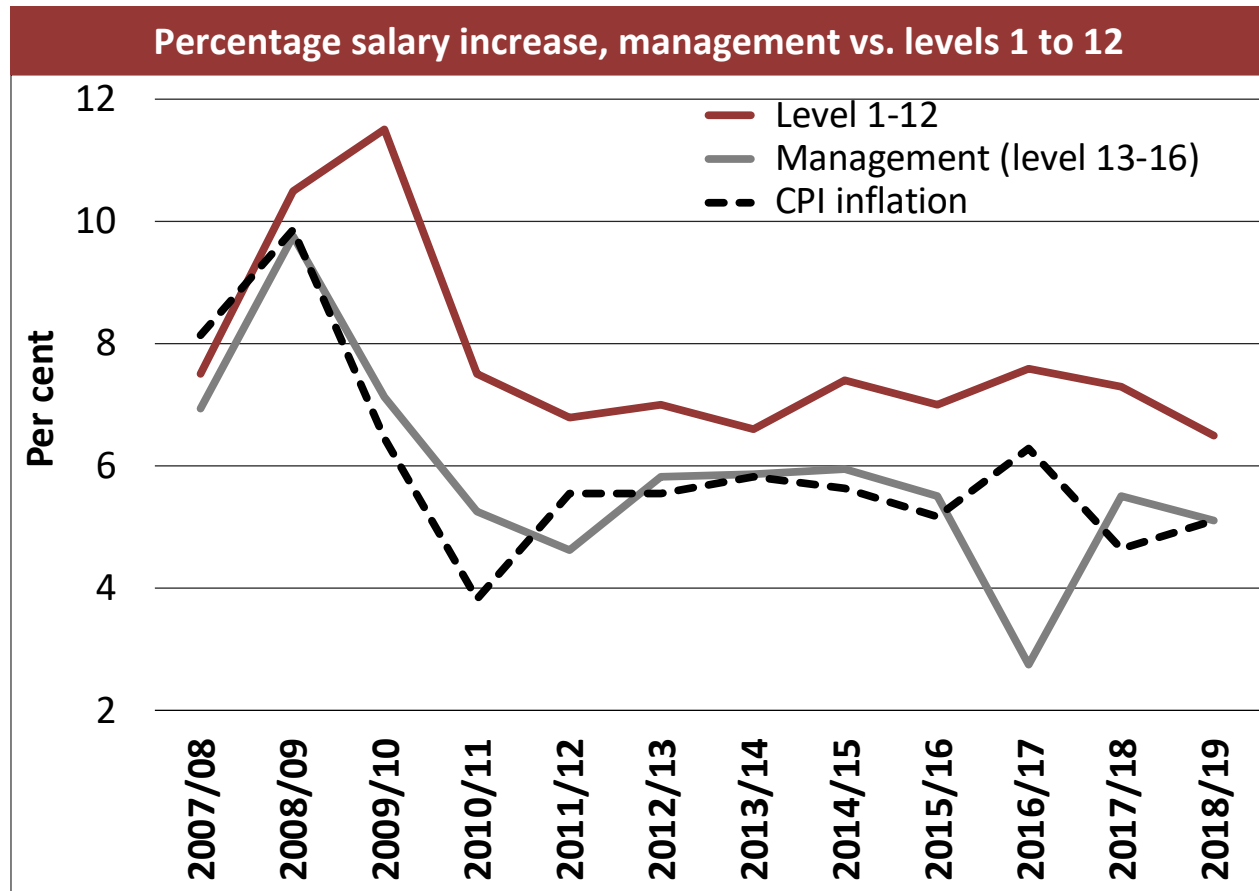


Growth in real average remuneration by OSD (2017 Rands)

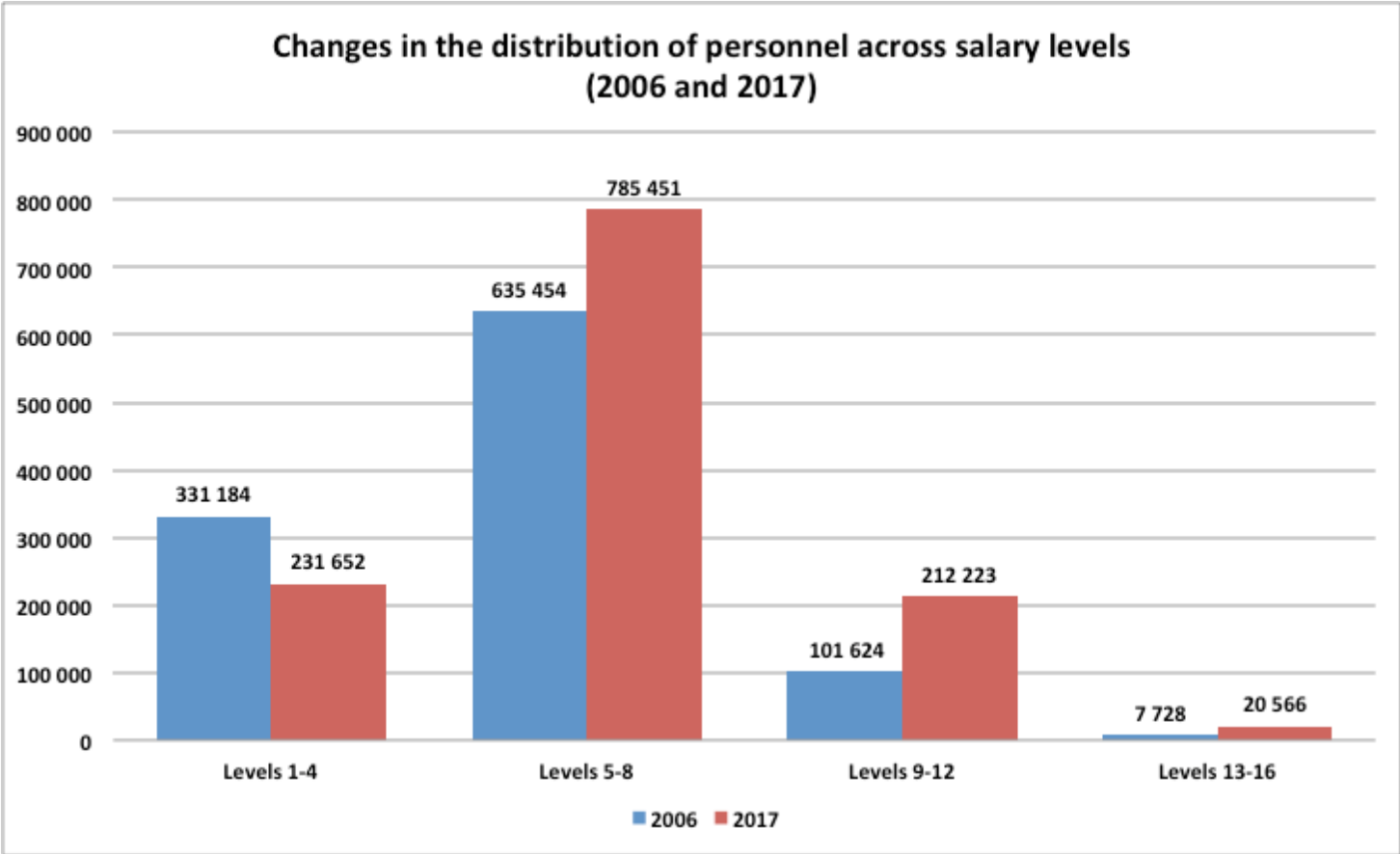


What drives real compensation increases?

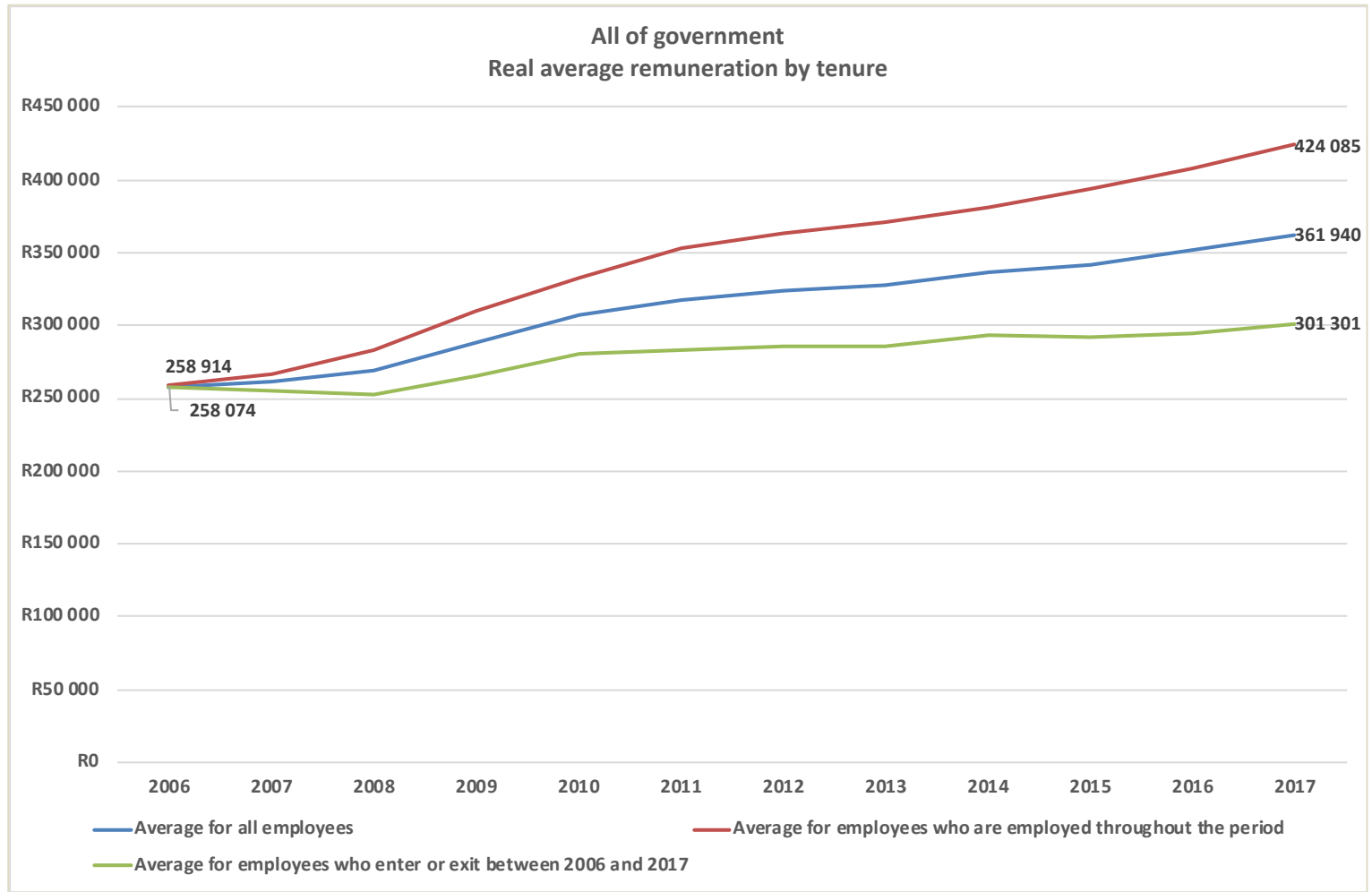
- Above inflation COLA
- Progression (within ranks) and promotion (between ranks)



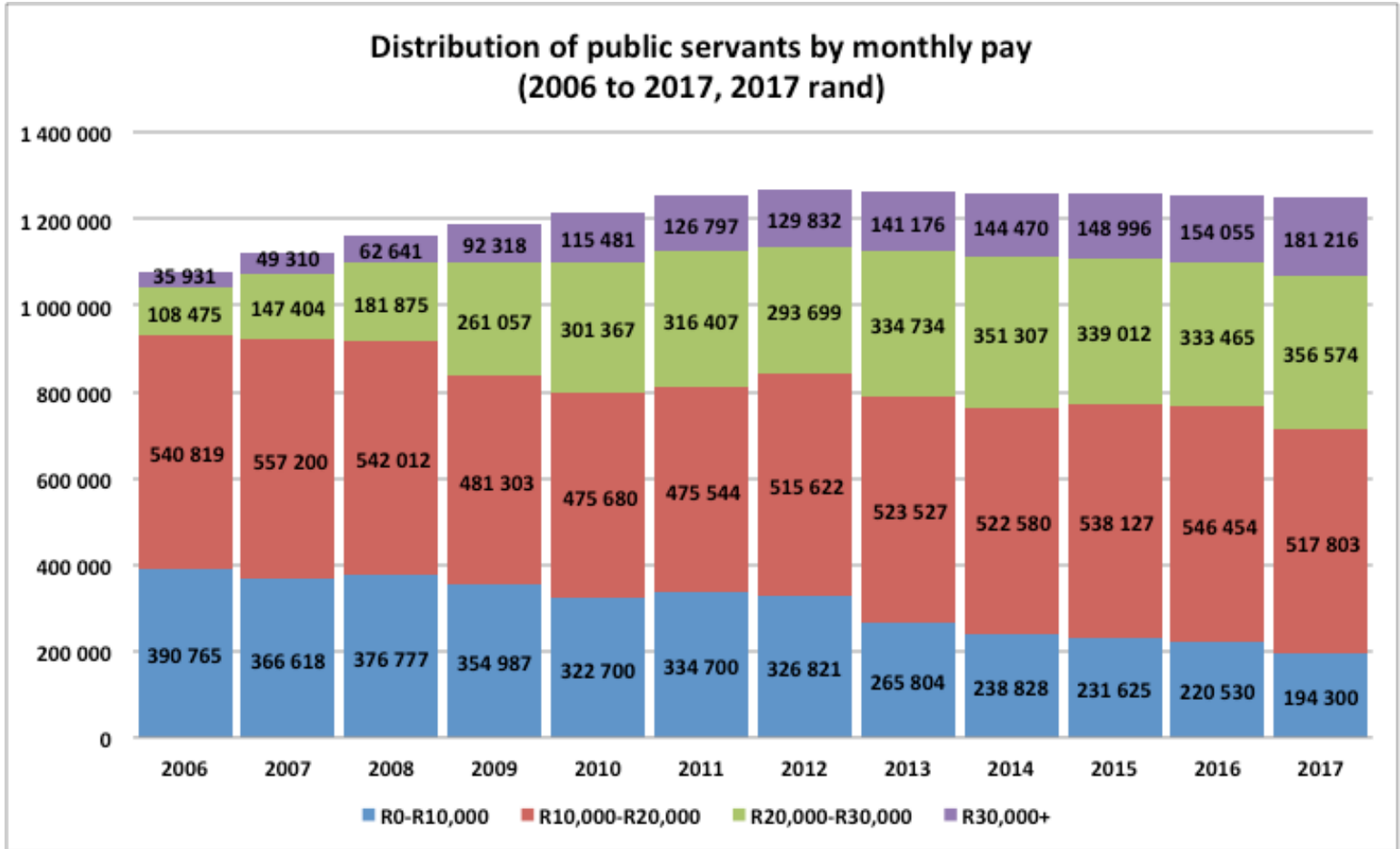
Change in the distribution of staff by level (excl. SANDF)



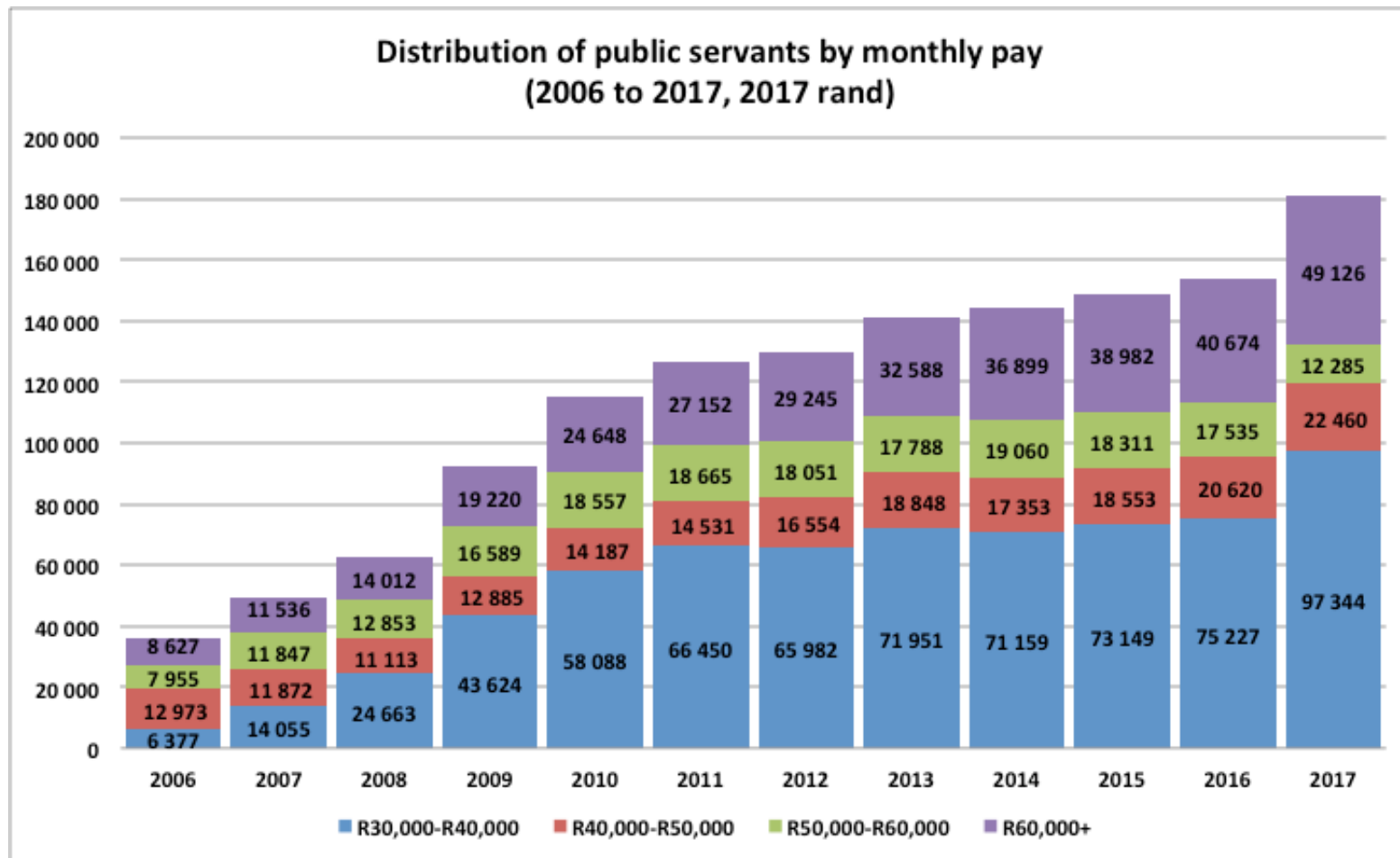
Eighth wonder of the world: Long uninterrupted term of employment



Distribution of personnel across salary bands

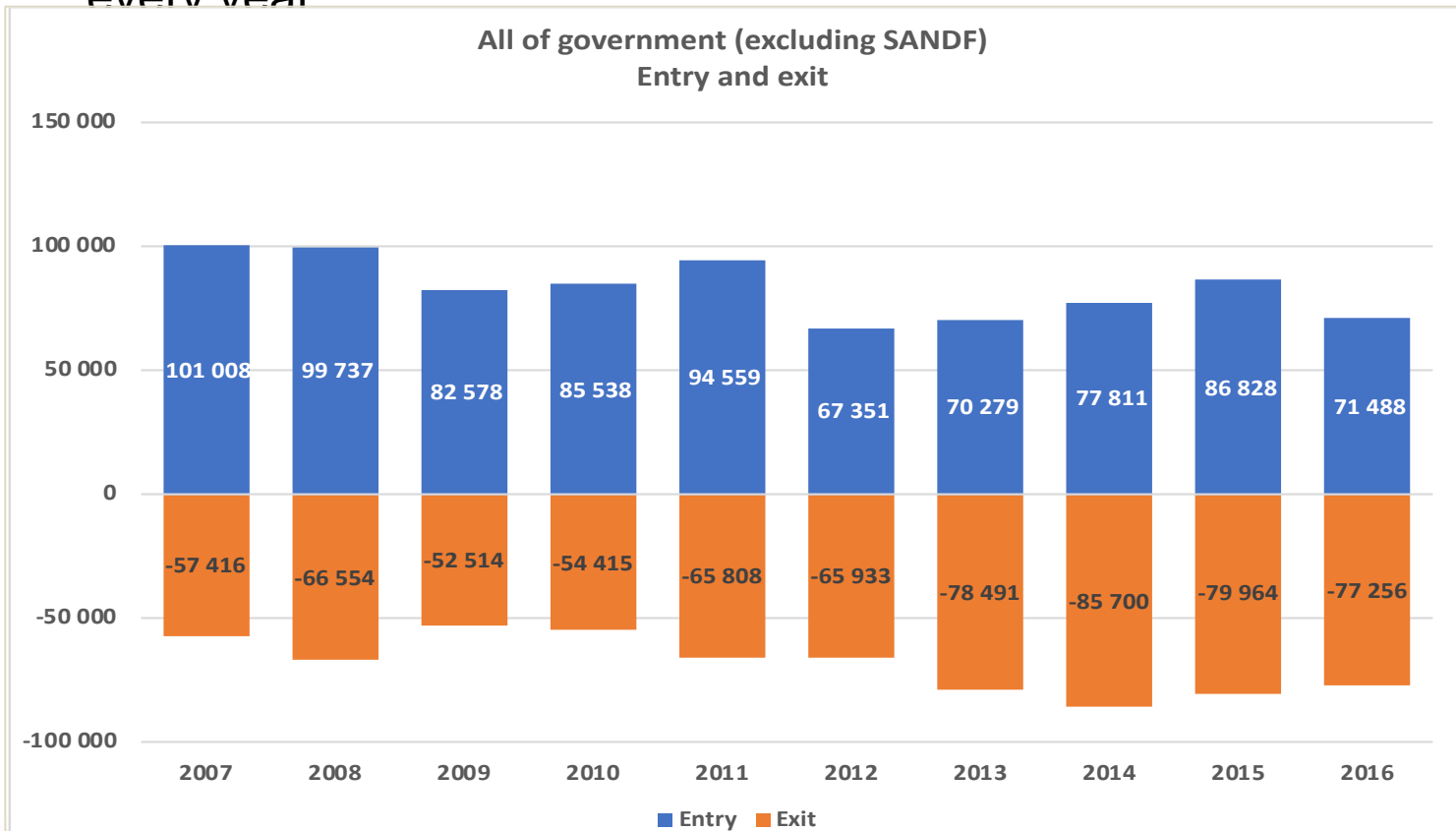


Distribution of personnel across salary bands, over R30,000pm only



Overall size of establishment has been shrinking since 2013

- More exits than entries into the public service in 2013, 2015 and 2016
- About 70 000 people (6% of all employees) leave the public service every year



Thank you

