

Number of salary payments down 4.5%

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The number of salary payments declined by 4.5% year on year (y/y) to 4,703,000, according to the latest BankservAfrica disposable salary index (BDSI).

This may be due to the fact that September 2012 had one less Friday than September 2011, according to Brad Gillis, BankservAfrica's CEO for PSO (payment clearing house system operator).

"But even accounting for this, the worrying factor is that there seems to be about 47,000 fewer payments than expected. The total amount of money paid out declined for the first time since the public sector strike in 2010," Gillis said.

The decline may be to the current spate of wildcat strikes as employers apply a "no work, no pay" policy.

This will then have downstream effects in the retail sector, as employees' spending power is affected by salaries not being paid to workers on illegal strikes.

The BankservAfrica economic transaction index (BETI), an index reflecting electronic transactions facilitated by BankservAfrica, showed how the September strikes were pushing a stagnating economy ever closer to the edge of a recession.

"Even more worrisome is the fact that the total amount of money paid out seems to have declined by nearly 3% despite average disposable salary increases of 8.1%," economist.co.za chief economist Mike Schüssler said.

According to Schüssler, August 2012 had a much higher payout as a result of back payments of government salaries, and this "bonus" may still linger in September's economic data. The actual non-payment is difficult to estimate for August 2012, since government back payment of increases to nearly 1.8-million employees increased total payouts to nearly 20% higher than August 2011.

"With the wildcat strike action now 10 weeks old, it is very likely that disposable salary losses will continue in October. The second round of effects is, therefore, not yet fully felt in the rest of the economy," Schüssler said.

This second round will affect other parts of the economy as repayments on durable goods, such as cars, are likely to be missed, and pension payments may also suffer. Retail and wholesale sectors are also likely to feel the effect of lower salary payouts.

"Strikes are probably the major reason behind this. It seems that the strike is having a rather large impact on the total disposable salary available and must have an influence on other sectors as well, such as retail. Loans may help striking workers make up the difference in retail purchases, but this has to be repaid."

According to Schüssler, South Africans in formal employment continued to get reasonable salary increases that are still slightly above inflation.

He said that according to the BDSI, the average disposable salary was up by 8.1% y/y, which was slightly down from an estimated increase of 9.1% y/y in August. However, this is still better than the second quarter of 2012, when the average increase was closer to 4.4% y/y.

The average monthly disposable salary, as paid via BankservAfrica, was R10,794 in September 2012.

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