

EMBARGOED UNTIL 22 Nov 2006, 5pm

PRESS RELEASE

CIVIL SERVANTS TO GET 2.2 MONTHS YEAR-END PAYMENT

The Government will pay civil servants a year-end Annual Variable Component (AVC) of 1 month, a Special Bonus of 0.2 month and a Non-Pensionable Annual Allowance (NPAA) of 1 month (also known as the 13th month or annual wage supplement) in December 2006.

2 In July this year, the Government paid civil servants a mid-year AVC of 0.5 month and a one-off payment of \$220, in line with the call by the National Wages Council for employers to help low wage workers.

3 The economy has shown better performance than anticipated this year. The latest GDP growth forecast by the Ministry of Trade and Industry is 7.5 to 8.0%. On the labour front, the unemployment rate fell from 3.2% last year to 2.7%, as a record high of 123,100 jobs were created in the first 9 months of 2006. This is the highest number of jobs created in a decade. Preliminary market data indicates that wages in some private sector jobs have shown a significant increase in 2006. With steady economic growth expected in 2007, private sector salaries are expected to continue to rise. This rising trend is already having an impact on Civil Service recruitment and retention. The year-end 2.2 months payout is therefore a reflection of this year's strong economic performance and the tighter labour market situation.

4 The total variable payment for 2006 is therefore 2.7 months + \$220 compared to 2.15 months + \$200 in 2005.

Issued by: Public Service Division
Prime Minister's Office

Date: 22 Nov 2006

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