

Gross wage per employee, growth index	Wages in SIT March 2004	In nominal terms		In real terms <sup>1</sup>	
		March 2004/ Feb 2004	March 2004/ March 2003	March 2004/ Feb 2004	March 2004/ March 2003
Gross wage per employee, total	261,377	102.6	107.3	102.0	103.7
<b>Private sector (activities A to K)</b>	242,277	103.8	109.5	103.2	105.8
A Agriculture	215,397	105.3	108.8	104.7	105.1
B Fisheries	197,587	101.2	105.3	100.5	101.8
C Mining and quarrying	318,666	101.3	110.5	100.7	106.7
D Manufacturing	223,717	105.3	111.0	104.7	107.3
E Electricity, gas and water supply	303,058	104.0	109.7	103.4	106.0
F Construction	217,115	106.9	110.8	106.3	107.1
G Wholesale, retail; certain repairs	229,979	101.4	107.6	100.8	104.0
H Hotels and restaurants	191,667	100.9	105.9	100.3	102.3
I Transp., storage & communications	280,679	101.6	108.3	101.0	104.7
J Financial intermediation	362,938	100.9	105.9	100.3	102.3
K Real estate, renting, business service	286,288	104.1	108.9	103.5	105.2
<b>Public services (activities L to O)</b>	313,963	100.1	102.1	99.5	98.6
L Public administration	318,552	99.5	100.4	98.9	97.0
M Education	317,284	100.7	104.6	100.1	101.1
N Health services and social work	306,421	100.2	100.2	99.6	96.8
O Other social and personal services	309,215	100.1	103.7	99.5	100.2

Source of data: SORS, private sector and public services wages calculated by the IMAD.  
Note: <sup>1</sup>deflated by the consumer price index.

**March's gross wage per employee** rose by a significant 2.6% in nominal and 2.0% in real terms. In the **private sector** (activities from A to K), nominal wage growth was even stronger (3.8%) because March had three more working days. The biggest rise was seen in **industry and construction** (activities from C to F), where wages rose by 5.3% in nominal terms. This was not unusual because wages in manufacturing highly depend on the length of the working month, while a new season has started in construction, leading to more overtime work. The gross wage per employee rose by 2.9% in **business services** (activities J, K), mainly due to the rise in the real estate sector. Wages rose the least in **production services** (activities G, H, I), going up by 1.5% in nominal terms. In **public services** (activities from L to O), March's gross wage per employee stagnated in nominal terms, while it edged up 0.7% in education probably due to promotions.

In the **first three months** the average gross wage per employee rose by 5.3% in nominal and 1.9% in real terms over the same period last year chiefly owing to March's strong wage growth in the private sector. The gross wage rose more than on average in the **private sector**, going up by 7.6% in nominal and 3.8% in real terms, while the gross wage in **public services** climbed by 1.5% in nominal terms and fell by 2.1% in real terms. These movements are in line with the spring forecasts that anticipate that the rise in the gross wage per employee should mainly be underpinned by private-sector wages, while public-sector wages should only edge up by about 0.5% in real terms. This increase includes July's wage adjustment.

The social partners have agreed on the **bill amending the Public Sector Wage System Act**. The agreement involves the following. (i) It defines the method of changeover from the old to the new wage system. The crucial issue was how to identify current allowances and bonuses provided for in collective agreements and decrees, which constitute a wage rise in the old system and that will become part of the basic wage in the new system. (ii) Public-sector wages should be adjusted by 2.5% in July 2004, while the difference as against the agreed percentage of the adjustment of 3.13% should be used to eliminate wage imbalances in the public sector. (iii) The period for eliminating wage imbalances was extended to 2009 (previously 2008) and an amendment was adopted to use other sources for eliminating wage imbalances in addition to funding available through the adjustment mechanism. (iv) It was decided that the catalogue of functions, posts and titles shall be a public document and a mandatory source for determining posts and titles in job classification. (v) The amount of allowance for the period of service is set in the Public Sector Collective Agreement irrespective of Article 238 of the Labour Relations Act, meaning that the percentage of allowance for the period of service will be less than the current 0.5% because the basic wage will be higher due to the inclusion of all allowances. The changeover will be carried out after all implementing regulations and collective agreements necessary for the calculation of wages have been adopted.

Graph: **Monthly real gross wage per employee**

