

Salary Revisions

under the Collective Agreements
between Trade Unions and
the Management



5th March 2024

Presentation to the Parliament

Central Bank of Sri Lanka

Since 2000, salaries of the CBSL employees are revised once in three years under the Collective Agreement between the Monetary Board (currently the Governing Board) and Trade Unions operated in the CBSL...

- Existing Trade Unions in the CBSL
 - Central Bank Executive Officers' Union
 - Central Bank Employees' Union
 - Maha Banku Jathika Podu Sevaka Sangamaya
 - Central Bank Graduates' Trade Union
 - Central Bank Employees' Alliance Solidarity Union
 - Central Bank of Sri Lanka Employees' Union

Salary Revisions under the collective agreements are applicable only to employees...

These revisions are NOT APPLICABLE TO THE GOVERNOR OR MEMBERS OF THE GOVERNING BOARD.

The authority to determine remuneration of CBSL employees has always been with the Monetary Board/Governing Board...

- Since 1950, the Monetary Board always determined salaries of employees under the provisions of the Monetary Law Act. This practice was followed as provided under the new CBSL Act by the Governing Board in January 2024.
- For this purpose, **ADDITIONAL AUTONOMY** has **NEITHER BEEN GRANTED NOR USED** by the Governing Board under the new CBSL Act.

Specific Legal Provisions on Employee Remuneration

- Section 10 of the **Monetary Law Act** (MLA)

General powers of Monetary Board

10. For the purposes of the exercise of its powers, duties, functions, and responsibilities under this Act, the Monetary Board –

a) may, subject to the provisions of section 22 and section 23, appoint such officers and servants as the Board may consider necessary and remove them from office or dismiss them, and may fix the salaries or wages, or other remuneration, of such officers and servants, and may prescribe their conditions of service;

- Section 23 of the **Central Bank Act** (CBA)

Employees of the Central Bank

23.(1) the Governing Board may appoint and remove employees of the Central Bank and may determine the terms and conditions of their employment including the remuneration

Statutory Responsibilities of the CBSL under the CBA

- Primary Objective - **Achieve and maintain domestic price stability**
- Other Objective - **Secure the Financial system stability**
- Statutory Functions – some of the major functions are as follows
 - determine and implement monetary policy;
 - determine and implement the exchange rate policy;
 - hold and ensure the prudent and effective management of the official international reserves of Sri Lanka;
 - issue and manage the currency of Sri Lanka;
 - register, license, regulate and supervise financial institutions;
 - adopt and implement macroprudential policy measures;
 - administer, supervise and regulate payment systems and ensure the safety, effectiveness, and efficiency of such payment systems;
 - act as financial advisor and banker to the Government; etc.
- In addition, agency functions in relation to public debt management, management of the EPF, administration of the Foreign Exchange Act, and Financial Intelligence Unit are entrusted with the CBSL

To achieve the Primary and Other Statutory objectives effectively and efficiently, the CBSL needs to attract and maintain a highly qualified and technically competent pool of human capital...

Staff strength during 2006 to 2024

Year	Employment Category			Total
	Staff Class	Management Assistant Class	Office Assistant Class (Minor Employee Class)	
2006	464	519	96	1079
2007	557	474	92	1123
2008	557	591	150	1298
2009	533	603	125	1261
2010	657	669	169	1495
2011	629	646	162	1437
2012	613	625	155	1393
2013	692	693	163	1548
2014	676	645	161	1482
2015	638	623	161	1422
2016	671	640	160	1471
2017	645	601	159	1405
2018	686	576	159	1421
2019	650	561	155	1366
2020	613	579	142	1334
2021	714	496	139	1349
2022	660	458	137	1255
2023	623	446	133	1202
2024.02	613	439	131	1183

← New recruitment of OAC - 63

← New recruitment of OAC - 71

← New recruitment of OAC - 8

Staff strength during 2006 to 2024 Cont....

- CBSL staff had to deliver substantially higher workload during 2022 -2023 with the lowest number of staff level in the last decade.
- In addition, the responsibilities and functions increased under CBA for the CBSL, including stricter and regular accountability requirements and added responsibilities as the Macroprudential Authority, Resolution Authority and on promoting financial Inclusion.

Educational & Professional Qualifications of Staff

Description	Employee Category		Total
	Staff Class	Management Assistant Class	
PhDs	27	-	27
Masters Degree, First Degree & Professional Memberships	131	26	157
Masters Degree & First Degree	165	43	208
First Degree & Professional Memberships	63	12	75
Masters Degree & Professional Memberships	43	28	71
Masters only	3	43	46
First Degree only	151	34	185
Professional Memberships only	5	12	17
Grand Total	588	198	786

Class and Grade Structure of Staff

Class	Grade	Number
Staff Class	Deputy Governor	3
	Assistant Governor	10
	IV	52
	III (2)	78
	III (1)	98
	II	150
	I	222
Management Assistant Class	V	3
	IV	96
	III	198
	II	93
	I	49
Office Assistant Class (Minor Employee Class)	III	130
	II	1
Grand Total		1183

HR Challenges faced by the CBSL

- Since the worst point of the economic crisis in early 2022, the technical staff of the CBSL made an unprecedented and tireless contribution in bringing the economy to this level.
- Their workload during the critical period increased tremendously.
- This was amidst nearly 100 officers resigning from the Bank, including several highly skilled officers with specialized competencies who resigned to join international organizations.

CBSL Employees' Contribution in recovering Sri Lanka from its worst economic crisis

- Despite such human capital losses, the remaining staff continued their efforts to stabilize the economy and the financial sector under trying circumstances.
 - From historic high levels, inflation was brought back to single digit levels within 12 months.
 - Now Interest rates are returning to normal levels.
 - Gross Official Reserves were increased to USD 4.5 billion from very low levels.
 - Financial system stability was maintained under severe stresses.
 - Took the lead in negotiating the IMF facility.
 - Assisted the Government in the Domestic Debt Optimization (DDO) and External Debt Restructuring (EDR) processes.

Contributions from the Consolidated Fund

- As any other public institution, Government provided initial capital of Rs. 15 million at the time of establishing CBSL in 1950.
- Since then, level of capital was enhanced to Rs. 50 billion in 2014 using CBSL's retained earnings and own reserves.
- The Central Bank is a policy making and regulatory authority. It is not a profit oriented public institution.
- However, it may generate financial profits/losses in the process of carrying out its duties and responsibilities.

CBSL's contributions to the Consolidated Fund

- Since the inception up to 2022, the CBSL has contributed Rs. 302.31 billion to the Consolidated Fund out of profit generated through its operations.
- In addition, in 2023, CBSL contributed the most relief in restoring government's domestic debt sustainability.
- Out of the total reduction of gross financing needs of 1.5 percentage points, the CBSL provided 1.0 percentage point (66 percent of the debt relief).
- There is no other public institution which has contributed this much to the Consolidated Fund without taking any funds from the Consolidated Fund apart from the initial capital.

Specific Factors that were considered in granting the salary revision (2024-2026)

- High-level of staff resignations since 2022.
- To retain remaining technically competent and experienced staff.
- The salary revision applies to the three-year timeframe with no interim adjustments.
- Central Bank salaries have predominantly been aligned with those in the financial sector, especially banks and financial institutions.

Limitations imposed on CBSL employees

- CBSL employees are not permitted to engage in other professions and businesses while in service.
- Have restrictions in investing and active trading in financial institutions regulated by the CBSL and money and capital market instruments, to avoid conflict of interest.
- A new cooling off period of 3 years has been imposed by the new Central Bank Act for all employees. No such long cooling off periods exist elsewhere locally or internationally.

Details of Past Salary Revisions under the Collective Agreements

- The percentage increases in gross salaries of each class/grade of CBSL employees during the period from 2006 to 2024 are as follows.

Class and Grade	2006 -2008	2009 - 2011	2012 - 2014	2015 - 2017	2018 - 2020	2021 - 2023	2024 - 2026
	Tax borne by the CBSL					Tax borne by employees	
Deputy Governor	93.15%	32.71%	29.90%	72.83%	42.17%	32.67%	76.97%
Assistant Governor	66.14%	32.72%	30.70%	68.40%	42.15%	33.04%	76.79%
Staff Class IV	46.52%	40.58%	29.41%	68.96%	39.15%	32.41%	73.11%
Staff Class III (2)	42.89%	34.69%	35.22%	63.80%	36.12%	31.66%	70.16%
Staff Class Grade III (1)	42.89%	28.57%	33.23%	50.53%	32.96%	31.00%	66.72%
Staff Class Grade II	38.98%	27.22%	31.03%	44.79%	30.28%	29.85%	62.24%
Staff Class Grade I	35.23%	25.79%	28.86%	43.42%	28.35%	28.77%	58.83%
Management Assistant Class Grade V	31.26%	23.31%	25.87%	39.29%	26.64%	26.92%	54.39%
Management Assistant Class Grade IV	28.32%	21.20%	23.26%	36.10%	24.05%	25.32%	49.78%
Management Assistant Class Grade III	26.02%	19.00%	20.58%	31.97%	22.82%	24.33%	45.64%
Management Assistant Class Grade II	24.14%	17.52%	19.72%	27.09%	21.89%	22.74%	41.62%
Management Assistant Class Grade I	23.37%	16.93%	18.85%	22.82%	20.93%	20.62%	38.90%
Office Assistant Class Grade III	22.91%	16.40%	16.71%	20.77%	19.42%	19.01%	35.92%
Office Assistant Class Grade II	21.53%	15.33%	15.32%	19.28%	17.77%	17.01%	32.38%
Office Assistant Class Grade I	20.40%	14.46%	14.19%	17.92%	16.21%	15.42%	29.53%
% Increase in monthly Gross Salary bill	31.00%	24.75%	22.88%	42.77%	29.80%	29.47%	50.40%
% Change of CCPI in preceding three years (point to point change)	30.44%	53.45%	17.68%	15.84%	17.05%	12.29%	80.16%

Remarks - PAYE Tax liability of the Central Bank employees was borne by the CBSL until 31.03.2019

Additional observations on the salary revision

- Higher percentage increases have been granted in salary revisions in 2006 and 2015 as well.
- Usually, percentage increases granted at salary revisions from lower to higher grades are adjusted to incentivize employees based on their duties and responsibilities.
- Before April 2019, the PAYE Tax liability of the employees was borne by the CBSL. Thereafter, the tax liability was borne by the employees.
- Therefore, the effective percentage increases granted prior to 2019 is higher than the same granted in 2021 and 2024.
- Actual overall percentage increase of monthly gross salary bill in 2024 is 50% of which 24% is directly deducted as APIT and transferred to Inland Revenue Department.