Dear Colleague

COLLECTIVE AGREEMENT RESOLUTION 8 OF 2003 ON FOREIGN SERVICE DISPENSATION (FSD): ADJUSTMENT WITH EFFECT FROM 1 APRIL 2005

My previous letter dated 20 December 2004 regarding the adjustment of the FSD allowances contained in Annexure A to the FSD Determination refers (letter attached for your convenience).

In terms of Clause 10 of the FSD Determination, revision of the FSD allowances/elements is considered annually based on the Employment Conditions Abroad (ECA) information of the September salary survey of the previous year and adjustment will only be effected with effect from 1 April of the following year if substantial changes took place.

As you are aware the adjustment of the Cost of Living Allowances (COLA) payable to personnel deployed in different missions abroad have normally been based on changes in the benchmark norm amounts provided by ECA annually. For the first time in more than 10 years, some of these benchmark norm amounts have adjusted negatively during the period between 2003 and 2005 leading to a possibility of erratic adjustments and/or inconsistencies.

However, the ECA advised the Department of Public Service and Administration (DPSA) not to use the given information as the determining factor for effecting relevant adjustments but to use such information as a guide only.
In view of the advice received, officials from the DPSA and the Department of Foreign Affairs agreed in the meeting held on 8 March 2005 that from henceforth adjustments of the COLA should be based on changes in the USA CPI.

To give effect to this I, in terms of section 3(3)(c), read with section 5(4) of the Public Service Act, 1994, determine to adjust the 2002 ECA lower quartile (TNCP) US$ benchmark amounts annually with the average USA CPI of the preceding year.

In terms of the said provisions in the Public Service Act, 1994, I hereby issue the revised Annexure A to the FSD Determination to be effective from 1 April 2005.

Kind regards

GERALDINE J FRASER-MOLEKETI
MINISTER

DATE: 21/4/05