TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

DPSCA CIRCULAR NO. 1 OF 2007

IMPROVEMENT IN CONDITIONS OF SERVICE: 2007/08 AND 2008/09 FINANCIAL YEARS

INTRODUCTION

1. A multi-term agreement (PSCCBC Resolution 1 of 2007 - attached as Annexure A) was concluded in the Public Service Co-ordinating Bargaining Council (PSCCBC) on the improvement of conditions of service for personnel who fall within the registered scope of the PSCBC for the 2007/08 and 2008/09 financial years.

PSCCBC RESOLUTION 1 OF 2007

2. In summary, the Resolution provides for the following:

2.1 Cost-of-living salary adjustments

2.1.1 2007/08 financial year (effective from 1 July 2007)

A cost-of-living adjustment of 7.5% for salary levels 1 to 12.
2.1.2 2008/09 financial year (effective from 1 July 2008)

- Projected CPI-X for the period 1 April 2008 to 31 March 2009, plus an additional 1%.
- The forecasts of National treasury shall be used to determine the said projected CPI-X.
- If the actual CPI-X for the period is higher than the average projected CPI-X, the difference shall be added to the cost-of-living adjustment for the 2009/10 financial year.

2.1.3 These adjustments exclude employees who are on a (personal) salary scale or notch that applied before 1 July 1996 or who are awarded a (personal) salary scale or notch since 1 July 1996 that is not contained/reflect on the salary grading system key scale until their salary scales/notches are on par with the standard salary ranges attached to their positions.

2.1.4 The annual cost-of-living adjustments for the 2009/10 financial year and subsequent years shall be determined through the collective bargaining process.

2.2 Occupations specific dispensations (OSDs)

Introduction

2.2.1 OSDs are to be implemented with the aim of improving the Public Service’s ability to attract and retain skilled employees. It would assist the Public Service in addressing the current problems experienced with regard to adequately remunerating the diverse occupational categories, which is currently done by means of a single standardised salary structure.

Principles/characteristics of OSDs

2.2.2 These OSDs, will amongst others, include –

- Unique salary structures per occupation;
- Centrally determined grading structures and broad job profiles;
- Career pathing opportunities based on competencies, experience and performance; and
- Pay progression within the salary level.
2.2.3 The interval between notches (packages at MMS levels) in the revised remuneration structures will provide for significant increments between notches. The frequency of the pay progression within a salary level will be determined for each identified occupational category, informed by the needs of the specific occupation(s) and the increments (%) between the notches. Such progression within a salary level will be subject to approved levels of performance.

2.2.4 The revised salary structures for these occupations will put in place a proper career pathing model per identified occupational category. Such a career pathing model should be a forward looking plan to systematically increase salaries, by means of grade progression, after pre-determined periods based on specific criteria such as performance, qualification, scope of work, experience, etc.

2.2.5 The remuneration structure will provide for longer salary bands and substantial overlaps between salary levels to facilitate adequate salary progression for employees who choose to remain in the production levels instead of aspiring to move into the supervisory or specialist posts.

2.2.6 Qualifying periods and criteria for pay progression and grade progression will be specifically indicated per identified occupational category. It will provide for accelerated progression to higher grades for employees who consistently perform above average and pay progression within a salary grade.

2.2.7 Promotion to higher posts will be subject to:

- The employee meeting the appointment requirements (i.e. possessing the relevant qualification(s), prescribed years of experience, etc).
- Availability of posts; and
- The employee must be performing the functions of the post (job).

Implementation of the OSDs

2.2.8 These dispensations will be implemented over the next three years commencing with effect from 1 July 2007. The priorities for implementation for new occupations will be determined by agreement within the sectoral bargaining councils of the PSCBC.
2.2.9 Implementation of OSDs for the following occupations has already been identified:

2.2.9.1 Health and Social Development Sector:-

- The occupational specific salary structure for all professional occupations in the sector will be implemented over a period of three years.
- All categories of nurses, with effect from 01 July 2007.
- Social workers, with effect from 01 April 2008
- Medical doctor, medical specialist, dentist, dental specialist, pharmacologist, pharmacist and emergency medical services, with effect from 01 July 2008.
- Medical and therapeutic support services:- Dietician, Physiotherapist, Occupational Therapist, Radiographer, Speech Therapist, Dental Therapist, Dental Technician, Medical Technologist, Psychologist, Clinical Technologists, with effect from 01 July 2009.

2.2.9.2 Education Sector

- All school based educators, with effect from 01 January 2008.
- Office based educators, with effect from 01 April 2008.
- Educator specialists - Counsellors, therapists, and psychologist - with effect from 01 April 2008.

2.2.9.3 General Public Service sector

- The occupation specific salary structure per identified occupation in the sector will be implemented over a period of three years.
- Legal profession within the justice cluster, with effect from 01 July 2007.
- Engineers, architects, environmentalists and other identified professionals, jointly agreed to in the relevant sector with effect from 01 July 2009.
- Correctional officials, with effect from 01 July 2008.

2.2.10 The details of these OSDs (dispensation and implementation measures) will be communicated with departments.
2.3 **Grading system for those employees that will not covered by OSDs**

2.3.1 Implementation of a revised grading system (salary progression and career pathing model) for employees not covered by OSDs.

2.3.2 The revised grading system will be underpinned by the following principles:

- Reduction in the number of notches (packages on MMS level) per salary level to 12.
- A fixed increment of 1.5% between the notches.
- Progression to a higher notch to be based on performance.

2.3.3 Implementation of the revised grading system (salary progression and career pathing model) will commence with effect from 01 January 2009.

2.4 **Translation of employees with certain minimum levels of service to higher salary levels**

Translation of employees on salary levels 1 and 2, with certain minimum years' of service on these levels, to salary level 2 and 3 respectively

2.5 **Scarce skills allowances**

Scarce Skills allowances payable in terms of the Scarce Skills Allowance Framework, that was contained in clause 4 and Annexure A of PSCBC Resolution 2 of 2004 and conveyed to departments under cover of the **dpsa** Circular 1 of 2004, will be incorporated into salary as part of the implementation of OSDs. This means that the said clause and Annexure will be replaced on the dates of implementation of each new OSD for the occupation.

2.6 **Non-pensionable allowances**

2.6.1 Adjustment of the rates for the following non-pensionable allowances:

- Standard Danger allowance
- Special Danger allowances
Night Shift allowance
Separation Allowance

2.6.2 Inclusion of new categories of employees for payment of the Standard Danger allowance.

2.7 Leave provisions

2.7.1 Amendment to the following leave provisions:

- The regulation of the annual leave entitlements of employees, who were taken over from the former Development Boards, with effect form 1 July 2007.
- The alignment of the annual leave entitlements of part-time nurses with 10 years and more service with the provisions applicable to rest of the Public Service.
- The alignment of the annual leave entitlements for nursing staff with the rest of the Public Service.

2.8 Basic Conditions of Employment Act (BCEA), 1997

2.8.1 The under-mentioned provisions and practices in the Public Services are aligned with the provisions of the Basic Conditions of Employment Act:

- Payment Rate for Normal Overtime
- Basic Salary for Calculation of Overtime
- Maximum overtime hours
- Compensation for official duties performed during meal intervals
- Averaging of Working Hours
- Payment rate for an employee who ordinarily works on a Sunday
- Payment rate for an employee who ordinarily works on a Public Holiday
- Definition of Remuneration
- Night Work
2.9 Medical Assistance

2.9.1 The adjustment of the medical aid subsidy for employees on GEMS with effect from 1 March 2007 and for subsequent years.

2.9.2 The PSCBC is to address the concerns raised by labour unions with regard to the Government Employees Medical Scheme (GEMS) and operational matters.

2.10 Contract employment and casual workers

2.10.1 Defining casual and contract workers, and the remuneration and benefits they are entitled to.

2.11 Housing allowance

2.11.1 The phasing in of the housing allowance as per paragraph 7.1 of PSCBC Resolution 2 of 2004 on 1 July 2007, and the adjustment of the allowance to R500 per month with effect from the said date.

2.11.2 A comprehensive review of the current housing allowance will be undertaken that will include amongst others:-

- The promotion of home ownership;
- What would constitute a fair and reasonable benefit in the light of present property values and/or the cost of housing;
- What other practices regarding housing benefits that exist in the labour market; and
- Financial implications of proposals.

2.12 Recognition of improved qualifications and long-service awards

2.12.1 Review of the recognition of improved qualifications and long-service, with the following as a framework:

2.12.1.1 Recognition of qualifications

- The present system provides no real incentive for employees to improve their academic qualifications;
- The current cash bonus system in recognition of improved qualification;
2.12.1.2 Recognition for long service

The investigation into the long service award should consider the following:-

- Other periods, e.g. 10, 15, 20 and 30 years.
- The payment to employees on attaining the various years of service.

2.12.2 The processes pertaining to the recognition of improved qualifications and long service awards must be concluded by 30 June 2008 for implementation with effect from 1 July 2008.

2.13 Filling of funded vacant posts

2.13.1 The employer will ensure that:-

2.13.1.1 All current funded vacancies are advertised, in terms of existing departmental policies, within 6 months of the date of agreement;

2.13.1.2 All new funded vacancies are advertised, in terms of existing departmental policies, within 6 months of the date of these vacancies arising.

2.13.1.3 As far as possible all vacant and funded posts should be advertised and filled within 12 months of signature or from date of arising.

2.13.1.4 The employer will provide Council with regular reports on the advertising and filling of posts in the public service. The report to include the number of funded vacancies, number advertised, number filled, number unfilled and the reasons for non filling. These reports to be submitted every 6 months to Council for distribution to trade union parties to Council.
2.14 Public Sector Summit

2.14.1 Convening of a Public Sector Summit in 2008 to address the following areas, among others:

2.14.1.1 Outsourcing and agentisation;
2.14.1.2 Performance and productivity in the public service;
2.14.1.3 Work environment;
2.14.1.4 Resourcing of the public service; and
2.14.1.5 Minimum wage.

SCOPE OF APPLICABILITY OF THIS CIRCULAR

3. The salary adjustment and amendments to other provisions contained in this Circular apply to personnel on salary levels 1 to 12 who are appointed in terms of the Public Service Act, 1994 and the Correctional Services Act, 1998 and who are in service on the respective dates of implementation.

4. The (possible) implementation of the salary adjustment and other provisions is being dealt with separately and, where applicable, particulars thereof will be announced as soon as possible by the Executing Authorities concerned.

DETERMINATIONS BY THE MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION BASED ON PSCBC RESOLUTION 1 OF 2007

5. The Minister for the Public Service and Administration has determined the following in terms of section 3(3)(c), read with section 5(4), of the Public Service Act, 1994:

6. Cost-of-living adjustment

6.1 Cost-of-living salary adjustment of 7.5% for employees on salary levels 1 to 12, effective from 1 July 2007.
6.2 Implementation of the revised salary scales contained in the (attached) Annexes referred to hereunder, effective from 1 July 2007:

Public Service Act appointees

6.2.1 Annexure B - Full-time employees  
6.2.2 Annexure C - Part-time employees (5/8\textsuperscript{th} capacity)  
6.2.3 Annexure D - Part-time employees (6/8\textsuperscript{th} capacity)

Correctional Services Act appointees

6.2.4 Annexure E - Full-time employees

6.3 The adjustment of the salary notches of employees on salary levels 1 to 10 and of the inclusive packages of employees on salary levels 11 to 12 (MMS members) in accordance with the translation keys contained in the (attached) Annexes referred to hereunder:

Public Service Act appointees

6.3.1 Annexure F - Full-time employees  
6.3.2 Annexure G - Part-time employees (5/8\textsuperscript{th} capacity)  
6.3.3 Annexure H - Part-time employees (6/8\textsuperscript{th} capacity)

Correctional Services Act appointees

6.3.4 Annexure I - Full-time employees

6.4 The translation of personnel currently on personal salary scales (on the salary key scale which applied on 30 June 1996 or who were awarded a (personal) salary scale or notch since 1 July 1996) that is not contained in the salary grading system key scale, to the salary grading system in terms of this Department’s circular minute 1/2/1/P dated 11 January 1999. Such employees must again exercise the choice as per the form attached as Annexure J.

6.5 The employees referred to sub-paragraph 6.4 above who qualify for an annual notch increment on their personal scales, but who will be translated to one of the standard salary levels of the salary grading system, will not receive the increment on the personal salary scales on the said date on translation to the salary grading system.

6.6 Employees covered in terms of Ministerial Directive issued by the dpsa dated 26 June 2003 (1/8/P) qualify for the annual salary adjustments
7. Translation of employees with certain minimum levels of service to higher salary levels

7.1 As a once-off measure, irrespective of the occupation, the translation of employees on salary level 1 who, on 30 June 2007, have 5 years or more service on salary level 1 to the minimum notch of salary level 2.

7.2 As a once-off measure, irrespective of the occupation, the translation of employees on salary level 2 who, on 30 June 2007, have 20 years or more service on salary level 2 to the minimum notch of salary level 3.

7.3 These affected employees will be eligible for pay progression, as contained in the dpsa Incentive Policy Framework, on their respective new salary levels.

8. Non-pensionable allowances

8.1 Adjustment of the rates of following allowances with effect from 1 July 2007:

8.1.1 Standard Danger allowance from R200 to R250 per month.
8.1.2 Special Danger allowance from R300 to R375 per month.
8.1.3 Night Shift allowance from R1.33 to R1.66 per hour.

8.2 Adjustment of the rates for the allowances referred to in sub-paragraph 8.1 above on 1 July 2008 and annually thereafter based on the projected CPI-X as at 1 April of that year.

8.3 The Separation Allowance (R27.15 per day) is payable to all employees, irrespective of their marital status, who spend a minimum of 60 days per year away from their family members.

8.4 Payment of the Standard and Special Danger allowances with effect from 1 July 2007 to the categories of employees contained in the attached Annexure K.
9. **Housing allowance**

9.1 The phasing in of the housing allowance as per paragraph 7.1 of PSCBC Resolution 2 of 2004 shall be fully implemented on 01 July 2007 and increased to R500 per month with effect from the said date.

9.2 The phasing in of the rental payable in respect of State Housing as per paragraph 7.1 of PSCBC Resolution 2 of 2004, which is coupled to the phasing-in of the housing allowance, shall be fully implemented on 1 July 2007 and increased to R500 per month with effect from the said date.

9.3 The amounts referred to above is fixed and any review is subject to further negotiations in the PSCBC.

10. **Medical assistance**

10.1 The adjustment of the medical aid subsidy for employees on GEMS with effect from 1 March 2007 as indicated in the table hereunder:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>MAXIMUM EMPLOYER MONTHLY SUBSIDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Member</td>
<td>R530-00</td>
</tr>
<tr>
<td>Member with one dependant</td>
<td>R1060-00</td>
</tr>
<tr>
<td>Member with two dependants</td>
<td>R1380-00</td>
</tr>
<tr>
<td>Member with three dependants</td>
<td>R1700-00</td>
</tr>
<tr>
<td>Member with four dependants and more</td>
<td>R2020-00</td>
</tr>
</tbody>
</table>

11. **Contract employment and casual workers**

11.1 A *casual worker* means a person employed on a day-to-day basis and who is paid a daily wage and who does not work more than 24 hours a month.

11.2 A *casual worker* is entitled to a salary and any benefits that are prescribed for a *casual worker* in the BCEA.
11.3 A contract worker means a person employed for a fixed term, including an educator appointed in a temporary capacity, but excluding a casual worker or an employee to whom a retirement age applies.

11.4 The benefits attached to the appointment of a contract worker on salary levels 1 to 10 shall be granted on the following basis:

11.4.1 A contract worker employed for less than six months shall receive his/her basic salary plus 37% in lieu of benefits, excluding leave benefits.

11.4.2 A contract worker employed for six months or longer shall receive his or her basic salary plus benefits (excluding leave benefits) OR his/her basic salary plus 37% in lieu of benefits (excluding leave benefits).

11.4.3 Leave entitlements for a contract worker shall be granted on a pro rata basis linked to the term of his/her contract.

GENERAL MATTERS

12. Cost-of-living adjustment

12.1 Effect of the cost-of-living adjustment on general conditions of service

12.1.1 For the purpose of classifying officers and employees according to their salaries, when applying the directives with regard to official journeys, means of transport, subsistence allowance etc., employees who receive personal salaries higher than the maximum of the standard salary levels attached to their ranks are deemed to be in receipt of salaries equivalent to the maximum notches of the standard salary levels attached to their ranks.

12.1.2 Departments should submit proposals to this Department on any remuneration, rates, allowances, etc. which are not covered in this Circular or the Annexes thereto, and which have to be adjusted.

12.2 Implementation of cost-of-living adjustment by PERSAL

12.2.1 The translation of personnel on salary levels 1 to 10 and salary levels 11 and 12 (MMS members) to the revised salary notches and inclusive packages respectively, will be dealt with as follows:
12.2.1.1 Employees on salary levels 1 to 10

PERSAL will effect the translation programmatically.

12.2.1.2 Employees on salary levels 11 and 12 (MMS members)

PERSAL will effect the translation programmatically in the following manner:

- **MMS members admitted to the GEPF**
  
The components “basic salary” and the “employer’s contribution to the GEPF” will be adjusted programmatically, whilst the adjustment to the component “flexible portion” will be channelled as default to the non-pensionable cash allowance provided for in the flexible portion.

- **MMS members not admitted to the GEPF**
  
The adjustment to the total package will be channelled as default to the non-pensionable cash allowance provided for in the flexible portion.

12.2.2 MMS members may re-structure their packages, effective from 1 July 2007, if they wish to do so.

13. **Translation of employees with certain minimum levels of service on salary levels 1 and 2 to salary levels 2 and 3 respectively**

13.1 PERSAL will programmatically translate employees on salary levels 1 and 2 who meet the qualifying criteria to salary levels 2 and 3 respectively during the first week of October 2007. The translation will be based on the data (i.e. appointment date of employees on the respective levels) on the PERSAL system.

13.2 The onus rests on departments to verify the correctness of the data on the PERSAL system by not later than 30 September 2007. If this is not done by departments, it may result in the translation of employees who are not eligible for translation or the non-translation of employees who indeed comply with the qualifying criteria.
13.3 Once the translation has been done, the onus further rests on departments to verify that only qualifying employees have been translated, and to advise PERSAL accordingly, whether it be the undoing of the translation of an employee who was not eligible for translation or the translation of an eligible employee who was not programmatically translated.

14. Non-pensionable allowances

14.1 The dpsa will communicate the adjusted rates for the Standard and Special Danger allowances and the Night Shift allowance with effect from 1 July 2008 and thereafter to departments.

14.2 This dpsa’s Financial Manual will be updated (inclusive or the revised rates for the Standard, Special Danger and Night Shift allowances) and made available in due course.

15. Leave

To give effect to paragraph 8 of PSCBC Resolution 1 of 2007, the Minister for Public Service and Administration shall issue an updated Determination on Leave of Absence in the Public Service as soon as possible.

16. Alignment of conditions of service with the BCEA

A detailed determination is being developed to give effect to clause 9 of PSCBC Resolution 1 of 2007 to facilitate smooth implementation and alignment of the outstanding issues in the Basic Conditions of Employment Act 1997( Act 75 of 1997). The Minister for Public Service and Administration shall issue the envisaged determination as soon as possible.

17. Filling of funded vacant posts

Departments will be informed in a separate letter regarding the filling of funded vacant posts, as contemplated in clause 14 of PSCBC Resolution 1 of 2007.

18. Public Sector Summit 2008

Details of the Summit, and departments’ involvement, will be communicated to departments.
19. **Occupations specific dispensations (OSDs)**

Details of the implementation of the OSDs, as contemplated in PSCBC Resolution 1 of 2007, will be communicated to departments once amicable agreements have been concluded in the sectoral bargaining councils.

20. **Contract employment and casual workers**

20.1 PERSAL indicated that all allowances in lieu of benefits that are currently instated as fixed amounts will be terminated and instated as a percentage from 1 August 2007 (the open salary month) – therefore the instating of fixed amounts will not be allowed in future.

20.2 The PERSAL system cannot calculate the 30% in lieu of benefits for periods before 1 July 2007 and 37% in lieu of benefits for periods after the said date. To accommodate this situation, the system will be amended to only allow the allowance recurring from 1 July 2007 as 37%. Any outstanding payments for periods before 1 July 2007 must be calculated by departments and instated as a once-off amount.

21. PSCBC Resolution 1 of 2007 also provides for the review of the grading system for those employees that will not covered by OSDs, the Night Shift allowance and the policies on Housing allowance, recognition of improved qualifications and long-service awards. Details will be communicated to departments once these processes have been concluded.

**CONCLUSION**

22. It is possible that the measures/provisions contained in this Circular (or Annexes thereto) may be erroneous or that errors may be made in the implementation of these measures/provisions. Affected employees must be informed in writing that errors will be rectified and that any amounts that have been overpaid or underpaid because of errors will be rectified (either paid or recovered).
23. Departments are requested to ensure that these measures are implemented correctly. Should any problems arise with the implementation of these measures/provisions, departments must approach the **dpsa** for assistance.

[Signature]

**DIRECTOR-GENERAL**

Date: 19/07/2007.