



the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

Private Bag X916, PRETORIA, 0001 Tel: (012) 336 1000, Fax: (012) 326 7802
Private Bag X9148, Cape Town, 8000. Tel: (021) 467 5120, Fax: (021) 465 5484

Inquiry : AJ van der Walt/T Maile/E Nkosi
Telephone : (012) 336 1258/336 1130/3361504
File : 18/6/2

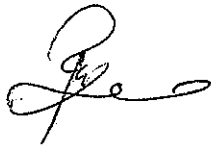
TO HEADS OF ALL PROVINCIAL ADMINISTRATIONS/NATIONAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

INTERPRETATION OF PSCBC RESOLUTION 3 OF 1999: PAYMENT OF 30% OF SALARY IN LIEU OF BENEFITS

1. The **dpsa** has received numerous enquiries regarding clarity on the above matter, as contained in PSCBC Resolution 3 of 1999. The purpose of this letter is therefore to assist and provide clarity to departments.
2. It is stipulated in clause XXXVI of PSCBC Resolution 3 of 1999 that *"if an employee has a contract with a fixed term of over three months, and earns the same salary as an equivalent permanent worker, the employer may pay her or him 30 per cent of salary in lieu of benefits"*.
3. The **dpsa** would like to highlight that these benefits referred to above include the following macro benefits:
 - Employer contribution to the Government Employees Pension Fund (GEPF).
 - Employer contribution to a registered medical aid scheme (including the Government Employees Medical Scheme (GEMS)).
 - Service Bonus.
 - Housing allowance.
4. Since the introduction of the Inclusive Remuneration Package Dispensation for the Middle Management Service (employees on salary levels 11 and 12) on 1 July 2005, the provision for payment of 30% of salary in lieu of benefits is only applicable to employees on salary levels 1 to 10 as of the said date.
5. Departments have the option to allow fixed-term contract employees on salary levels 1 to 10 the opportunity to participate in/receive all of these benefits, provided that they meet the relevant payment criteria, **or** to

compensate them for these macro benefits by means of payment of an allowance of 30% of salary in lieu of benefits.

6. It should be noted that departments **cannot** allow a contract employee to participate in/receive the macro benefits referred to in paragraph 2 above **as well as** to compensate him/her for these benefits by means of payment of an allowance of 30% of salary in lieu of benefits, **or** by means of a combination thereof. This means that a contract employee would only qualify for either these macro benefits – provided he or she comply with all the relevant payment criteria – or payment of an allowance of 30% of salary to compensate for these benefits.



DIRECTOR-GENERAL

DATE: 30/3/07