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TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

CIRCULAR NO. 10 OF 2019

IMPROVEMENT IN CONDITIONS OF SERVICE FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs): COST-OF-LIVING ADJUSTMENT FOR PUBLIC SERVICE ACT APPOINTEES: 1 APRIL 2019

INTRODUCTION

1. PSCBC Resolution 1 of 2018 provides, *inter alia*, for the following cost-of-living adjustments for employees on salary levels 1 to 12 and those employees covered by Occupation Specific Dispensations (OSDs), and who are appointed in terms of the Public Service Act, 1994, the Correctional Services Act, 1998, the Police Act, 1995, and the Employment of Educators Act, 1998, for the period **1 April 2018 to 31 March 2021**:
 - 1.1. The salary adjustment for the period **1 April 2018 to 31 March 2019**, effective from **1 April 2018**, for employees on salary levels 1 to 12 will be as follows:
 - 1.1.1. Salary level 1 to 7: 7%.
 - 1.1.2. Salary level 8 to 10: 6.5%.
 - 1.1.3. Salary levels 11 and 12: 6%.
 - 1.2. The salary adjustment for the period **1 April 2019 to 31 March 2020**, effective from **1 April 2019**, for employees on salary levels 1 to 12 will be as follows:
 - 1.2.1. Salary level 1 to 7: Projected CPI plus 1.0%.
 - 1.2.2. Salary level 8 to 10: Projected CPI plus 0.5%.
 - 1.2.3. Salary levels 11 and 12: Projected CPI.
 - 1.3. The salary adjustment for the period **1 April 2020 to 31 March 2021**, effective from **1 April 2020**, for employees on salary levels 1 to 12 will be as follows:
 - 1.3.1. Salary level 1 to 7: Projected CPI plus 1.0%.
 - 1.3.2. Salary level 8 to 10: Projected CPI plus 0.5%.
 - 1.3.3. Salary levels 11 and 12: Projected CPI.

- 1.4. The projected CPI for the 2019/20 and the 2012/21 financial years will be as determined by the National Treasury for these respective periods.
- 1.5. The cost-of-living adjustment for the period 1 April 2018 to 31 March 2019 for employees on salary levels 1 to 12 and those covered by OSDs was duly implemented with effect from 1 April 2018.

SCOPE OF APPLICABILITY OF THIS CIRCULAR

2. This Circular applies to personnel on salary levels 1 to 12 and those covered by OSDs who are appointed in terms of the **Public Service Act, 1994**.
3. The Circular does not apply to the personnel groups listed below. The (possible) cost-of-living adjustment for these personnel groups, or the implementation/adjustment of the formulae to accommodate such adjustments, will be addressed by the Executive Authorities concerned:-
 - 3.1. Members of the Senior Management Service (SMS) (salary levels 13 to 16).
 - 3.2. Personnel on salary levels 1 to 12, and where applicable employees covered by an OSD, employed in terms of the Employment of Educators Act, 1998, the South African Police Service Act, 1995, the Defence Act, 2002, and the Correctional Services Act, 1998.
 - 3.3. Personnel employed in terms of the National Prosecuting Authority Act, 1998.

DETERMINATION BY THE MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION (MPSA)

4. In accordance with section 5(6)(a) of the Public Service Act, 1994, PSCBC Resolution 1 of 2018, which regulates the improvement in conditions of service of employees, is deemed a **determination made by the MPSA** in terms of section 3(5) of the Act for Public Service Act appointees.
5. The Minister of Finance announced in his Budget Vote speech on 20 February 2019 that National Treasury projects the CPI for 2019/20 at 5.2%. Therefore, the MPSA's determination for a cost-of-living adjustment for salary levels 1 to 12 in terms of PSCBC Resolution 1 of 2018 constitutes the following with effect from 1 April 2019:
 - 5.1. Salary level 1 to 7: **6.2%** (projected CPI of 5.2% plus 1%).
 - 5.2. Salary level 8 to 10: **5.7%** (projected CPI of 5.2% plus 0.5%)
 - 5.3. Salary levels 11 and 12: **5.2%** (projected CPI only)
6. In accordance with section 5(6)(b) of the Public Service Act the MPSA may, for proper implementation of the Resolution, elucidate or supplement such determination by means of a Directive, **provided that the Directive is not in conflict or does not derogate from the terms of the agreement**. This Circular therefore serves as Directive by the MPSA to elucidate or supplement the Determination for employees employed in terms of the Public Service Act, 1994.

IMPLEMENTATION OF THE COST-OF-LIVING ADJUSTMENT

General

7. To give effect to the cost-of-living adjustment with effect from 1 April 2019, the MPSA approved the following revised salary scales, and translation keys to translate Public Service Act appointees to the revised salary scales:

	Appendix	Occupational category and PERSAL Table code
8.1	A	<i>Public Service Act appointees who are <u>not covered</u> by an OSD (PERSAL Tables 264 & 265)</i>
8.2	B	<i>OSD for Professional Nurses, Staff Nurses and Nursing Assistants (PERSAL Tables 247 & 248)</i>
8.3	C	<i>OSD for Legal employees (PERSAL Tables 249 & 250)</i>
8.4	D	<i>OSD for Social Services professions (PERSAL Tables 260 & 261)</i>
8.5	E	<i>OSD for Engineering professions and related occupations (PERSAL Tables 269 & 270)</i>
8.6	F	<i>OSD for Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners (PERSAL Tables 267 & 268)</i>
8.7	G	<i>OSD for Therapeutic, Diagnostic and other related Allied Health Professionals (PERSAL Tables 278 & 279)</i>

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

8. For purpose of classifying 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 posts are deemed to be in receipt of salaries equivalent to the maximum notches of the standard salary levels attached to the grading level of their posts.
9. Noting that in terms of section 5(4) of the Public Service Act no functionary may deviate from any collective agreement or the determined salary scales, departments should submit to the DPSA any remuneration, rates, allowances, etc. which are not covered in this Circular, or Appendices thereto, and which have to be adjusted.
10. The sessional rates payable to employees covered by the following OSDs, effective from 1 April 2019, are attached as **Appendix H**.
- 10.1. Professional Nurse, Staff (Enrolled) Nurse and Nursing Assistant.
- 10.2. Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners.

- 10.3. Therapeutic, Diagnostic and other related Allied Health Professionals.
- 10.4. Social Worker.

Implementation by National Treasury (PERSAL) and Department of Defence (PERSOL)

11. The translation of employees on salary levels 1 to 10 and affected OSD employees to their revised **notches**, as well as the translation of employees on salary levels 11 and 12 (MMS members) and affected OSD employees to their revised **Total Cost-to-Employer (TCE) packages**, will be dealt with as follows:

11.1. Salary level 1 to 10 and OSD employees remunerated by means of a notch

PERSAL/PERSOL will implement the translation to the revised notches programmatically.

11.2. Salary level 11 and 12 and OSD employees remunerated by means of an TCE package

PERSAL/PERSOL will implement the translation to the revised TCE packages programmatically in the following manner:

11.2.1. Employees admitted to the GEPF

- The components **“basic salary”** and **“employer’s contribution to the GEPF”** are adjusted accordingly.
- The adjustment to the component **“flexible portion”** is added as default to the item **“non-pensionable cash allowance”**.

11.2.2. Employees not admitted to the GEPF

The adjustment to the entire TCE package is added as default to the item **“non-pensionable cash allowance”** in the component **“flexible portion”**.

12. TCE package employees may re-structure their packages, effective from 1 April 2019, if they wish to do so.

GENERAL MATTERS

13. The DPSA will issue an updated Financial Manual in due course.
14. Please note that Appendix B to the 2014 Financial Manual, which provided for RATES FOR CASUAL WORKERS, was repealed on 1 July 2015. Hourly rates for contract and casual employees appointed in terms of the Public Service Act, 1994 are calculated as follows:

$$\frac{\text{Notch (inflated with 37\%) or TCE remuneration package}}{\text{Prescribed work hours per week for a full-time employee X 52 weeks}}$$

15. A daily rate is determined by multiplying the hourly rate with the prescribed work hours per day for an equivalent full-time employee.
16. In the event that hourly/daily rates in Appendix B to the 2014 Financial Manual are still higher than what it would be in terms of the stipulated formula, the Minister determined that such rates must be retained (protected) at existing levels, without any adjustment to it, until such time that it become equal to the rates calculated in terms of the formula, after which the rates calculated in terms of the prescribed formula will prevail. Departments’ attention is drawn to Sub-regulation 43(3) of Public Service Regulations, 2016, and DPSA Circular 2 of 2013 in this regard.

17. Departments attention is invited thereto that it is not permissible to utilise the personal salary notch between the maximum of salary level 9 (12th notch) and the minimum of salary level 10 for recruitment, retention, progression or transfer purposes.
18. It is possible that the measures contained in this Circular (or Appendices thereto) may be erroneous or that errors may be made in the implementation thereof. Departments must inform affected employees in writing that errors will be rectified and that any overpayments or underpayments due to errors will be rectified.
19. Departments are to ensure that they implement these measures correctly. Should any problems arise with the implementation thereof, departments must approach the DPSA for assistance.



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