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REPUBLIC OF SOUTH AFRICA**

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File No	1/6/22/P

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

**RECOGNITION OF SERVICE IN THE FORMER NON-STATUTORY
FORCES AS PENSIONABLE SERVICE IN THE GOVERNMENT
EMPLOYEES PENSION FUND**

BACKGROUND

1. On 18 November 2003, the PSCBC concluded an agreement (PSCBC Resolution 7 of 2003) that provides for the recognition of service in the former Non-Statutory Forces (NSF) as pensionable service in the Government Employees Pension Fund. The agreement came into effect on 31 March 2004, i.e. the publication date of the relevant amended Rules of the Government Employees Pension Fund. A copy of Government Gazette No 26203 dated 31 March 2004 is available on www.gov.za under documents. To enable the recognition of NSF service in the GEPF, the Government Employees Pension Law, 1996, as well as the Special Pensions Act, 1996 were also amended. Departments should also obtain copies of the Government Employees Pension Law Amendment Act, 2003 (Government Gazette No 25708 dated 12 November 2003) and the Special Pensions Second Amendment Act, 2003 (Government Gazette No. 25707 dated 12 November 2003) from www.gov.za in this regard.
2. Under the new GEPF Rules and the amended legislation, NSF service will be recognised on the following basis:

- 2.1 Persons who qualify are former members of the respective former Non-statutory Forces or Services (as defined in the legislation mentioned above) who were appointed in the Public Service before or on 31 March 2002. The comprehensive definition of “former member of a non-statutory force or service” is contained in section 1 of the Government Employees Pension Law Amendment Act, 2003, and includes persons who have in the mean time left the public service (e.g. due to retirement, resignation, discharge etc.) as well as persons who were employed but never admitted to the GEPF.
- 2.2 NSF Service is defined as the period between the certified date of joining the former Non-statutory Forces (but excluding NSF service prior to the age of 16) and the appointment date in the public service.
- 2.3 NSF service is recognised on a sliding scale as follows: 50% thereof for members with less than 10 years NFS service, 100% thereof for members with 10 years and more NSF service.
- 2.4 Eligible members are required to contribute at a rate of 5% in respect of the recognised service. For members who are unable or who choose not to pay the employee contribution, pensionable service will be reduced accordingly.
- 2.5 Members who benefit from this agreement will be excluded from any benefits payable under the Special Pensions Act, 1996. Any and all amounts paid to eligible persons as a Special Pension or demobilisation benefit under the Demobilisation Act, 1996 at the date of recognition of NSF service will be taken into account in the computation of additional service under these provisions unless members opt to repay the value of these benefits to the Fund.

EMPLOYER OBLIGATIONS

3. The employer is responsible for funding that portion of the cost of the NSF service granted to the member that is not covered by the member’s portion. To ensure that the process is managed properly, the employer cost in respect of eligible members have to be dealt with through a formal process of identifying eligible persons and the calculation of the employer cost, where-after the Employer is to obtain the requisite approval for the expenditure. It should be noted that Cabinet gave approval for the defrayment of the employer cost through either the adjustment of MTEF baselines or from existing departmental budgets. For this purpose, individual departments are required to obtain Treasury approval in accordance with applicable Treasury prescripts and guidelines.

4. As a first step, Departments are requested to identify eligible persons with NSF service from current employees as well as former employees (including deceased former employees). A preliminary list per department is attached. The list originates from the demobilisation database of the Department of Defence (matched to information on PERSAL) and it is possible that the names of all eligible persons do not appear on the list. Departments are thus required to communicate the contents of this circular to ensure that eligible employees as well as eligible former employees are not excluded from the process. An electronic copy of the list can be obtained by sending a request to jennyc@dpsa.gov.za.
5. In those cases where PERSAL is only able to indicate the province (and not the specific provincial department) where an eligible employee or former employee is or was employed, the names of the employees and former employees are included in the lists forwarded to the Office of the Premier in the relevant province for attention and channelling to the appropriate provincial department.
6. It should be stressed that persons are eligible for the recognition of NSF service by virtue of certified NSF service and employment in the Public Service in terms of the Public Service Act, 1994 before or on 31 March 2002 and not by virtue of membership of the GEPF during the period of employment. In this regard, section 1 of the Government Employees Pension Law Amendment Act, 2003 stipulates that eligible persons include persons who were **not** admitted to the GEPF by virtue of the fact that they concluded a short-term employment contract with the employer. For this reason, persons on the list whose nature of appointment is shown as “temporary”, “periodical remuneration”, “contract”, “session” or “abnormal appointment” also qualify for the recognition of NSF service as pensionable service in the GEPF. In respect of the meaning of “employment” and “employee” your attention is drawn to the stipulations of sections 1 and 83A of the Basic Conditions of Employment Act, 1997 as well as sections 213 and 200A of the Labour Relations Act, 1995.
7. After the identification of eligible employees and former employees, the GEPF actuaries will determine the employer and employee contributions to be paid to the Fund. For this purpose, the following information must be sent to the GEPF for the attention of Ms. B dos Santos. The information must be submitted in the form of an excel spreadsheet and must be submitted before or on 28 February 2005.
 - 7.1 Surname and initials
 - 7.2 PERSAL Number
 - 7.3 Date of birth
 - 7.4 ID Number
 - 7.5 Gender
 - 7.6 Date of joining the NSF

- 7.7 Date of the **first** appointment in the Public Service. A separate list of eligible persons who were appointed by more than one department is attached. Only the current employer or the **last** department where the person served, need to deal with the case.
 - 7.8 Date of admission to the GEPF (where applicable).
 - 7.9 In respect of current employees, annual salary as on 31 May 2000.
 - 7.10 In respect of employees who left the service prior to 30 May 2000, the average pensionable salary over the last 24 months of service, as well as the reason for termination of service in the case of employees never admitted to the GEPF, e.g. resignation or discharge, retirement due to old age, retirement due to ill-health or injury on duty. The actual date of termination of service must also be provided.
 - 7.11 In respect of employees appointed after 30 May 2000, the annual salary as on date of appointment.
8. To convert hourly, daily or weekly remuneration rates to basic annual salary (pensionable salary), the following formulas should be used:
 - 8.1 Hourly rate x 2080
 - 8.2 Daily rate x 260
 - 8.3 Weekly rate x 52
9. Upon receipt of the above information, departments will be required to obtain Treasury approval in accordance with applicable Treasury prescripts and guidelines. Once Treasury approval is obtained, Departments are required to ensure that eligible employees or their beneficiaries are afforded the opportunity to apply for the recognition of allowable NSF service. This means that Departments must ensure that the application forms are completed and submitted to the GEPF before the cut-off date for applications stipulated in the GEPF Rules, which is the 30th of September 2005. The GEPF will provide application forms for this purpose to departments.
10. Upon receipt of the application forms, the GEPF will process the applications and provide the following information in the form of a quotation for members to exercise a choice:
 - 10.1 The required employee contribution and the NSF period that will be added to pensionable service.
 - 10.2 The consequences in respect of benefits paid or payable under the Special Pensions Act, 1996 and/or the Demobilisation Act No 99 of 1996.
 - 10.3 The choices available in respect of repaying demobilisation or special pension benefits and the consequences of these choices

in respect of the employee portion of the cost and years of NSF service to be recognised.

11. Eligible employees should then be allowed a reasonable period to exercise a choice, but not later than 31 January 2006. The final step in the process will be the submission of completed quotations to the GEPF for final verification and recognition of the members' choice.

M. J. Plitzin
DIRECTOR-GENERAL
FOR *13/01/2005*