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

## **CIRCULAR NO. 1 OF 2008**

### **ANNUAL COST-OF-LIVING ADJUSTMENT FOR EMPLOYEES ON SALARY LEVELS 1 TO 12: 1 JULY 2008**

#### **INTRODUCTION**

1. A multi-term agreement (Resolution 1 of 2007) was concluded in the Public Service Co-ordinating Bargaining Council (PSCBC) on the improvement of conditions of service for personnel who fall within the registered scope of the PSCBC, and is effective for the 2007 and 2008 financial years.

#### **PSCBC RESOLUTION 1 OF 2007**

2. The Resolution, inter alia, provides for the following:
  - (a) **Cost-of-living adjustments for the 2007/08 and 2008/2009 financial years:**
    - (i) 2007/08 financial year (effective from 1 July 2007)  
A cost-of-living adjustment of 7.5% for salary levels 1 to 12.
    - (ii) 2008/9 financial year (effective from 1 July 2008)  
Projected CPI-X for the period 1 April 2008 to 31 March 2009 for the 2008/09-financial year, *plus* an additional 1%.

- (iii) If there is a difference between the actual CPI-X and the average projected CPI-X for the periods referred to in (i), (ii) and (iii) above, the difference shall be dealt with in the adjustment for the subsequent year.
- (iv) The forecasts of National Treasury shall be used to determine the projected CPI-X in this regard.
- (v) The annual salary adjustment for the subsequent year or years shall be determined through collective bargaining, which process may commence immediately after the 2008 adjustment.
- (vi) The employer will consult with the employee parties with effect from 1 August 2008 with regard to the budgetary pertaining to the personnel expenditure budget for 2009/2010.
- (vii) The salary adjustments provided for in the **multi-term** agreement for the 2007/08 and 2008/09 financial years 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/reflected on the salary grading system key scale until their salary scales/notches are on par with the standard salary ranges attached to their positions.
- (viii) Employees covered in terms of Ministerial Directive issued by DPSA dated 26 June 2003 (1/8/P) qualify for the annual salary adjustments referred to in the agreement. This Directive covers employees who in terms of PSCBC Resolution No. 7 of 2002 were matched and placed in lower graded posts or who applied successfully for lower graded posts and who were placed on personal notches.

### **SCOPE OF APPLICABILITY OF THIS CIRCULAR**

- 3. The salary adjustment contained in this Circular applies 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 **date of implementation** of the adjustment.
- 4. The measures contained in this Circular do not apply to the personnel groups listed below. The (possible) adjustment of salaries of these personnel groups, or the implementation/adjustment of the formulae to accommodate such improvements, is being dealt with separately and, where applicable, particulars thereof will be announced as soon as possible by the Executing Authorities concerned:-

- (a) Senior Managers/Professionals on SMS Grades A to D (former salary levels 13 to 16) appointed in terms of the Public Service Act, 1994, the Correctional Services Act, 1998, the Defence Act, 2002, South African Police Service Act, 1995 and the Employment of Educators Act, 1998.
- (b) Personnel on salary levels 1 to 12 employed in terms of the Employment of Educators Act, 1998, the South African Police Service Act, 1995 and the Defence Act, 2002.
- (c) Personnel employed in terms of the National Prosecuting Authority Act, 1998.

## **DETERMINATION BY THE MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION**

### **General**

5. The Minister for the Public Service and Administration has determined the following:
- (a) A cost-of-living salary adjustment of 10.5% for employees on salary levels 1 to 12, effective from 1 July 2008.
  - (b) Implementation of the revised salary scales contained in the (attached) Annexes referred to hereunder, effective from 1 July 2008:

#### **Public Service Act appointees – Non-Occupation Specific Dispensation (OSD)**

- (i) Annexure A - Full-time employees
- (ii) Annexure B - Part-time employees (5/8<sup>th</sup> capacity)
- (iii) Annexure C - Part-time employees (6/8<sup>th</sup> capacity)

#### **Correctional Services Act appointees**

- (iv) Annexure D - Full-time employees

#### **OSD – Professional Nurse**

- (v) Annexure E - Full-time employees
- (vi) Annexure F - Part-time employees (5/8<sup>th</sup> capacity)

**OSD – Staff Nurse and Nursing Assistant**

- (vii) Annexure G - Full-time employees
- (viii) Annexure H - Part-time employees (5/8<sup>th</sup> capacity)

**OSD – Legally qualified employees**

- (ix) Annexure I - Full-time employees
- (x) Annexure J - Part-time employees (5/8<sup>th</sup> capacity)

- (c) 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**

- (i) Annexure K - Full-time employees
- (ii) Annexure L - Part-time employees (5/8<sup>th</sup> capacity)
- (iii) Annexure M - Part-time employees (6/8<sup>th</sup> capacity)

**Correctional Services Act appointees**

- (iv) Annexure N - Full-time employees

**OSD – Professional Nurse**

- (v) Annexure O - Full-time employees
- (vi) Annexure P - Part-time employees (5/8<sup>th</sup> capacity)

**OSD – Staff Nurse and Nursing Assistant**

- (vii) Annexure Q - Full-time employees
- (viii) Annexure R - Part-time employees (5/8<sup>th</sup> capacity)

**OSD – Legally qualified employees**

- (ix) Annexure S - Full-time employees
- (x) Annexure T - Part-time employees (5/8<sup>th</sup> capacity)

- (d) 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 reflected on 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 U.

**Measures that must be complied with when translating personnel**

6. The employees referred to sub-paragraph 5(d) above who qualify for an annual notch increment on 1 July 2008 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.

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

7. 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.
8. 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.

**GENERAL MATTERS**

9. 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:

- (a) **Employees on salary levels 1 to 10**

PERSAL/PERSOL will effect the translation programmatically.

- (b) **Employees on salary levels 11 and 12 (MMS members) and those employees covered by the OSDs for Professional Nurse and Legally qualified personnel who are remunerated by means of total remuneration packages**

PERSAL/PERSOL will effect the translation programmatically in the following manner:

- (i) **Employees admitted to the GEPF**

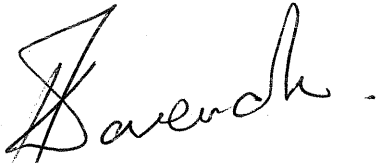
The components ***“basic salary”*** and the ***“employer’s contribution to the GEPF”*** will be adjusted programmatically, whilst the adjustment to the component ***“flexible portion”*** will be channelled as default to the item ***“non-pensionable cash allowance”***.

- (ii) **Employees not admitted to the GEPF**

The adjustment to the total package will be channelled as default to the item ***“non-pensionable cash allowance”*** provided for in the component ***“flexible portion”***.

10. Employees on salary levels 11 and 12 (MMS members) and those employees covered by the OSDs for Professional Nurse and Legally qualified personnel who are remunerated by means of total remuneration packages may re-structure the ***“flexible portion”*** of their packages, effective from 1 July 2008, if they wish to do so.
11. The **dpsa Financial Manual** will be updated and made available in due course.
12. It is possible that the measures contained in this Circular (or Annexes thereto) may be erroneous or that errors may be made in the implementation of the measures. All 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).

13. Departments are requested to ensure that these measures are implemented correctly. Should any problems arise with the implementation of these measures, departments should approach this Department for assistance.



*for* **DIRECTOR-GENERAL**

**Date:** 12/06/2008