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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
Telephone : (012) 336 1258
File : 18/1/P

TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

CIRCULAR NO. 3 OF 2011

IMPROVEMENT IN CONDITIONS OF SERVICE: EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs): 1 MAY 2011

INTRODUCTION

1. The parties to the Public Service Coordinating Bargaining Council (PSCBC) concluded an agreement, namely PSCBC Resolution 2 of 2011, which, *inter alia*, provides for the following:
 - 1.1 Cost-of-living adjustment of 6.8% for employees on salary levels 1 to 12 and those employees covered by Occupation Specific Dispensations (OSDs), who are appointed in terms of the Public Service Act, 1994, the Correctional Services Act, 1998 and the Police Act, 1995, effective from 1 May 2011.
 - 1.2 Revised provisions on medical assistance with effect from 1 April 2011.
 - 1.3 Development of a comprehensive Government Employees Housing Scheme.
 - 1.4 Finalisation of the minimum service agreement, long service awards, night shift allowance and recognition of improved qualifications.

SCOPE OF APPLICABILITY OF THIS CIRCULAR

2. The salary adjustment contained in 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 and the Correctional Services Act, 1998** and who are in service on the **date of implementation** of the adjustment.
3. 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 Executive Authorities concerned:-
 - 3.1 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.
 - 3.2 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.
 - 3.3 Personnel employed in terms of the National Prosecuting Authority Act, 1998.

DETERMINATION BY THE MINISTER FOR PUBLIC SERVICE AND ADMINISTRATION

4. In accordance with section 5(6)(a) of the Public Service Act, 1994 the Resolution is a **determination made by the Minister for Public Service and Administration** in terms of section 3(5) of the Act. In accordance with section 5(6)(b) of the Act the Minister for Public Service and Administration may for proper implementation of the collective agreement 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.**
5. This Circular therefore serves as Implementation Directive by the Minister for Public Service and Administration to elucidate or supplement the Determination.

IMPLEMENTATION OF COST-OF-LIVING ADJUSTMENT PROVIDED FOR IN PSCBC RESOLUTION 2 OF 2011

General

6. The Minister approved the following revised salary scales, and translation keys to translate affected employees to the revised salary scales, in order to give effect to the cost-of-living adjustment of 6.8%, effective from 1 May 2011:

	Appendix	Occupational category and PERSAL Table code
6.1	A	Public Service Act appointees who are not covered by an OSD (so-called non-OSD employees) (PERSAL Tables 264 & 265)
6.2	B	Public Service Act appointees who are still to be translated to an OSD (PERSAL Tables 225 & 232)
6.3	C	OSD for Professional Nurses, Staff Nurses and Nursing Assistants (PERSAL Tables 247 & 248)
6.4	D	OSD for Legally Qualified employees (PERSAL Tables 249 & 250)
6.5	E	OSD for Correctional Services Act employees (PERSAL Tables 262 & 263)
6.6	F	OSD for Educators in the Department of Correctional Services (PERSAL Tables 273 and 274)
6.7	G	OSD for Social Services professions (PERSAL Tables 260 & 261)
6.8	H	OSD for Engineering professions and related occupations (PERSAL Table 269 & 270)
6.9	I	OSD for Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners (PERSAL Tables 267 & 268)
6.10	J	OSD for Therapeutic, Diagnostic and other related Allied Health Professionals

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.
9. A revised schedule containing the sessional rates payable to employees covered by the following OSDs with effect from 1 May 2011 will be provided to the affected national and provincial departments in due course:

- 9.1 Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners.
- 9.2 Therapeutic, Diagnostic and other related Allied Health Professionals.

Implementation by National Treasury (PERSAL)/PERSOL

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

- 10.1 **Salary level 1 to 10 and OSD Non-CTE employees**

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

- 10.2 **Salary level 11 and 12 and OSD CTE package employees**

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

- 10.2.1 Employees admitted to the GEPE

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

- 10.2.2 Employees not admitted to the GEPE

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”**.

- 11. CTE package employees may re-structure the **“flexible portion”** of their packages, effective from 1 May 2011, if they wish to do so.

IMPLEMENTATION OF MEDICAL ASSISTANCE, HOME OWNERSHIP, MINIMUM SERVICE AGREEMENT AND OTHER OUTSTANDING MATTERS PROVIDED FOR IN PSCBC RESOLUTION 2 OF 2011

12. PSCBC Resolution 2 of 2011 also provides for the following resolutions and processes:

12.1 Medical Assistance

12.1.1 Members of GEMS on the Sapphire option, who are currently on salary levels 1 to 5 and receiving free medical assistance, will continue to receive free medical assistance at retirement, with effect from 1 April 2011. Only employees, on salary levels 1 to 5, who retire on the Sapphire option, will continue to receive free medical assistance. This provision includes employees who retired prior to 1 April 2011.

12.1.2 Alignment of the post-retirement medical assistance with the pre-retirement medical assistance for all employees who are members of GEMS with effect from 1 April 2011. This provision includes employees who retired prior to 1 April 2011.

12.1.3 Investigating the principle of equalizing the subsidy payable to members of open medical schemes with those of GEMS. This investigation, and any subsequent process flowing there from, should be concluded by 31 March 2012.

12.2 Home Ownership

12.2.1 Development of a comprehensive Government Employees Housing Scheme (GEHS) that ensures home ownership for all levels of employees within the Public Service.

12.2.2 The GEHS should assist employees by mobilizing public investment, including the Government Employees Pension Fund (GEPF) in the GEHS to –

12.2.2.1 access affordable housing;

12.2.2.2 access housing finance; and

12.2.2.3 rent houses with the view to purchase.

12.2.3 Establishment of a technical working committee to be comprised of organised labour (one representative per admitted union), and an equal number of representatives from the employer to develop the GEHS in accordance with an agreed timetable.

12.2.4 The technical working committee will, amongst other issues, consider and make recommendations with regard to the following:

- 12.2.4.1 Oversight role of the PSCBC with regard to the GEHS.
- 12.2.4.2 Government departments to administer the GEHS.
- 12.2.4.3 Composition of the Board of Trustees to oversee the management of the GEHS.
- 12.2.5 The Concept Paper on the GEHS, as tabled by the employer in the PSCBC, in conjunction with concept paper(s) to be tabled by the labour unions, will facilitate the work of the technical working committee.
- 12.2.6 The GEHS will be concluded by 15 December 2011 and be implemented with effect from 1 April 2012.

12.3 Minimum Service Agreement

Engagement on Minimum Services is elevated to union and employer principal level. The outcome of the engagement will be tabled in the PSCBC for consideration and implemented with effect from 1 April 2012.

12.4 Outstanding matters

- 12.4.1 All outstanding matters emanating from PSCBC Resolutions 1 of 2007 and 5 of 2009 will be subjected to a 2nd round of negotiations which will commence within one month of signing of PSCBC Resolution 2 or 2011.
- 12.4.2 The following outstanding matters will be concluded by 15 December 2011, except for the Remuneration Policy which shall commence by not later than 1 December 2011:
 - 12.4.2.1 Long service awards.
 - 12.4.2.2 Night shift allowance.
 - 12.4.2.3. Recognition of improved qualifications.

NEW DEMANDS REGISTERED BY LABOUR UNIONS DURING THE 2011/12 ROUND OF NEGOTIATIONS

- 13. The following new demands were tabled during the 2011/12 round of negotiations:
 - 13.1 Leave for shop stewards.
 - 13.2 Outsourcing (of services).

- 13.3 Compliance with the Occupational Health and Safety Act.
- 13.4 Performance management and development systems.
- 13.5 Capped leave.
- 13.6 Review of collective agreements on –
 - 13.6.1 pensions.
 - 13.6.2 threshold for overtime calculations.
 - 13.6.3 review of PSCBC Resolution 3 of 2009, which deals with the salary structure and career pathing model for employees not covered by OSDs, in terms of clause 4.2 of the said Resolution.
- 13.7 Delinking the housing allowance from spouses.
- 14 The parties to the PSCBC are committed to negotiate on these new matters, including a multi-term agreement for the 2012/13 to the 2014/15 financial years.

GENERAL MATTERS

- 15. The **DPSA Financial Manual** will be updated and made available in due course.
- 16. As indicated in DPSA Circular 2 of 2010, the effective date for the cost-of-living adjustment for the 2011/12 financial year is 1 May 2011, whereas the effective date for the 2012/13 financial year will be 1 April 2012, and it will remain 1 April for the 2013/14 and subsequent financial years.
- 17. Departments are sensitised that the change of the effective dates for the cost-of-living adjustments for the 2011/12 and 2012/13 financial years does not affect the effective date of annual/biennial (two-yearly) pay progression. **Therefore, the effective date of pay progression remains 1 July of a year.**
- 18. 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 adjustment. 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).

19. 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.

A handwritten signature in black ink, appearing to be "for [unclear]". The signature is written in a cursive style with a large, sweeping flourish at the end.

ACTING DIRECTOR-GENERAL

Date: 6/09/2011