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

### **CIRCULAR NO. 2 OF 2013**

### **IMPROVEMENT IN CONDITIONS OF SERVICE (INCLUDING COST-OF-LIVING ADJUSTMENT) FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDS): 2013/14 FINANCIAL YEAR**

#### **INTRODUCTION**

1. PSCBC Resolution 1 of 2012 provides, amongst others, for the following multi-term cost-of-living adjustments 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, the Police Act, 1995, and the Employment of Educators Act, 1998:
  - 1.1. A 7% cost-of-living adjustment for the 2012/13 financial year, effective from 1 May 2012.
  - 1.2. **A cost-of-living adjustment based on National Treasury's average projected CPI for the 2013/14 financial year plus 1%, effective from 1 April 2013.**
  - 1.3. A cost-of-living adjustment based on National Treasury's average projected CPI for the 2014/15 financial year plus 1%, effective from 1 April 2014.
  - 1.4. If the actual average CPI for a particular financial year is higher or lower than the projected figure, the difference shall be added to or subtracted from the adjustment for the following financial year.

Staatsdiens en Administrasie . Ditirelo tsa Puso le Tsamaiso . Ditshebeliso tsa Mmuso le Tsamaiso . uMnyango wemiSebenzi kaHulumeni nokuPhata

Muhasho wa Tshumelo ya Muvuso na Vhulanguli . Kgoro ya Ditirelo tsa Mmušo . Ndzawulo ya Vutirela-Mfumo na Valawuri

LiTiko le Tebasebenti baHulumende nekuPhatsa . ISebe leNkonzo kaRhulumente noLawulo . UmNyango wemiSebenzi kaRhulumente nokuPhata

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

2. The cost-of-living adjustment communicated 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**.
3. The measures contained in this Circular do 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, is being dealt with separately and, where applicable, particulars thereof will be announced as soon as possible by the Executive Authorities concerned:-
  - 3.1. Members of the Senior Management Service (SMS) (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 THE PUBLIC SERVICE AND ADMINISTRATION (MPSA)**

### **Cost-of-living adjustment**

4. In accordance with section 5(6)(a) of the Public Service Act, 1994 the Resolution is a **determination made by the MPSA** in terms of section 3(5) of the Act for Public Service Act and Correctional service Act appointees.
5. Based on the 2013 Budget Review CPI forecast of 5.6%, the Minister for Public Service and Administration determined a cost-of-living adjustment of 6.6% for the FY 2013/14, effective from 1 April 2013.

### **Standardisation of the daily/hourly rates for casual workers and contract employees and inclusion of a factor in the rates to compensate for in lieu of benefits for contract employees**

6. A casual worker, as defined in terms of the Leave Determination and PSCBC Resolution 1 of 2007, is a person –
  - 6.1. Employed on a day-to-day basis;
  - 6.2. who is paid a daily wage; and
  - 6.3. Who does not work for more than 24 hours per month.

7. The person must meet all the mentioned criteria in order to be classified as a casual worker; if not, he or she is classified as a contract employee. Casual workers are not eligible for leave.
8. A Contract worker, on the other hand, is a person employed for a fixed term, but excludes a casual worker or an employee to whom a retirement age applies. Therefore, so-called casual or sessional workers who enter into an employment contract with the state, as employer, to perform duties for even less than 24 hours per month, is regarded as a contract employee. A contract employee, who for purposes of the Leave Determination is regarded as a temporary employee, is eligible for various types of leave (including vacation leave) on a pro-rata basis.
9. In standardising the determining of hourly/daily rates for contract employees appointed in terms of the Public Service Act, 1994 and Correctional Services Act, the MPSA determined the following calculation basis (formula), effective from 1 April 2013:

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

10. In the event that hourly/daily rates in Annexure B to the Financial Manual are already higher than what it would be in terms of the revised calculation basis, the Minister determined that the affected rates must be retained at existing levels, without any adjustments, until such time that it is equal to the rate in terms of the revised calculation basis. Once parity has been achieved, the DPSA would maintain the affected rates through the formula.

#### **DPSA Circular**

11. In accordance with section 5(6)(b) of the Public Service Act the MPSA 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.** 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 and the Correctional Services Act.

### **IMPLEMENTATION OF THE COST-OF-LIVING ADJUSTMENT**

#### **General**

12. The MPSA 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 6.6%, effective from 1 April 2013:

	<b>Appendix</b>	<b>Occupational category and PERSAL Table code</b>
6.1	<b>A</b>	Public Service Act appointees <b>who are <u>not covered</u> by an OSD</b> (so-called non-OSD employees) (PERSAL Tables 264 & 265)
6.2	<b>B</b>	Public Service Act appointees <b>who are <u>still to be translated</u> to an OSD</b> (PERSAL Tables 225 & 232)
6.3	<b>C</b>	OSD for Professional Nurses, Staff Nurses and Nursing Assistants (PERSAL Tables 247 & 248)
6.4	<b>D</b>	OSD for Legally Qualified employees (PERSAL Tables 249 & 250)
6.5	<b>E</b>	OSD for Correctional Services Act employees (PERSAL Tables 262 & 263)
6.6	<b>F</b>	OSD for Educators in the Department of Correctional Services (PERSAL Tables 273 and 274)
6.7	<b>G</b>	OSD for Social Services professions (PERSAL Tables 260 & 261)
6.8	<b>H</b>	OSD for Engineering professions and related occupations (PERSAL Table 269 & 270)
6.9	<b>I</b>	OSD for Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners (PERSAL Tables 267 & 268)
6.10	<b>J</b>	OSD for Therapeutic, Diagnostic and other related Allied Health Professionals (PERSAL Tables 278 & 279)

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

13. For 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 posts are deemed to be in receipt of salaries equivalent to the maximum notches of the standard salary levels attached to their posts.
14. Departments should submit proposals to this Department on any remuneration, rates, allowances, etc. which are not covered in this Circular or the Appendices thereto, and which have to be adjusted.

15. The sessional rates payable to employees covered by the following OSDs, effective from 1 April 2013, are attached as Appendix K.

15.1. Nurses.

15.2. Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners.

15.3. Therapeutic, Diagnostic and other related Allied Health Professionals.

### **Implementation by National Treasury (PERSAL)/PERSOL**

16. 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 affected OSD employees to their revised **Cost-to-Employer (TCE) packages**, will be dealt with as follows:

#### **16.1. Salary level 1 to 10 and OSD Non-TCE employees**

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

#### **16.2. Salary level 11 and 12 and OSD TCE package employees**

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

##### **16.2.1. Employees admitted to the GEPF**

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

##### **16.2.2. Employees not admitted to the GEPF**

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

17. TCE package employees may re-structure their packages, effective from 1 April 2013, if they wish to do so.

### **GENERAL MATTERS**

18. The DPSA Financial Manual will be updated accordingly.

19. 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 of the adjustment. Affected employees must be informed in writing that errors will be rectified and that any overpayments or underpayments due to errors will be rectified.

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

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher. The signature is written over a faint, circular stamp or watermark.

**DIRECTOR-GENERAL**

Date: 2013/02/28