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TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

CIRCULAR NO. 2 OF 2014

COST-OF-LIVING ADJUSTMENT FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs): 2014/15 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. Cost-of-living adjustment based on National Treasury's average projected Consumer Price Index (CPI) for the 2014/15 financial year plus 1%, effective from 1 April 2014.
 - 1.2. Furthermore, if the actual average CPI for a particular financial year is higher or lower than the projected figure, the employer shall add or subtract the difference from the adjustment for the following financial year.
2. National Treasury projects the average CPI for the 2014/15 fiscal year at 6.2%. Based on this figure the salaries of employees on salary levels 1 -12 will be adjusted by 7.2% for the 2014/15 fiscal year.
3. The 2013/14 cost-of-living adjustment was based on National Treasury's projected average CPI figure of 5.6% for the 2013/14 fiscal year. The actual average CPI for the 2013/14 fiscal year is 5.8%, resulting in a shortfall of 0.2%.
4. As contained in paragraph 1.2 above, any shortfall in the 2013/14 cost-of-living adjustment will be added to the 2014/15 cost-of-living adjustment.

Staatsdiens en Administrasie . Ditirelo tsa Puso le Tsamaiso . Ditshebeltso 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

5. The cost-of-living adjustment 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**.
6. These measures 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:-
 - 6.1. Members of the Senior Management Service (SMS) (salary levels 13 to 16).
 - 6.2. 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.
 - 6.3. Personnel employed in terms of the National Prosecuting Authority Act, 1998.

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

7. 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.
8. The MPSA's determined a cost-of-living adjustment of 7.4% for the 2014/15 financial year, effective from 1 April 2014. The percentage increase is made up as follows:
 - 8.1. 2014/15 CPI forecast of 6.2%.
 - 8.2. An additional 1% for a real increase, as per PSCBC Resolution 1 of 2012.
 - 8.3. An additional 0.2% to cover the shortfall referred to in paragraph 2 above.
9. 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 and the Correctional Services Act.

IMPLEMENTATION OF THE COST-OF-LIVING ADJUSTMENT

General

10. To give effect to the cost-of-living adjustment, the MPSA approved the following revised salary scales, and translation keys to translate affected employees to the revised salary scales:

	Appendix	Occupational category and PERSAL Table code
10.1	A	Public Service Act appointees who are <u>not covered</u> by an OSD (so-called non-OSD employees) (PERSAL Tables 264 & 265)
10.2	B	OSD for Professional Nurses, Staff Nurses and Nursing Assistants (PERSAL Tables 247 & 248)
10.3	C	OSD for Legally Qualified employees (PERSAL Tables 249 & 250)
10.4	D	OSD for Correctional Services Act employees (PERSAL Tables 262 & 263)
10.5	E	OSD for Educators in the Department of Correctional Services (PERSAL Tables 273 and 274)
10.6	F	OSD for Social Services professions (PERSAL Tables 260 & 261)
10.7	G	OSD for Engineering professions and related occupations (PERSAL Table 269 & 270)
10.8	H	OSD for Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners (PERSAL Tables 267 & 268)
10.9	I	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

11. 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.

12. Departments should submit proposals to the DPSA on any remuneration, rates, allowances, etc. which are not covered in this Circular, or the Appendices thereto, and which have to be adjusted.

13. The sessional rates payable to employees covered by the following OSDs, effective from 1 April 2014, are attached as Appendix J.
 - 13.1. Professional Nurse, Staff (Enrolled) Nurse and Nursing Assistant.
 - 13.2. Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners.
 - 13.3. Therapeutic, Diagnostic and other related Allied Health Professionals.

Implementation by National Treasury (PERSAL)/PERSOL

14. 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 **Total Cost-to-Employer (TCE) packages**, will be dealt with as follows:
 - 14.1. **Salary level 1 to 10 and OSD Non-TCE employees**

PERSAL/PERSOL will implement the translation to the revised notches programmatically.
 - 14.2. **Salary level 11 and 12 and OSD TCE package employees**

PERSAL/PERSOL will implement the translation to the revised CTE packages programmatically in the following manner:
 - 14.2.1. 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”***.
 - 14.2.2. 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”***.
15. TCE package employees may re-structure their packages, effective from 1 April 2014, if they wish to do so.

GENERAL MATTERS

16. The DPSA will issue an updated Financial Manual in due course.
17. 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.

18. The DPSA requests Departments to ensure that they implement these measures correctly. Should any problems arise with the implementation thereof, departments must approach the DPSA for assistance.



A DIRECTOR-GENERAL

Date: 2014/4/23