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TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

CIRCULAR NO. 3 OF 2016

IMPROVEMENT IN CONDITIONS OF SERVICE FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs): COST-OF-LIVING ADJUSTMENT WITH EFFECT FROM 1 APRIL 2016

INTRODUCTION

1. PSCBC Resolution 8 of 2015 provides for the following cost-of-living adjustment 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. Salary adjustment, for the period 1 April 2015 to 31 March 2016, effective from 1 April 2015, of 7%. (The adjustment was implemented in 2015).
 - 1.2. **Salary adjustment, for the period 1 April 2016 to 31 March 2017, effective from 1 April 2016, will be based on the average projected Consumer Price Index (CPI) plus 1%.**
 - 1.3. Salary adjustment for the period 1 April 2017 to 31 March 2018, effective from 1 April 2017, will be based on the average projected CPI plus 1%.
 - 1.4. The forecasts of National Treasury shall be used to determine the average projected CPI.
2. National Treasury projects the CPI for the 2016/17 financial year at 6.6% (source Table 3.1 to the 2016 Budget Review).

SCOPE OF APPLICABILITY OF THIS CIRCULAR

3. The cost-of-living adjustment provided for in the 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**.
4. The Circular does 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, will be addressed by the Executive Authorities concerned:-

- 4.1. Members of the Senior Management Service (SMS) (salary levels 13 to 16).
- 4.2. 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.
- 4.3. Personnel employed in terms of the National Prosecuting Authority Act, 1998.

DETERMINATION BY THE MINISTER FOR PUBLIC SERVICE AND ADMINISTRATION

5. In accordance with section 5(6)(a) of the Public Service Act, 1994, PSCBC Resolution 8 of 2015, which regulates the improvement in conditions of service of employees, is a **determination made by the Minister** in terms of section 3(5) of the Act for Public Service Act and Correctional Service Act appointees.
6. Based on National Treasury's projected CPI for 2016/17, the Minister's determination is a cost-of-living adjustment of **7.6%** for 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**, effective from 1 April 2016. The adjustment is made up by the projected CPI of 6.6% **plus** the additional 1% stipulated in PSCBC Resolution 8 of 2015.
7. In accordance with section 5(6)(b) of the Public Service Act the Minister 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

8. To give effect to the cost-of-living adjustment, the Minister 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
1	A	Public Service Act appointees who are not covered by an OSD (PERSAL Tables 264 & 265)
2	B	OSD for Professional Nurses, Staff Nurses and Nursing Assistants (PERSAL Tables 247 & 248)
3	C	OSD for Legal employees (PERSAL Tables 249 & 250)
4	D	OSD for Correctional Services Act employees (PERSAL Tables 262 & 263)
5	E	OSD for Educators (Department of Correctional Services) (PERSAL Tables 273 and 274)
6	F	OSD for Social Services professions (PERSAL Tables 260 & 261)
7	G	OSD for Engineering professions and related occupations (PERSAL Tables 269 & 270)

8	H	OSD for Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners (PERSAL Tables 267 & 268)
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

9. For purpose of classifying 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 the grading level of their posts.
10. Noting that in terms of section 5(4) of the Public Service Act no functionary may deviate from any collective agreement or the determined salary scales, departments should submit to the DPSA any remuneration, rates, allowances, etc. which are not covered in this Circular, or Appendices thereto, and which have to be adjusted.
11. The sessional rates payable to employees covered by the following OSDs, effective from 1 April 2016, are attached as Appendix J.
 - 11.1. Professional Nurse, Staff (Enrolled) Nurse and Nursing Assistant.
 - 11.2. Medical Officers, Medical Specialists, Dentists, Dental Specialists, Pharmacologists, Pharmacists and Emergency Care Practitioners.
 - 11.3. Therapeutic, Diagnostic and other related Allied Health Professionals.
 - 11.4. Social Worker.

Implementation by National Treasury (PERSAL) and Department of defence (PERSOL)

12. The translation of employees on salary levels 1 to 10 and affected 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:
 - 12.1. Salary level 1 to 10 and OSD employees remunerated by means of a notch

PERSAL/PERSOL will implement the translation to the revised notches programmatically.
 - 12.2. Salary level 11 and 12 and OSD employees remunerated by means of an TCE package

PERSAL/PERSOL will implement the translation to the revised TCE packages programmatically in the following manner:
 - 12.2.1. 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"**.

12.2.2. Employees not admitted to the GEPP

The adjustment to the entire TCE package is added as default to the item "*non-pensionable cash allowance*" in the component "*flexible portion*".

13. TCE package employees may re-structure their packages, effective from 1 April 2016, if they wish to do so.

GENERAL MATTERS

14. The DPSA will issue an updated the DPSA Financial Manual in due course.
15. Please note that Appendix B to the 2014 Financial Manual, which provided for RATES FOR CASUAL WORKERS, was repealed on 1 July 2015. Hourly and daily rates for contract and casual employees appointed in terms of the Public Service Act, 1994 and Correctional Services Act are calculated as follows:

Notch (inflated with 37%) or TCE remuneration package
Prescribed work hours per week for a full-time employee X 52 weeks

16. A daily rate is determined by multiplying the hourly rate with the prescribed work hours per day for an equivalent full-time employee.
17. In the event that hourly/daily rates in Appendix B to the 2014 Financial Manual are still higher than what it would be in terms of the stipulated formula, the Minister determined that such rates must be retained (protected) at existing levels, without any adjustment to it, until such time that it become equal to the rates calculated in terms of the formula, after which the rates calculated in terms of the prescribed formula will prevail. Departments' attention is drawn to Public Service Regulations Chapter 1, Part V/C.8 and DPSA Circular 2 of 2013 in this regard.
18. 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.
19. Executing Authorities are to ensure that they implement these measures correctly. Should any problems arise with the implementation thereof, departments must approach the DPSA for assistance.

pp. [Signature] (acting)

DIRECTOR-GENERAL

DATE: 31/3/2016