higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

Private Bag X174, PRETORIA, 0001, 123 Francis Baard Street, PRETORIA, 0002, South Africa
Tel: (012) 312 5911, Fax: (012) 321 6770
Private Bag X9192, CAPE TOWN, 8000, 103 Plein Street, CAPE TOWN, 8001, South Africa
Tel: (021) 469 5175, Fax: (021) 461 4761

FUNCTION SHIFT HUMAN RESOURCES AND FINANCIAL MANAGEMENT CIRCULAR 3 OF 2015

TO: PROVINCIAL EDUCATION DEPARTMENTS – SUPERINTENDENT-GENERALS
CC: PROVINCIAL EDUCATION DEPARTMENTS – FUNCTION SHIFT LIAISON OFFICERS
CC: PROVINCIAL EDUCATION DEPARTMENTS - HUMAN RESOURCES CHIEF DIRECTORATES
CC: PROVINCIAL EDUCATION DEPARTMENTS – ADULT EDUCATION AND TRAINING UNIT HEADS AND PUBLIC ADULT LEARNING CENTRES
CC: PRINCIPALS, DEPUTY PRINCIPALS AND HUMAN RESOURCES MANAGERS OF TECHNICAL, VOCATIONAL EDUCATION AND TRAINING COLLEGES
CC: ALL EMPLOYEES MIGRATING TO THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

FUNCTION SHIFT OF TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING COLLEGES AND ADULT EDUCATION AND TRAINING CENTRES: HUMAN RESOURCES AND FINANCE (PAYROLL) ADMINISTRATION PROCESSES PRE AND POST 1 APRIL 2015

The Department of Higher Education and Training (DHET) is in the process of finalising the centralised salary related functions for Technical and Vocational Education and Training (TVET) Colleges and Adult Education and Training (AET) Centres as from 1 April 2015.Included as part of this process your Department is requested to convey the following arrangements and instructions to all transferring officials as a matter of urgency.

FINANCE (PAYROLL) ADMINISTRATION

1. **INSURANCE RELATED DEDUCTIONS**

   The following should be taken into account with regards to insurance related deductions such as funeral policies, life insurance and retirement annuity:

- Insurance deductions for officials currently on PERSAL will automatically be transferred onto the PERSAL system of the Department of Higher Education and Training where programmatic transfers took place, i.e. where the PED was able to transfer PERSAL staff records electronically;

- Insurance deductions for officials not currently on PERSAL or where no programmatic transfer took place will **not** be transferred automatically on the PERSAL system of the Department of Higher Education and Training. It is therefore the responsibility of each individual transferring official to ensure that they have set up payment requests from the relevant insurance companies via their personal bank accounts for payments to be made as from 1 April 2015,as they may not be automatically transferred.Officials should therefore make sure that funds for all insurance related deductions are provided for.

2. TAX DEDUCTIONS

- Officials will receive two IRP5's in respect of salaries for the 2015 tax year which will be issued during 2016. The first IRP5 for March 2015 will be issued at the OldEmployer (TVET College/AET Centre/Provincial Education Department). The second IRP5 will be issued by the New Employer (DHET).

3. COURT ORDERS

With regard to court orders such as garnishee orders, maintenance orders and administration orders that are deductions on salaries:

- Court order deductions for officials currently on PERSAL will automatically be transferred onto the PERSAL system of the Department of Higher Education and Training where programmatic transfers took place, i.e. the PED was able to transfer PERSAL staff records electronically;
- Court order deductions for officials not currently on PERSAL or where no programmatic transfer took place will not be transferred automatically on the PERSAL system of the Department of Higher Education and Training but will be captured manually.
- It is the responsibility of HR Departments / individual transferring officials to ensure thatthey have set up payment requests related to such court orders via their personal bank accounts for payments to be made.
- Officials should therefore make sure that funds for all court order related deductions are prioritised in their bank accounts.

4. SALARY ADVICE AND PAY SHEETS

- Salary advices together with original pay sheets will be distributed once a month through courier services to the various colleges/distribution points. For April 2015 the salary advices and original pay sheets will be distributed in the first week of May 2015 to the various colleges/distribution points. College / AET Management are to ensure that these are issued to all staff on a monthly basis;
- Officials should sign off on the pay sheets for receipt of salary advices. The signed off salary advice should then be returned to the Department through email/fax as follows:

Province	DHET Official Name	Email Address	Fax Number
Western Cape & North West	Ms E Ndala	Ndala.e@dhet.gov.za	0862989963
KwaZulu Natal & Mpumalanga	Mr J Naude	naude.s@dhet.gov.za	0864571672
Eastern Cape &Limpopo	Mr Z Sefula	sefula.z@dhet.gov.za	0867140271
Gauteng, Free State & Northern Cape	Ms V Masingi	masingi.v@dhet.gov.za	0867140137

- Pay sheets will be distributed with every salary run to the various responsibility managers for certification of the pay sheets by the responsibility managers. These should be returnedthrough either email/fax within five working daysas outlined above. Originals should be kept by responsibility managers on a file.

HUMAN RESOURCE MANAGEMENT ADMINISTRATION

1) GOVERNMENT EMPLOYEES PENSION FUND (GEPF)

The following should be taken into account with regards to GEPF deductions:

- For officials who are currently appointed on the Provincial Education PERSAL system and are in the service of TVET Colleges and AET Centres respectively, pension deductions will automatically be transferred onto the PERSAL system of the Department of Higher Education and Trainingwhere programmatic transfers took place, i.e. the PED was able to transfer PERSAL staff records electronically.
- Where officials are currently appointed and remunerated via the College Councilor where no programmatic transfer took place, the GEPF deduction will have to be captured manually. This process has already commenced by appointing these employees onto the DHET PERSAL system which will affect GEPF pension from 1 April 2015.
- In cases of Collegeemployees currently receiving the 37% non-pensionable allowance, GEPF will not be affected as the 37% will continue as is for now unless otherwise stated by the employee. Notice of changes of the 37% cash in lieu of benefits to actual benefits will be provided to staff within a 12 month period from date of transfer (1 April 2015).

PLEASE NOTE:

- The transfer of TVET College and AET Centre Staff to DHET is a transfer of undertaking in terms of the Labour Relations Act (LRA) Section 197. This means that all staff affected will be transferring their existing contracts from their current employers to the DHET – it is not a termination or severing of existing employment contracts.

- Pension rules state that cashing out of pension / provident funds will only be applicable if an employment contract is terminated or severed. Due to Section 197 of the Labour Relations Act (LRA) ensuring that staff retain existing contracts of employment, staff are thereforenot eligible to cash out existing pension/provident funds as their contracts will remain intact and will not sever or be terminated.

- To clarify, Section 14.4 of the Pensions Act which relates to Transfers in terms of Section 197 of the LRA, is clear that:

  (a) "If the members affected by the transfer of business become members of another approved pension or provident established for the employees of the organisation to which business of the Employer is transferred, the Members' Member Shares will be transferred to such approved pension or provident fund in terms of Section 14 of the Act, and they will not be entitled to their Member Shares or a portion thereof in cash.

  (b) If there is no approved pension or provident fund deemed suitable by the Board for employees of the organisation to which the business of the Employer is transferred;
    i. The Board may determine that the Members Shares of the members affected by the transfer be transferred to an approved retirement annuity fund in terms of section 14 of the Act, or
    ii. The Board may determine that the members affected by the transfer remain members of the fund for a certain period and on certain conditions, provided that, for that period, the organisation to which the business of the Employer is transferred, becomes an Employer for the purposes of the rules, and
    iii. The Board may, at the request of the organisation to which the business of the Employer is transferred, determine that all new employees of such organisation become Members of the fund also for a certain period and on certain conditions.

  (c) If paragraphs (a) and (b) of this rule do not apply the members affected by the transfer will be entitled to their withdrawal benefits under the fund."

- It is therefore clear that Section (a) in particular applies to all staff affected by the transfer to DHET on 1 April 2015, and in turn means that withdrawal of benefits by transferring staff is not applicable or an automatic entitlement.

- An employee who wishes to access existing pension / provident fund money would effectively need to resign from service / terminate or sever their existing contract in order to receive the cash. This will mean that such employee will therefore not transfer to DHET as they will effectively no longer have a valid contract that is to transfer from the Old Employer to the New Employer (DHET) in terms of the LRA.

2. HOUSING

- Officials who are currently appointed on the PERSAL system and are in service of TVET Colleges and AET Centres respectively will automatically continue to receive their monthly Housing Allowance amount of R900 per monthwhere programmatic transfers took place, i.e. the PED was able to transfer PERSAL staff records electronically.
- Officials who are currently appointed and remunerated via the College Councilor where no programmatic transfer took place, and who receive monthly Housing Allowance, will have to be captured manually. Please note that the maximum amount for Housing Allowance is R900 per month. The PERSAL system will automatically prevent any other amount from being captured into the system.

3. MEDICAL AID SCHEME

With regards to Medical Scheme contributions and deductions the following has reference:

- For officials who are currently appointed on the PERSAL system and contribute towards a Medical Scheme, irrespective of the scheme type, the monthly deduction and benefit will automatically be carried overwhere programmatic transfers took place, i.e. the PED was able to transfer PERSAL staff records electronically.
- With regards to those officials who are in service of the College Councilor where no programmatic transfer took place, the Medical Deduction will have to be captured into the PERSAL system.

PLEASE NOTE:

- In cases where a government official contributes for the first time to a Medical Scheme it is compulsory for that official, to be a member of/affiliated withGEMS (Government Employees Medical Scheme). In the context of the transfer to DHET, staff transferring will be considered 'first time' contributors to GEMS, making it compulsory for staff to be members of the medical scheme.

- The only exception to the above point for now will be staff currently receiving 37% in lieu of benefits. In these casesstaff will continue to receive the 37% in lieu of benefits, unless otherwise stated by the employee, untilnotice of the change from the 37% cash in lieu of benefits to actual benefits is provided to staff within a 12 month period from date of transfer (1 April 2015).

- If an employeewishes to contribute to an alternative Medical Scheme other the GEMS, such an employee will have to pay the "full" monthly deduction to the Medical Scheme. The full GEMS subsidy for staff will not be provided in these cases but instead staff will receive a proportion of this subsidy.

- Officials who wish to contribute to alternative Medical Schemes will have to make alternative arrangements for the monthly amount to be paid over to the Medical Scheme concerned – e.g. from their bank account.

- Please be informed that in cases where a College Council Employee is affiliated to an alternative medical scheme and monthly deductions are implemented, special and alternative arrangements will have to be applied for the official concerned to remain a member of his / her preferred Medical Scheme, e.g.Proof of the relevant monthly deductions and membership details including the number will be required.

4. 13TH CHEQUE/ ANNUAL BONUS PAYMENT

With reference to the 13th Cheque /Annual Bonus payment, the following will be applicable:

- Officials who are currently appointed and remunerated on the PERSAL system will automatically continue to receive their 13th Cheque /Annual Bonus payment in their birth month. This information will automatically be transferred to the Department of Higher Education and Trainingwhere programmatic transfers took place, i.e. the PED was able to transfer PERSAL staff records electronically.
- Where an official is a College Council employee receiving an annual bonus payment in December, this will change from 1 April 2015 to the month of birth being the month in which the13th cheque/ annual bonus payments will be made.

- Where an official is a College Council employee receiving an annual bonus on their month of birth, this will continue to be the case post 1 April 2015.
- The above principles related to 13th cheques are likely therefore to result is staff being paid 2 separate pro-rata payments of the 13th cheques within the next 12 months beginning 1 April 2015.

TO CLARIFY THE ABOVE:

- The '13th cheque/Annual Bonus' year for purposes of transfer to the DHET will be from 1 April 2014 to 31 March 2016.

- This means that all bonuses payable by DHET after 1 April 2015 will be a pro-rata payment until 31 March 2016. For example, if an employee's birth month is June, then in June 2015 they will receive 3/12ths (i.e. April to June 2015) worth of bonus from DHET as the new employer. The balance of the bonus payment should be a pro-rata payment made by the current employer (College).
  Therefore in this example, DHET will pay 3/12ths worth of bonus and the College will make 9/12ths worth of payment (i.e. June 2014 to March 2015), resulting in a full bonus being paid in 2 separate pro-rata payments within the next 12 months.

- To further clarify, should a bonus be due in a birth month of February 2015, then the college should pay the employee a pro-rata payment of 2/12ths (i.e. February to March 2015). The remaining 10/12ths (April 2015 to January 2016) will be paid by DHET in February 2016.

- Where employees had received annual bonus payments in December 2014, the College is to pay a pro-rata amount up to March 2015 to cater for the first part of the year. DHET as the new employer will then pay a pro-rata bonus during the birth month of the employee from 1 April 2015 onwards. For example, should an employee's birth month be in Julyand they had received a full bonus payment in December 2014, the following will apply:
  - ✓ College will pay a pro-rata payment of 3/12ths (i.e. January to March 2015) to the employee in 2015;
  - ✓ DHET will pay a pro-rata payment of 4/12ths (i.e. April to July 2015) in 2015;
  - ✓ DHET will then pay a full years bonus payment in July 2016 (i.e. July 2015 to June 2016) resulting in the employee now being in a full year cycle for bonuses going forward.

5. STATUTORY DEDUCTIONS

With reference to statutory deductions, please note the following:

- Where officials are currently appointed on the PERSAL system, the monthly statutory deduction will automatically be carried over to Department of Higher Education and Trainingwhere programmatic transfers took place, i.e. the PED was able to transfer PERSAL staff records electronically.
- Statutory deductions that are currently being deducted from officials who are currently appointed and remunerated via College Councilsor where no programmatic transfer took place will have to be captured manually onto the PERSAL system.This process will only be able to be processed once the PERSAL system has opened for the month of April 2015 which is 22 March 2015.
- It is compulsory for all government officials to be affiliated to and to be a member of a Union (Stakeholder). In cases where a government employee is not registered with a Stakeholder a monthly deduction of R78, 96 in respect of the Public Service Central Bargaining Chamber (PSCBC) Agency will automatically and programmatically be deducted from the monthly salary.

6. SOUTH AFRICAN COUNCIL OF EDUCATORS (SACE) REGISTRATION

- It is a requirement that all educators be registered with a professional body which in this case is the South African Council of Educators (SACE). It is therefore expected that all educators in the sector are registered with SACE by 31 December 2017.

7. PAY GROUPS (Date of Payment)

- From 1 April 2015, there will be 3 main pay dates for staff who transfer to the DHET, namely 15th, 25th and 30th of each month.
- In cases where the 15th, 25th or 30th of the month falls over the weekend, the pay date will be the Friday closest to that pay date.
- For lecturing staff / educators who accrue Urgent and Private Affairs (UPA) leave, as well as get paid on term closure dates, the pay date will change from the current 30th of the month (where applicable) to the 25th of every month. This is to ensure that accrual of UPA leave is managed and that these staff are able to get paid at term closure periods.
- For all other staff pay dates will either remain the same or change to either the 15th, 25th or 30th of each month as follows:

Current Pay Date	New Pay Date	Impact of Change
15th of Month	15th of Month	There will be no change to pay date unless you are a Lecturer / Educator as outlined above.
16th – 24th of Month	15th of Month	Pay date moves forward
25th of Month	25th of Month	There will be no change to pay date unless you are a Lecturer / Educator as outlined above.
26th – 29th of Month	25th of Month	Pay date moves forward
30th of Month (Lecturer / Educator)	25th of Month	Pay date moves forward to ensure management of UPA and term closure payments
30th of Month (Support Staff)	30th of Month	No change for Support Staff

Please ensure that you have understood all of the above an implemented accordingly. Your assistance in this respect will be appreciated.

Kind regards

Ms Lulama Mbobo
Deputy Director-General: Corporate Services
Date: 11/03/2015