

Update: Medical aid and housing

Adjustment of medical-aid subsidy for employees on GEMS

Members are aware that clause 6(3)(2) of PSCBC Resolution 2/2015 provides that the future adjustment of medical assistance will be in accordance with the Medical Price Index (MPI) and will be adjusted on 1 January of each year. Subsequently, the DPSA issued Circular 48 of 2022 to communicate such adjustment with effect from 1 January 2023. It must, however, be noted that employees belonging to medical-aid schemes other than GEMS will continue to receive an employer subsidy to a maximum of R1 014 per month, if employed before 2006. Employees who joined public service after 1 July 2006 and decided not to join GEMS but other medical schemes will not receive any subsidy from the employer. Currently, only employees on GEMS enjoy a 75% subsidy, although limited to a maximum employer subsidy. Employees transferring to a state-owned entity through section 197 of the *Labour Relations Act* could still enjoy GEMS membership, provided that an agreement is concluded providing for such. Employees on salary level 5 and below will enjoy 100% subsidy on the Tanzanite One option.

Members must note that the PSA fought for equalisation of the medical-aid subsidy without success and the subsidy of those not belonging to GEMS remained stagnant as a way to attract public servants to GEMS.

The maximum adjusted employer subsidy will be as follows from 1 January 2023:

- Principal member without a dependent: R1 701
- Member with one dependent: R3 402
- Member with two dependents: R4 442
- Member with three dependents: R5 482
- Member with four or more dependents: R6 522 (4.75%)

NB: The employer adjustment amounts to 4.75%.

Housing Allowance for Public Service

Clause 4.6 of PSCBC Resolution 7/2015 provides that the annual adjustment of the housing allowance will be in accordance with the average Consumer Price Index (CPI) for the preceding financial year, implementable on 1 July of each year. Based on the average CPI for the previous financial year, being 5.22% as determined by Statistics South Africa, the employer has increased the allowance as follows:

- R1 500.07 to R1 578.37 (R78.30) for homeowners.
- R900 for tenants with legal rental agreements who were appointed before 27 May 2015 and R678.37 will be saved for employees.
- Employees appointed after 27 May 2015 and not owning houses will have all their allowance of R1 578.37 saved for them, meaning they will receive nothing despite having legal rental agreements.

The adjustment will be backdated from 1 July 2022 as per the provision of PSCBC Resolution 7/2015.

Members will be informed of developments.

Employees who want to join the PSA can visit the PSA's website (www.psa.co.za), send an email to ask@psa.co.za, or contact PSA Provincial Offices.

GENERAL MANAGER