



MINISTRY OF FINANCE

CF 80A

PEU CIRCULAR No. 1/2012

16 May, 2012

To: All Chief Executives of Category A Public Enterprises

Definition of “Major” - 2012

1. In line with previous practice, the PEU advises all Category A Public Enterprises of SCOPE’s annual definition of the rate of increase for salaries, wages, conditions of service, fees, rates, prices, tariffs and other charges that is used to define “major”, as contained in Section 10 of the Public Enterprises (Control and Monitoring) Act, 1989.
2. At its meeting held on Tuesday 8th May 2012 SCOPE decided that all such proposed increases, except wages and salaries, that exceed 3.5% must be approved in writing by the responsible Minister after having received SCOPE’s approval.
3. Please note that for 2012, just like in 2011, in the case of wages and salaries SCOPE directed that “Major” should be 0% (zero percent).
4. Please note also that “Major” for 2012 is the same as for 2011.
5. If you want to increase salaries above (zero percent) 0% you need to get mandate from your Ministry before you negotiate, agree and sign any agreements with staff unions. This was communicated to Chairpersons of category A Public Enterprises by Sub-SCOPE.
6. Chief Executives are asked to bring this to the attention of their respective Boards, and to kindly observe this requirement until further notice. See the attached sheet on details of the applicability of the rate.
7. If you are in any doubt regarding the applicability of this rate, please consult the PEU.

Victor Nxumalo
Director
Public Enterprises Unit

Definition of “Major” for 2012

Tariffs, Prices, Rates, Fees, Charges

Major if greater than 3.5% per year.

Investment

Major if investment exceeds 3.5% of total capital employed, or 3.5% of fixed assets per year.

Expansion of Operations

Major if investment exceeds 3.5% of total capital employed, or 3.5% of fixed assets per year.

Close, Sell, Liquidate or Divest

Major if the unit contributes 3.5% or more of revenue per year, or if the unit comprises 3.5% or more of total assets per year, or if it is any part of the business even if it is below 3.5% of total assets per year.

Salaries and Wages

Major is zero (0%) of total wage bill per year. Ask for SCOPE approval before you negotiate and sign for salary increase above zero (0 %)

Terms and Conditions of Service

Major if there is any change in the current terms and conditions of service of staff.

More than One Increases per year

Major if you request for **more than one** increase within a year that will amount to more than 3.5% when combined.