



the dpsa

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TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

DPSA CIRCULAR 2 OF 2008

IMPROVEMENT IN CONDITIONS OF SERVICE OF MEMBERS OF THE SENIOR MANAGEMENT SERVICE (SMS): 1 SEPTEMBER 2008

Introduction

1. The SMS was established in January 2001, and a cost-to-employer remuneration system, namely the inclusive flexible remuneration package system, was implemented with effect from 1 January 2001 for SMS members on salary levels 13 to 16 in the Public Service. The objectives were to implement and maintain a modern and flexible remuneration dispensation with the view to, among other things, enhance departments' external equality in relation to the labour market in order to recruit and retain SMS members with the necessary skills and competencies.
2. Almost 8 years has lapsed since the implementation of the SMS remuneration dispensation, and the question has arisen whether the dispensation still supports the intended objectives of the introduction of the SMS. The Minister for the Public Service and Administration, in terms of the Public Service Regulations (2001), Chapter 4, Part IV, appointed a SMS Remuneration Panel to advise her on the review of the conditions of service for members of the SMS.
3. The Panel concluded that, overall, the SMS remuneration dispensation is still appropriate. However, there are certain adjustments that need to be effected in order to make it more functional and relevant for the needs of government. These recommendations were interrogated in depth in various forums in Government, and eventually Cabinet approved certain of these recommendations.

Scope of applicability

4. The determinations contained in this Circular apply only to SMS members who are appointed in terms of the **Public Service Act, 1994**, and the **Correctional Services Act, 1998**.
5. Similar determinations for SMS members employed in terms of the **South African Police Service Act, 1995**, and the **Defence Act, 2002**, will be dealt with by the Ministers for Safety and Security and Defence respectively.

Determinations by the Minister for the Public Service and Administration

6. The Minister for the Public Service and Administration has determined the following in terms of section 3(5)(a) of the Public Service Act, 1994, as amended, read with the Public Service Regulations (Chapter 4, Part 4, Section B1):
 - 6.1. A revised remuneration structure for **full-time** and **part-time** SMS members (Annexure A), aligned at 75% of the average market median, with effect from 1 September 2008 for SMS members on salary levels 13 to 16 who are employed in terms of the Public Service Act, 1994 and the Correctional Services Act, 1998 (**excluding Principal and Chief Medical/Dental Specialists appointed in terms of these Acts and who are graded on salary levels 13 and 14 respectively**).
 - 6.2. The translation of SMS members referred to in sub-paragraph 6.1 from their current packages to the packages on the revised remuneration structure with effect from 1 September 2008, as per the translation keys attached as Annexes B and C respectively.
 - 6.3. Principal and Chief Medical/Dental Specialists referred to in sub-paragraph 6.1 are not translated, at this stage, to the revised SMS remuneration structure.
 - 6.4. Implementation of a Variable Pay System (VPS) for full-time SMS members who occupy **designated managerial posts** with effect from 1 April 2009, with the first payment in terms of the VPS on 1 April 2010.
 - 6.5. Termination of the policy on payment of performance bonuses to **full-time** SMS members who occupy **designated managerial posts** with effect from 1 April 2009.
 - 6.6. SMS members are eligible to be compensated for **all** official kilometres they travel with their private vehicles, as per Department of Transport's determination on tariffs for the use of private motor transport, with effect from 1 September 2008, provided they comply with all the prescribed qualifying criteria (i.e. **approved** official journey).

Variable Pay System

7. The variable pay system for eligible SMS members entails an annual non-pensionable payment, up to the maximum of the difference between 75% and 85% of the average market median, based on compliance with certain performance and other indicators. The assessment will, inter alia, be linked to a combination of institutional, component/unit and personal performance.
8. The VPS will substitute the current practice of/policy on payment of performance bonuses to **affected** SMS members. This means that the last round of performance bonuses will be paid to **affected** SMS members in recognition for performance in the 2008/09 SMS performance cycle.
9. Details on the VPS (scope of applicability, assessment indicators, business rules etc.) will be communicated in due course.

Appointment of SMS members in a part-time capacity

10. Provision is now made for departments to appoint professionals, advisors etc, who occupy a SMS position **which is not designated as a managerial position**, in a part-time capacity (i.e. 3/8th, 5/8th or 6/8th basis), and to remunerate them accordingly.
11. This means that departments **may not** appoint SMS members who occupy designated managerial posts in any capacity other than on a full-time basis.

Position of Principal and Chief Medical/Dental Specialists graded on salary levels 13 and 14 respectively

12. The Minister for the Public Service and Administration has decided not to translate Principal and Chief Medical/Dental Specialists graded on salary levels 13 and 14 respectively to the revised SMS remuneration structure at this stage. The reason for the decision is that Principal and Chief Medical/Dental Specialists are to be accommodated in the occupational specific dispensation (OSD) for medical and dental staff.
13. Departments will be informed on developments in this regard.

Implementation of the revised remuneration structure

14. National Treasury (PERSAL) has been advised to translate SMS members as follows to their revised packages:
 - 14.1. SMS members currently on the **standard scales** attached to any of the four SMS levels
 - 14.1.1. PERSAL will translate affected SMS members programmatically (automatically).

14.2. SMS members currently on a grey scale between the standard scales attached to any of the four SMS levels

14.2.1. PERSAL will translate affected SMS members programmatically (automatically), based on the assumption that they arrived at the particular remuneration position on the grey scale due to the awarding of a higher package as part of a recruitment and retention strategy.

15. If there are any SMS members who are remunerated on the grey scale below the standard scale attached to their posts, departments are sensitized that the revised packages of such SMS members must be advised manually on the PERSAL system in terms of the attached translation keys.

16. SMS members are not afforded the opportunity to restructure their revised packages with effect from 1 September 2008. PERSAL will therefore adjust the relevant components of SMS members' packages follows:

16.1. SMS members admitted to the GEPF

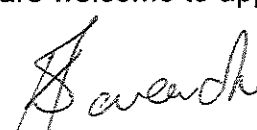
The components "*basic salary*" and the "*employer's contribution to the GEPF*" will be adjusted automatically, whilst the adjustment to the component "*flexible portion*" will be added to the sub-component "*non-pensionable allowance*" as default.

16.2. SMS members not admitted to the GEPF

The adjustment to the total package will be added to the sub-component "*non-pensionable allowance*" as default.

General

17. The expenditure emanating from these MPSA's determinations has to be defrayed from the funds included in departmental budgets for the improvement in conditions of service for the 2008/09 financial year.
18. An updated SMS remuneration dispensation is attached as Annexure D for departments' convenience.
19. SMS members must be informed in writing of their revised packages and the manner in which it will be implemented. SMS members must also be informed that errors will be rectified, and that any amounts that may have been overpaid or underpaid will be adjusted.
20. Departments are requested to ensure that these determinations, and the measures contained in this Circular, are implemented correctly. Departments are welcome to approach **the dpsa** for assistance.


DIRECTOR-GENERAL
DATE: 29/09/2008