

**2017 INCENTIVE POLICY FRAMEWORK FOR NON-
OCCUPATION SPECIFIC DISPENSATION (OSD)
EMPLOYEES ON SALARY LEVELS 1 TO 12 AND
EMPLOYEES COVERED BY OSDs**



**Directive issued by the Minister for the Public Service and
Administration**

SCOPE OF APPLICABILITY

1. The *2017 Incentive Policy Framework for employees on salary levels 1 to 12 and those covered by Occupation Specific Dispensations (OSDs)* (hereafter referred to as the *2017 Incentive Policy Framework*) is applicable to non-OSD employees on salary levels 1 to 12 (hereafter referred to as non-OSD employees) and employees covered by OSDs, who are appointed in terms of the Public Service Act, 1994, either in a full-time or part-time capacity (including 5/8 and 6/8th capacity), and who fall within the scope of the PSCBC.
2. Casual employees (employees who are remunerated on an hourly or daily basis) are excluded from the *2017 Incentive Policy Framework* (e.g. sessional Medical Officers in the Public Health Sector).

INTRODUCTION

3. Each Executive Authority shall, in terms of Sub-regulation 73(1) of the 2016 Public Service Regulations (PSR), establish a performance incentive scheme to reward employees or category of employees in his or her department(s) **within the limits** determined by the Minister for the Public Service and Administration (MPSA) in terms of Sub-regulation 73(3) and (4) of the PSR, 2016, as contained/stipulated in the *2017 Incentive Policy Framework*.
4. The Head of Department shall, in terms of Sub-regulation 73(2) of the PSR, 2016, establish a written departmental performance incentive scheme, containing, *inter alia*, the rules and control measures.

POLICY FRAMEWORK

5. The *2017 Incentive Policy Framework* provides for four (4) Parts:

Part A	Pay (notch) progression
Part B	Performance bonuses
Part C	Grade progression
Part D	General (transverse) matters

DEFINITIONS

6. In the *2017 Incentive Policy Framework* the following definitions apply, unless the context indicates otherwise:

6.1. **Performance cycle** means the cycle that runs from 1 April to 31 March of the next year; therefore a continuous period of 12 months.

6.2. **Pay progression** means progression to a higher notch within the same salary level/scale, limited to a **single** notch per pay progression cycle for non-OSD employees and the **number of notches** provided for in the respective OSD for OSD employees.

6.3. **Pay progression cycle** means a continuous period of 24 months, running from 1 April to 31 March of the year following the next year, for 1st time participants, and 12 months, running from 1 April to 31 March of the next year, for employees other than 1st time participants.

6.4. **First (1st) time participant** means a new appointee to the Public Service in a **production** or **supervisory/managerial** OSD or non-OSD post -

6.4.1. Including employees who have previously resigned from the public service and who are re-appointed in the public service; and

6.4.2. Excluding OSD and non-OSD employees appointed in training or community service posts (e.g. Candidate Technician and Engineer, Pupil Artisan (Apprentice), Medical Officer (Intern (Medical)), Pupil Nurse, Medical Officer (Community Service)).

Once an OSD and non-OSD employee completes the prescribed training or community service, and is subsequently appointed in a **production** or **supervisory/managerial** OSD or non-OSD post, he/she is regarded as a **First (1st) time participant** in such **production** or **supervisory/managerial** OSD or non-OSD post.

6.5. **Grade progression for non-OSD employees** means progression in terms of the Grade Progression Model from a grade (salary level) attached to a post, as per the result of job evaluation, to the next higher grade (salary level) after completing the stipulated period of service on the salary level attached to the post, based on the prescribed level of at least satisfactory performance.

6.6. **Accelerated grade progression for non-OSD employees** means progression in terms of the Grade Progression Model from a grade (salary level) attached to a post, as per the result of job evaluation, to the next higher grade (salary level) **after 12 service** on the salary level attached to the post, based on at least above satisfactory performance for a cumulative, and not necessary successive, period of 12 years.

- 6.7. **Grade progression and accelerated grade progression for OSD employees** means progression from a lower grade (salary scale) to the next higher grade (salary scale) attached to an OSD post, based on the specific requirements for grade progression and accelerated grade progression set for the OSD post in the relevant OSD.
- 6.8. **Continuous service** means uninterrupted years of completed service on the specified salary level.
- 6.9. **Grade Progression Model** is the Model contained in PSCBC Resolution 3 of 2009 and Part C, which is applicable to non-OSD employees on salary levels 1 to 12.
- 6.10. **Wage Bill** for purposes of pay progression, consists of the combined total of the employees' salary notches, the employer's contribution to the GEPF and service bonuses (for Total Cost-to-Employer (TCE) package employees this refers to the entire TCE package).
- 6.11. **Remuneration bill** means all personnel expenditure; therefore includes salaries (basic and TCE packages), employer contributions to the GEPF and registered medical aid schemes, service bonuses, home owners allowances as well as other allowances for which employees may qualify (e.g. danger allowances, allowances payable to employees serving Executing Authorities) – in other words the total remuneration budget for the financial year.

<u>PART A:</u>	PAY (NOTCH) PROGRESSION
-----------------------	--------------------------------

- 7. Pay progression is not automatic, but based on actual service on a particular salary level for the respective periods as determined in terms of the *2017 Incentive Policy Framework* and based on the achievement of at least a satisfactory performance rating for the mentioned period in line with departmental specific performance management systems.
- 8. Employees are eligible for pay progression on 1 July of a year, based on the outcome of their performance in the previous performance cycle.
- 9. The qualifying period for pay progression for **First (1st) time participants** runs from the 1st of April after date of appointment to the Public Service to 31 March of the year following the next year – therefore at least twenty-four (24) months. This means that the qualifying period for a first time participant who is appointed after 1 April of a year will commence with effect from the next 1 April and run for 24 months until 31 March two years later, with the awarding of the pay progression to the employees with effect from the subsequent 1 July.
- 10. The qualifying period for pay progression for employees other than 1st time participants runs from 1 April to 31 March of the next year.

11. The pay progression cycle for first time participants does not affect their probation periods.
12. PERSAL/PERSOL shall not implement pay progression automatically.
13. Pay progression is awarded to qualifying employees in addition to possible annual cost-of-living adjustments.
14. The MPSA determined that the pay progression for non-OSD employees is limited to a **single** notch per performance cycle (two cycles in respect of 1st time participants), effective from the 2018/19 performance cycle (1 April 2018), based on a performance assessment of at least satisfactory performance. **This means that the last multiple notches to be awarded to non-OSD employees in terms of the 2012 Incentive Policy Framework will be on 1 July 2018, based on eligible employees' performance during the 2017/18 performance cycle.**
15. The pay progression of OSD employees is regulated in terms of their respective OSDs.
16. The MPSA determined that the expenditure on pay progression for non-OSD and OSD employees shall **not** exceed 2% of a department's wage bill for any given financial year.
17. Employees are excluded from pay progression in the following circumstances:
 - 17.1. If a **non-OSD employee** was awarded a higher salary or salary level in terms of the repealed PSR, 2001 (Chapter 1, Part V/C3), or progressed to a higher salary level in terms of a previous service dispensation, that does not correlate with the job weight attached to the specific post, and which is not a salary level to which the employee may grade progress in terms of the non-OSD Grade Progression Model, **the employee does not qualify for pay progression on such higher salary level.** The following scenarios serve as example:
 - 17.1.1. An employee who is appointed in a non-OSD post graded on salary level 7, and who is remunerated on salary level 9, does **not** qualify for pay progression on salary level 9.
 - 17.1.2. An employee who is appointed in a non-OSD post graded on salary level 8, and who is remunerated on salary level 9, does **not** qualify for pay progression on salary level 9.
 - 17.1.3. An employee who is appointed in a non-OSD post graded on salary level 12, and who is remunerated on salary level 13, does **not** qualify for pay progression on salary level 13.
 - 17.2. An OSD employee awarded a personal salary above the maximum of the scale attached to his or her OSD post, or where applicable the scale attached to a grade of an OSD post).

<u>PART B:</u>	PERFORMANCE BONUSES
-----------------------	----------------------------

18. The MPSA determined that the annual expenditure on performance bonuses may **not** exceed 1.5% of a department's annual remuneration budget, effective from the 2017/18 performance cycle, which commenced on 1 April 2017. **This means that Executive Authorities do not have the authority to exceed the cap of 1.5% in "justifiable circumstances"**.
19. Departments may introduce flexibility in respect of performance bonuses within a maximum of **18%** of a salary notch and **14%** of a TCE package (e.g. 5% performance reward for a performance rating of 120%, 10% performance reward for a performance rating of 140%, 18% performance reward for a performance rating of 160% and higher).

<u>PART C:</u>	GRADE AND ACCELERATED GRADE PROGRESSION
-----------------------	--

20. Grade/Accelerated Grade progression is not automatic, but based on actual service on a particular OSD or non-OSD post and complying with the prescribed periods and performance ratings.
21. Employees qualify for grade and accelerated grade progression, based on the outcome of performance, as measured in terms of departmental performance management systems. Accelerated grade progression rewards those employees who demonstrated sustained above average performance over a period.
22. Grade and accelerated grade progression for non-OSD employees are effective from the 1st day of the month following the month in which the employee complies with the stipulated criteria, effective from date of issue of the *2017 Incentive Policy Framework* by the MPSA (e.g. an employee who complies with the stipulated criteria on 12 August 2018, will progress with effect from 1 September 2018).
23. Effective dates of grade and accelerated grade progression for OSD employees are contained in the respective OSDs.
24. PERSAL/PERSOL shall not implement pay progression automatically.

25. The Grade Progression Model for **non-OSD employees**, which provides for both grade and accelerated grade progression, is as follows:

25.1. Grade Progression

25.1.1. Employees on Salary Levels 1 to 3.

25.1.1.1. Progression of qualifying employees on salary level 1 (with **5 (five) years** of continuous service) to salary level 2, and those employees on salary level 2 (with **20 (twenty) years** combined continuous service on salary level 1 and 2) to salary level 3, based on consistent satisfactory performance over the last two annual performance assessments.

25.1.2. Employees on salary levels 4 to 12

25.1.2.1. An employee on salary level 4, 5, 6, 7, 9 or 11 is eligible for grade progression to salary levels 5, 6, 7, 8, 10 or 12 respectively, provided the employee –

25.1.2.1.1. completed **15 (fifteen) years** continuous service on the salary level on which the post is graded; and

25.1.2.1.2. obtained at least a satisfactory rating during the last two (2) annual performance cycles.

25.2. Accelerated grade progression

25.2.1. Employees on salary levels 1, 2 and 3

25.2.1.1. No employees on salary levels 1 and 2 are eligible for accelerated grade progression from salary level 1 to 2 and 2 to 3 respectively.

25.2.2. Employees on salary level 4 to 12.

25.2.2.1. An employee on salary level 4, 5, 6, 7, 9 or 11 is eligible for accelerated grade progression to salary levels 5, 6, 7, 8, 10 or 12 respectively, provided the employee –

25.2.2.1.1. completed at least **12 (twelve) years** of continuous service on the salary level on which the post is graded; and

25.2.2.1.2. obtained **12 (twelve)** cumulative annual above satisfactory performance ratings on the salary level.

26. OSD employees qualify for grade and accelerated grade progression as prescribed in their respective OSDs.
27. The following general provisions apply:
 - 27.1. Performance assessments over the entire period by means of current and/or previous departmental performance management systems will be considered. However, in the absence of proven records (current and previous performance management system(s)), progression will not be considered.
 - 27.2. Grade or accelerated grade progression for non-OSD employees is limited to progression to the next higher stipulated salary level above the salary level (grade) attached to the post in terms of the job evaluation system (e.g. an employee who occupies a post graded on salary level 4, may only grade progress from salary level 4 to 5, and not from salary level 4 to 5 to 6, or directly from 4 to 6).
 - 27.3. Non-OSD employees whose posts are graded on salary level 3, 8 and 10 respectively are excluded from grade progression. Therefore, these employees cannot grade progress from salary levels 3 to 4, 8 to 9 and 10 to 11 respectively. This means that these employees must apply for vacant funded posts graded on salary levels 4, 9 and 11 respectively.
 - 27.4. If a post is upgraded and the current incumbent is absorbed into the upgraded post, the qualifying period for grade progression to the next higher (permissible) salary level commences from the date of absorption into the upgraded post.
 - 27.5. Departments shall limit the progression of non-OSD employees based on accelerated progression to 30% of qualifying employees on a specific salary level, per annum. Therefore, if more than 30% employees meet the qualifying criteria, only the top 30% performers qualify.
28. The expenditure on grade/accelerated grade progression must be defrayed from **existing departmental baselines**.

PART D	GENERAL (TRANSVERSE) MATTERS
---------------	-------------------------------------

26. Employees are eligible for both pay progression as well as a performance bonus (once-off cash amount) in recognition of performance in the same performance cycle as provided for in the departmental performance incentive scheme.
27. An employee is not eligible for pay progression and grade/accelerated grade progression in the same financial year or based on the performance during the same performance cycle.
28. Since the carry-through effect of pay progression results in a permanent increase in the wage bill in subsequent financial years, it is not permissible for departments to “pool” the funds allocated for pay progression and performance bonuses to provide additional or other incentives to employees.

ISSUED BY THE MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION