

## **POLICY ON THE REMUNERATION OF MEMBERS OF THE SMS WHO ARE ABSORBED IN LOWER GRADED POSTS**

### **SCOPE OF APPLICABILITY**

1. This policy is applicable to all members of the Senior Management Service (SMS) who are to be (were absorbed since 1 January 2001) in lower graded positions (posts) and who are appointed in terms of the following Acts:
  - (a) Public Service Act, 1994.
  - (b) Correctional Services Act, 1998.
  - (c) Defence Act, 1957.
2. The members referred to in paragraph 1 above are classified into the following categories for purposes of this policy:
  - (a) Members of the SMS absorbed in lower graded SMS positions – Part A.
  - (b) Members of the SMS absorbed in positions of Deputy Director and lower (salary level 12 and lower) – Part B.

### **IMPLEMENTATION DATE**

3. The policy is applicable with effect from 1 January 2001 (and should be backdated, where applicable).

### **GENERAL**

4. This policy is informed by the following:
  - (a) This policy replaces the framework contained in the Department of Public Service and Administration (DPSA)'s letter E1/6/4/1 dated 22 June 2001.
  - (b) The framework referred to in sub-paragraph (a) above addressed the remuneration position of Directors and higher in the SMS on absorption in posts of Deputy Director and lower when all employees, including members of the SMS, were remunerated in terms of the salary notch system. However, with the introduction of the inclusive flexible remuneration package system for the SMS on 1 January 2001, the framework is not appropriate to address such cases with effect from the said date.

## POLICY

### A MEMBERS OF THE SMS ABSORBED IN LOWER GRADED SMS POSITIONS

5. A member (former Director and higher) who is/was absorbed in a lower graded SMS position (post) and whose inclusive flexible remuneration package is **equal to or lower** than the maximum of the grading attached to the lower post, is awarded the next higher valid inclusive flexible remuneration package of the grading.

#### Example

- A Chief Director (SMS Grade B) with a package of R365 000 is absorbed in a position of Director (SMS Grade A) on 1 March 2001.
- This package is lower than the maximum of the grading attached to SMS Grade A (R340 000 - 350 000 – 360 000 – 370 000 – 380 000 – 390 000).
- The member is awarded the next higher valid package of R370 000 on date of absorption.

6. A member (former Director and higher) who is/was absorbed in a lower graded SMS position (post) and whose inclusive flexible remuneration package is **higher** than the maximum of the grading attached to the lower post, retains his or her inclusive flexible remuneration package as personal, but with the awarding of the rank and grading applicable to the lower post. The member retains the inclusive flexible remuneration package as personal (with no annual general adjustments) until it can be addressed in terms of paragraph 7 below.

#### Example

- A Chief Director (SMS Grade B) with a package of R405 000 is absorbed in a position of Director (SMS Grade A) on 1 March 2001.
- This package is higher than the maximum of the grading attached to SMS Grade A (R340 000 - 350 000 – 360 000 – 370 000 – 380 000 – 390 000).
- The member retains the package of R405 000 as personal on date of absorption.

7. The remuneration (including possible adjustments in future) of a member who retained his or her package on personal basis (refer to paragraph 6), must be addressed as follows after annual adjustments to the **grading** attached to his or her post:

- (a) If the member's **personal** inclusive flexible remuneration package is equal to or lower than the **maximum** package of the revised grading attached to the post in which he/she is absorbed

The member is awarded the next higher valid inclusive flexible remuneration package of the revised grading, effective from the date of the annual adjustment.

**Example**

- A Chief Director (SMS Grade B) with a personal package of R405 000 is absorbed in a position of Director (SMS Grade A).
- The grading (R340 000 - 350 000 – 360 000 – 370 000 – 380 000 – 390 000) attached to the post in which he/she is absorbed, is adjusted to R360 000 - 370 000 – 380 000 – 390 000 – 400 000 – 410 000 as of 1 January 2002.
- The member is awarded the next higher valid package of R410 000, effective from date of the adjustment.

- (b) If the member's **personal** inclusive flexible remuneration package is still higher than the **maximum** package of the revised grading attached to the post in which he/she is absorbed

The member retains his or her inclusive flexible remuneration package on a personal basis until his or her position can be dealt with in terms of sub-paragraph (a) above.

**Example**

- A Chief Director (SMS Grade B) with a personal package of R445 000 is absorbed in a position of Director (SMS Grade A).
- The grading (R340 000 - 350 000 – 360 000 – 370 000 – 380 000 – 390 000) attached to the post in which he/she is absorbed, is adjusted to R360 000 - 370 000 – 380 000 – 390 000 – 400 000 – 410 000 as of 1 January 2002.
- The member retains his or her package of R445 000 as personal.

## **B MEMBERS OF THE SMS ABSORBED IN POSITIONS OF DEPUTY DIRECTOR AND LOWER (SALARY LEVEL 12 AND LOWER)**

8. A member (former Director and higher) who is/was absorbed in a lower graded position (post) of Deputy Director or lower (salary level 12 or lower) and whose inclusive flexible remuneration package is **equal to or lower** than the maximum package of the grading attached to the lower post (as determined in terms of paragraph 11 below), is awarded the next higher valid total package of the grading. Employees may continue to structure the package in terms of the principles and provisions of the inclusive flexible remuneration package system for the SMS.

**Example**

- A Director (SMS Grade A) with an inclusive flexible remuneration package of R240 000 is absorbed in a position of Deputy Director (salary level 12) on 1 March 2001.
- This package is lower than the maximum total package of the grading of salary level 12 (**grading:** R190 000 – 200 000 – 210 000/**total package:** R230 000 – 250 000 – 270 000).
- The member is awarded the next higher valid total package of R250 000 on date of absorption.

9. A member (former Director and higher) who is/was absorbed in a lower graded position (post) of Deputy Director or lower (salary level 12 or lower) and whose inclusive flexible remuneration package is **higher** than the maximum package of the grading attached to the lower post (as determined in terms of paragraph 11 below), retains his or her inclusive flexible remuneration package as personal, but with the awarding of the rank and grading applicable to the lower post. The employee retains the inclusive flexible remuneration package as personal (with no annual general adjustments) until it can be addressed in terms of paragraph 10 below and may continue to structure the package in terms of the principles and provisions of the inclusive flexible remuneration package system for the SMS.

#### Example

- A Director (SMS Grade A) with an inclusive flexible remuneration package of R280 000 is absorbed in a position of Deputy Director (salary level 12) on 1 March 2001.
  - This package is lower than the maximum total package of the grading of salary level 12 (**grading:** R190 000 – 200 000 – 210 000/**total package:** R230 000 – 250 000 – 270 000)
  - The member retains the total package of R280 000 as personal on date of absorption.
10. The remuneration (including possible adjustments in future) of a member who retained his or her package on a personal basis (refer to paragraph 9), must be addressed as follows after annual adjustments to the **grading** attached to his or her post:
- (a) If the member's **personal** inclusive flexible remuneration package is equal to or lower than the **maximum** package of the revised grading attached to the post in which he/she is absorbed

The member is awarded the next higher valid total package of the revised grading, effective from the date of the annual adjustment.

#### Example

- A Director (SMS Grade A) with an inclusive flexible remuneration package of R280 000 is absorbed in a position of Deputy Director (salary level 12) on 1 March 2001.
- The grading (**grading:** R190 000 – 200 000 – 210 000/**total package:** R230 000 – 250 000 – 270 000) attached to the post in which he/she is absorbed, is adjusted (**grading:** R200 000 – 210 000 – 220 000/**total package:** R250 000 – 270 000 – 290 000) as of 1 January 2002.
- The member is awarded the next higher valid package of R290 000, effective from date of the adjustment.

- (b) If the member's **personal** inclusive flexible remuneration package is still higher than the **maximum** package of the revised grading attached to the post in which he/she is absorbed

The member retains his or her inclusive flexible remuneration package on a personal basis until his or her position can be dealt with in terms of sub-paragraph (a) above.

**Example**

- A Director (SMS Grade A) with an inclusive flexible remuneration package of R300 000 is absorbed in a position of Deputy Director (salary level 12) on 1 March 2001.
- The grading (**grading:** R190 000 – 200 000 – 210 000/**total package:** R230 000 – 250 000 – 270 000) attached to the post in which he/she is absorbed, is adjusted (**grading:** R200 000 – 210 000 – 220 000/**total package:** R250 000 – 270 000 – 290 000) as of 1 January 2002.
- The member retains the total package of R300 000 as personal.

11. **For the purposes of this policy only**, the total annual packages of the relevant salary level (salary level 12 and below) to be applied in terms of paragraphs 8 to 10 should be calculated as follows:

- Salary notch
- Employer's contribution to the Government Employees Pension Fund (GEPF) - currently 15% (fifteen percent) of the relevant salary notch.
- Service Bonus - 1/12 of the salary notch.
- Employer's maximum contribution to medical aid (annual amount).
- Maximum Home Owners Allowance (annual amount).

**Example**

Total package for the maximum of salary level 12, as on 1 March 2002.

Notch	R206 775	
GEPF	R31 016.25	
Service bonus	R17 231.25	
Medical Aid	R12 168	(R1 014 per month X 12)
Home Owners allowance	R5 940	(R495 per month X 12)
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	R273 130.50	

**IMPLEMENTATION**

12. It is the **responsibility** of departments to ensure that this policy is accurately implemented. However, if a case cannot be addressed in terms of this policy it must be submitted to DPSA.

13. Application of this policy may have the effect that the remuneration position of certain affected officials will have to be addressed with effect from a retrospective date (i.e. 1 January 2001). Therefore, any expenditure will have to be defrayed from departmental budgets.