



**DEPARTMENT: PUBLIC SERVICE AND ADMINISTRATION
REPUBLIC OF SOUTH AFRICA**

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**TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND
PROVINCIAL ADMINISTRATIONS**

CIRCULAR 2 OF 2003

**ADJUSTMENT OF THE INCLUSIVE FLEXIBLE REMUNERATION PACKAGES OF
MEMBERS OF THE SMS: 1 JANUARY 2004**

Introduction

1. This Circular deals with the Minister for the Public Service and Administration's determination for-
 - (a) a 6.5% cost-of-living adjustment of the remuneration scale and remuneration bands with effect from 1 January 2004 for members of the SMS (not based on the outcome of their performance); and
 - (b) the translation of members of the SMS to the revised inclusive flexible remuneration packages with effect from 1 January 2004.

Scope of applicability

2. This Circular applies to all members of the SMS who are appointed in terms of the following Acts:-
 - (a) Public Service Act, 1994.
 - (b) Correctional Services Act, 1998.
 - (c) Defence Act, 2002.

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AIDS is a deadly reality. We are individually responsible to prevent the spread of AIDS 

3. This Circular **does not apply** to the following members of the SMS or groups of personnel:-
 - (a) Members employed in terms of the Employment of Educators Act, 1998.
 - (b) Members employed in terms of the South African Police Service Act, 1995.
 - (c) Members employed in terms of the National Prosecuting Authority Act, 1998.
4. The determination of the revised inclusive flexible remuneration packages for the personnel referred to in paragraph 3 above will be dealt with by the Ministers of Education, Safety and Security and the Minister for Justice and Constitutional Development.

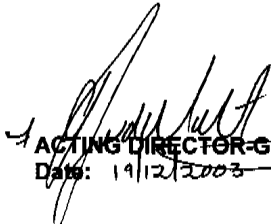
Implementation

5. The Minister for the Public Service and Administration has determined the following, with effect from 1 January 2004, in terms of section 3(3)(c) of the Public Service Act, 1994, read with the Public Service Regulations (Chapter 4, Part 4, Section B1):
 - (a) The Remuneration Scale and Remuneration Bands attached as Annexure A for members of the SMS who are appointed in terms of the **Public Service Act, 1994, the Defence Act, 2002 and the Correctional Services Act, 1998.**
 - (b) The translation of the members referred to in (a) above to the revised remuneration scale and bands in terms of the translation keys attached as Annexure B.

General

6. The translation of members referred to in paragraph 5 and the structuring of the flexible portion of the package by members in terms of the provisions contained in the inclusive flexible remuneration package system for the SMS (attached as Annexure C) will not be effected programmatically (automatic) by PERSAL or PERSOL.
7. Once members have been translated to the revised inclusive flexible remuneration packages, they have to be afforded the opportunity to structure the flexible portion of their packages according to their needs within the parameters contained in the system attached as Annexure C. This Department's SMS model (Excel Spreadsheet) to assist members to structure the package can be electronically obtained from this Department's website <http://www.dpsa.gov.za> by following the links to Remuneration/ Remuneration Policy or from the following e-mail addresses:-

- robertl@dpsa.gov.za
 - esther@dpsa.gov.za
 - braam@dpsa.gov.za
8. It is imperative that members must confirm their choice on the structuring of the flexible portion in writing before it can be implemented by PERSAL or PERSOL and filed appropriately. The signing of a printout of the main page of the model (spreadsheet) will be sufficient.
 9. The expenditure emanating from the Minister's determinations contained in this Circular must be defrayed from the funds included on departments' budgets for the improvement in conditions of service in the 2003/04 financial year.
 10. Members should be informed in writing that errors would be rectified. Furthermore, any amounts that may have been overpaid or underpaid due to errors will be adjusted.
 11. As departments are aware, the Performance Management and Development System (PMDS) was implemented for the SMS with effect from 1 April 2002. Departments are again reminded that **all senior managers and professionals in the SMS shall enter into performance agreements, as stipulated in paragraph 12 of the PMDS.**
 12. Departments are requested to ensure that the measures that are contained in this Circular are implemented correctly. Departments are welcome to approach this Department for assistance if they encounter any difficulties.


ACTING DIRECTOR-GENERAL
Date: 19/12/2003

ANNEXURE A TO CIRCULAR 2 OF 2003

**REMUNERATION SCALE AND BANDS/GRADES WITH EFFECT FROM 1
JANUARY 2004 FOR THE SMS: MEMBERS EMPLOYED IN TERMS OF
THE PUBLIC SERVICE ACT, 1994, THE DEFENCE ACT, 2002 AND THE
CORRECTIONAL SERVICES ACT, 1998**

379,509
385,203
390,978
396,837
402,786
408,828
414,960
421,182

427,497
433,908
440,415
447,018
453,723
460,524

**Remuneration Band A
SMS Grade A**

467,430
474,438
481,551
488,775
496,104

503,541
511,095
518,760
526,542
534,438
542,451

**Remuneration Band B
SMS Grade B**

550,587
558,843
567,228
575,736
584,373
593,139
602,034

ANNEXURE A TO CIRCULAR 2 OF 2003

611,064
620,229
629,526
638,967
648,552
658,281

Remuneration Band C
SMS Grade C

668,151
678,174
688,347
698,667
709,146
719,781
730,575
741,531
752,652
763,944
775,398

787,029
798,831
810,810
822,972
835,314
847,845

Remuneration Band D
SMS Grade D

TRANSLATION KEY: 1 JANUARY 2004

TRANSLATION OF MEMBERS EMPLOYED IN TERMS OF THE PUBLIC SERVICE ACT, 1994, THE DEFENCE ACT, 2002 AND THE CORRECTIONAL SERVICES ACT, 1998 TO THE REMUNERATION SCALE CONTAINED IN ANNEXURE A

Inclusive flexible remuneration package on 31 December 2003	Revised inclusive flexible remuneration package on 1 January 2004
356,346	379,509
361,692	385,203
367,116	390,978
372,618	396,837
378,204	402,786
383,877	408,828
389,634	414,960
395,475	421,182
401,406	427,497
407,424	433,908
413,535	440,415
419,736	447,018
426,030	453,723
432,417	460,524
438,900	467,430
445,482	474,438
452,160	481,551
458,943	488,775
465,825	496,104
472,809	503,541
479,901	511,095
487,098	518,760
494,406	526,542
501,819	534,438
509,343	542,451
516,984	550,587
524,736	558,843
532,608	567,228
540,597	575,736
548,706	584,373
556,938	593,139
565,290	602,034

Inclusive flexible remuneration package on 31 December 2003	Revised inclusive flexible remuneration package on 1 January 2004
573,768	611,064
582,375	620,229
591,105	629,526
599,970	638,967
608,970	648,552
618,105	658,281
627,372	668,151
636,783	678,174
646,335	688,347
656,025	698,667
665,865	709,146
675,852	719,781
685,986	730,575
696,273	741,531
706,716	752,652
717,318	763,944
728,073	775,398
738,993	787,029
750,075	798,831
761,325	810,810
772,743	822,972
784,332	835,314
796,098	847,845

ANNEXURE C TO CIRCULAR 2 OF 2003

DISPENSATION FOR THE SENIOR MANAGEMENT SERVICE (SMS), AS DETERMINED BY THE MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION: INCLUSIVE FLEXIBLE REMUNERATION PACKAGE SYSTEM IMPLEMENTED ON 1 JANUARY 2001

1. The dispensation consists of a single remuneration scale for members employed in terms of the Public Service Act, 1994, the Defence Act, 2002 and the Correctional Services Act, 1998. (Amended with effect from 1 January 2003)
2. The remuneration scale consists of the following distinct grades and remuneration bands (with commensurate job evaluation weights):
 - 2.1 **Senior Management Service Grade A**
 - Remuneration band A
 - Equate job weight of 695 points to 790 points.
 - 2.2 **Senior Management Service Grade B**
 - Remuneration band B
 - Equate job weight of 747 points to 842 points.
 - 2.3 **Senior Management Service Grade C**
 - Remuneration band C
 - Equate job weight of 800 points to 895 points.
 - 2.4 **Senior Management Service Grade D**
 - Remuneration band D
 - Equate job weight of 896 points to 1000 points.
3. Only remuneration packages contained in the remuneration scale may be utilised. No deviation from the remuneration packages contained in the remuneration scale will be allowed.
4. The remuneration bands for all new appointees must be determined subject to the job weight. It is therefore imperative that any new position (post), or any existing position (post) that is filled by means of a new appointee or promotion/transfer of existing personnel, must be evaluated before such position (post) is filled. Such persons should be appointed/promoted, and where possible on transfer, with the awarding of the minimum package of

the relevant remuneration band. Higher packages may only be utilised in accordance with the measures prescribed by the MPSA.

5. Departments may utilise appropriate and descriptive rank designations for their members. In any correspondence with the DPSA the grade and remuneration band should, however, be quoted. Data captured on PERSAL/PERSOL should also be according to the grade, remuneration band and code.
6. Heads of Departments may be appointed on any of the grades (with the corresponding remuneration band) after the position has been evaluated in terms of the prescribed job evaluation system.

COMPOSITION OF THE INCLUSIVE FLEXIBLE REMUNERATION PACKAGE

7. General (Amended with effect from 1 January 2003)

7.1 Members who are appointed permanently or on contract and who are admitted to the Government Employees Pension Fund (GEPF)

- (1) The inclusive remuneration package consists of the **basic salary**, the **State's contribution to the GEPF** and a **flexible portion**.
- (2) The **basic salary** consists **60%** of the inclusive flexible remuneration package.
- (3) The State's contribution to the GEPF is calculated on the basic salary.
- (4) The remaining part of the remuneration package is the flexible portion and may be structured by the member in terms of the rules for the structuring of the flexible portion, as set out below.

7.2 Members who are appointed on contract and who are not admitted to the GEPF

- (1) The inclusive flexible remuneration package does not consist of components.
- (2) The member may structure the total inclusive flexible remuneration package in terms of the provisions and rules set out below.

8 **Flexible portion** (amended with effect from 1 January 2003)

8.1 Members may structure the flexible portion into the following items: -

(1) **Motor car allowance**

To a maximum amount of 25% of the total package per annum.

(2) **13th Cheque** (Amended with effect from 1 May 2001)

- **Members who are appointed permanently or on contract and who are admitted to the Government Employees Pension Fund (GEPF)**

A 13th Cheque equal to one-twelfth of the basic salary, to be structured as a once-off non-pensionable bonus and payable in the anniversary month of birth.

- **Members who are appointed on contract and who are not admitted to the GEPF**

A member may not structure for a 13th Cheque

(3) **Medical Assistance**

Contribution to a medical aid scheme.

(4) **Housing Allowance**

An amount as decided by the member.

(5) **Non-pensionable cash allowance**

Any remaining amount of the flexible portion.

8.2 Members are not obliged to utilise all the items when structuring the flexible portion of their packages.

9 **RULES GOVERNING THE FLEXIBLE PORTION**

9.1 **Motor car allowance**

- (1) A member is obliged to maintain a reliable vehicle to be utilised for official journeys (when necessary).
- (2) A member may purchase/lease a new or reliable pre-owned vehicle.

- (3) No time frames exist when a vehicle should be replaced.
- (4) The member must at all times have his or her vehicle (or a substitute) available for official journeys.
- (5) Heads of Department (or his or her delegate) must decide whether a member must utilise his or her own vehicle or make use of the provisions for official journeys when transport is used for official purposes, taking into account practical implications, cost effectiveness, road conditions etc.
- (6) A member must secure his or her own financing of loans. The State's contract with Stannic to grant loans to members is available. Should a member not be able to successfully secure a loan, his or her department may apply for a guarantee from the National Treasury in order to secure a loan.
- (7) A member must obtain and maintain comprehensive insurance on the vehicle, and is fully responsible for all running and maintenance costs and the cost of registration and licensing of the vehicle.
- (8) A member may not participate in the Subsidised Motor Transport Scheme.
- (9) If a member utilises his or her vehicle to travel for official purposes away from his or her usual place of work, the Executing Authority shall reimburse toll fees as well as parking fees in excess of R10 per month. The member is responsible for parking fees (if it is levied) at the place of work.
- (10) Any journey between a member's home and usual place of work constitutes a private journey.
- (11) As far as possible, a member is obliged to provide free transport of official passengers to the same destination on an official journey.
- (12) If a member utilises his or her private vehicle to carry out official duties, the Executing Authority will compensate the member for kilometers traveled in excess of 500 kilometers per month, according to the tariffs payable for privately owned vehicles as prescribed by the Department of Transport.

9.2 13th Cheque

- (1) The 13th Cheque is an annual payment in the month of birth.
- (2) The 13th Cheque will be paid on the day the member is normally paid his or her salary and allowances.
- (3) New appointees will receive a pro rata 13th Cheque for the period from the date of appointment until the month of birth.
- (4) If a member **restructures** his/her package **from a position where a 13th Cheque HAS BEEN structured to a position where a 13th Cheque IS NOT BEING structured**, the following will apply:
 - A pro rata 13th Cheque will be paid, calculated from the date that the member's last 13th Cheque has been paid until the month prior to the effective date of the revised restructuring. This pro rata 13th Cheque will be payable in the next month of birth based on the basic salary in the month prior to the effective date of the revised restructuring.
 - In the event of a member's services being terminated before he/she reaches his/her next month of birth referred to above, a pro rata 13th Cheque is payable on the last day of service. This pro rata 13th Cheque is calculated over the period from the last date on which the member received his/her last 13th Cheque until the month prior to the effective date of the revised restructuring.
- (5) If a member **restructures** his/her package **from a position where a 13th Cheque HAS NOT BEEN structured to a position where the member STRUCTURES a 13th Cheque**, the following will apply:
 - A pro rata 13th Cheque will be payable in the member's next month of birth of that year.
 - In the event of a member's services being terminated before the member's next month of birth, a pro rata 13th Cheque is payable on the last day of service. The pro rata 13th Cheque should be calculated from the effective date of the revised restructuring to the last day of service.
 - In the event of a member's services being terminated after the member's next month of birth, a pro rata 13th Cheque is payable on the last day of service. The pro rata

13th Cheque should be calculated from the date on which the member received his/her last 13th Cheque to the last day of service.

- (6) If a member dies while in service, the Executing Authority shall pay the 13th Cheque (calculated proportionally) directly –
- to a person or persons whom the member designated in writing for this purpose; or
 - if the member did not designate such a person, to a surviving spouse/life partner; or
 - if the member has no spouse/life partner, to her or his dependant children; or
 - if no dependant child exist, into the member's estate.

9.3 Medical assistance

The Executing Authority shall pay the total subscription only directly to a registered medical scheme. The total subscription shall be composed as follows:-

- Two-thirds of the amount from the flexible portion as the employer's contribution.
- One-third of the amount deducted from the employee.

9.4 Paragraphs 9.4, 9.5 and 9.6 deleted with effect from 1 January 2003

AMENDMENTS TO THE COMPOSITION OF THE FLEXIBLE PORTION OF THE PACKAGE

10. The flexible portion of the package may only be changed in the following circumstances:-
- 10.1 One year after the date of implementation of the inclusive flexible remuneration package system.
 - 10.2 On promotion to a higher grade (position).
 - 10.3 Adjustment of the remuneration scale.
 - 10.4 On transfer to another post.
 - 10.5 Substantial changes to tax legislation.

- 10.6 Any changes to the total contribution to a registered medical aid scheme.
- 10.7 On decision by the Minister for the Public Service and Administration.

COMMUTED OVERTIME

- 11. Commuted overtime is payable to Medical Doctors and Specialists, at the rates and on the conditions determined by the National Department of Health and the SA National Defence Force respectively.

CONTRACT WORKERS

- 12. The remuneration of a member on a contract with a fixed term will be equal to the remuneration package of an equivalent permanent worker, which derives from -
 - 12.1 evaluation of the job in line with the Public Service Regulations, or
 - 12.2 the remuneration package of a similar existing position.

ADDITIONAL COMPENSATION TO HEADS OF DEPARTMENT

- 13. Refer to SMS Handbook