



the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

Private Bag X916, PRETORIA, 0001. Tel: (012) 314 7911, Fax: (012) 323 2386 or (012) 324 5615
Private Bag X9148, Cape Town, 8000. Tel: (021) 467 5120. Fax: (021) 465 5484

Inquiry : A J van der Walt
Telephone : (012) 314 7258
File : 1/7/1/4/1

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

IMPLEMENTATION OF AN INCLUSIVE FLEXIBLE REMUNERATION PACKAGE SYSTEM FOR EMPLOYEES ON SALARY LEVELS 11 AND 12 (MIDDLE MAN SERVICE (MMS)): 1 JULY 2005

General

1. This Department's Circular 2 of 2005 dated 8 March 2005 regarding the implementation of the new MMS dispensation refers.

Amendment to the circumstances when MMS members may restructure

2. Provision is made in the MMS dispensation (kindly see paragraph 5.1 of the dispensation which was attached as Annexure A to the DPSA Circular 2 of 2005) that MMS members are allowed to re-structure the flexible component of their packages under the following circumstances:
 - (a) One year after the date of implementation of the dispensation.
 - (b) Adjustment of the remuneration scale.
 - (c) On transfer to another post.

- (d) Substantial changes to tax legislation.
 - (e) Any changes to the total contribution to a registered medical aid scheme.
4. The continuing of MMS members' participation in the Subsidised Motor Transport Scheme (SMTS) was not affected by the implementation of the new dispensation. However, those MMS members who participate in the A-scheme of the SMTS are excluded from structuring for a motor vehicle allowance (out of their packages) as they receive an allowance (Capital Remuneration), which SARS regards as a travel allowance.
5. It transpired that affected members' participation in the said A - Scheme may terminate during the course of a year (re-structuring cycle) and *vice versa*, and they should therefore be afforded the opportunity to structure for a motor vehicle allowance out of their packages, effective from the 1st day of the month following the date of termination of their participation in the A - Scheme and *vice versa*.
6. The Minister for Public Service and Administration has therefore approved that the circumstances referred to in paragraph 3 above be amplified with the following:
- (a) Upon termination of the member's participation in the SMTS (A-scheme) or when his/her Capital Remuneration in terms of the SMTS (A-scheme) is terminated.
 - (b) Upon admittance to the SMTS (A-scheme).



DIRECTOR-GENERAL

Date: 12/04/2006