

ANNEXURE C TO CIRCULAR 1 OF 2006

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