



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

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

**IMPLEMENTATION OF AN INCENTIVE POLICY FRAMEWORK LINKED TO
DEPARTMENTAL PERFORMANCE MANAGEMENT SYSTEMS FOR
EMPLOYEES ON SALARY 1 TO 12 IN THE PUBLIC SERVICE**

Introduction

1. As departments are aware, the Government as employer engaged labour unions in the PSCBC on the implementation of a new pay progression system for employees on salary levels 1 to 12 since 2000. As no agreement could be reached since 2000, the following, inter alia, were concluded in PSCBC Resolution 6 of 2002 for the 2002/03 financial year:
 - (a) The pay progression system will be finalised not later than 30 June 2002 with a view of implementing on 1 July 2003.
 - (b) If no agreement is reached on the pay progression system as referred to in (a) above, the pay progression system shall be implemented in terms of clause 4.5 of PSCBC Resolution 9 of 2001 with effect from 1 July 2003. Clause 4.5 of PSCBC Resolution 9 of 2001 reads as follows -

"the employer shall allocate 1% of the wage bill for increments effected in terms of the pay progression system".
2. An agreement on the Pay Progression system could, however, not be reached in the PSCBC by 30 June 2002.



Determinations by the Minister for Public Service and Administration

3. In view of the above, the Minister for the Public Service and Administration has determined the following:
 - (a) An Incentive Policy Framework linked to Departmental Performance Management Systems for employees on salary levels 1 to 12 in the Public Service (attached as Annexure G), to be implemented on 1 April 2003.
 - (b) Implementation of a revised salary scale (with 12 salary levels consisting of 12 notches for salary levels 1 and 2 and 16 notches for salary levels 3 to 12 respectively) on 1 April 2003 for full-time and part-time employees who are employed in terms of the Public Service Act, 1994, the Defence Act, 1957 and the Correctional Services Act, 1998 (Annexures A, B and C).
 - (c) Translation with effect from 1 April 2003 of the employees referred to in (b) above to the revised salary scale and salary levels, as contained in the translation tables attached as Annexures D, E, and F respectively.
 - (d) That the first pay progression in terms of the Policy Framework referred to in (a) above takes place on 1 July 2003.
 - (d) Abolishing as of 1 April 2003 of the system for the awarding of 2nd and 3rd notches on salary levels (so-called Personal Profile system).
4. The Minister's determinations do not apply to the personnel groups listed below. The introduction of a similar Policy Framework (where applicable) will be determined by the Executing Authorities concerned:-
 - (a) Senior Managers/Professionals on SMS Grades A to D (former salary levels 13 to 16) appointed in terms of Public Service Act, 1994, the Correctional Services Act, 1998, the Defence Act, 1957, Police Service Act, 1995 and the Employment of Educators Act, 1998.
 - (b) Personnel on salary levels 1 to 12 employed in terms of the Employment of Educators Act, 1998.
 - (c) Personnel on salary levels 1 to 12 employed in terms of the South African Police Service Act, 1998.

- (d) Personnel employed in terms of the National Prosecuting Authority Act, 1998 and the Magistrates Act, 1994.

Effect of the adjustment on general conditions of service

- 5. For the purpose of classifying officers and employees according to their salaries, when applying the directives with regard to official journeys, means of transport, subsistence allowance etc., officers and employees who receive personal salaries higher than the maximum of the standard salary levels attached to their ranks are deemed to be in receipt of salaries equivalent to the maximum notches of the standard salary levels attached to their ranks.

Development of grade progression systems (career pathing) in the Public Service

- 6. The Minister for the Public Service and Administration acknowledges the importance of the implementation of adequate grade progression systems (career pathing) in the Public Service. The Minister is of the view such systems should be developed in the various sectors, taking into consideration the sector-unique needs. The employer representatives in the Sectoral Councils are mandated to negotiate (develop) appropriate systems that compliment the Policy Framework.

Development of appropriate performance incentive schemes, linked to departmental performance management systems

- 7. One of the major stumbling blocks is the impact of PSCBC Resolution 3 of 1999 (Part XXXV). The Resolution determines, inter alia, that the current dispensation on merit bonuses and other forms of recognition of outstanding performance, innovations or achievements shall remain in force until a new agreement, which is in line with the requirements of the Labour Relations Act, 1995, is negotiated. In short, departments may develop their own unique performance management systems (e.g. evaluation criteria etc.), but any performance related incentive schemes in terms of such systems must be aligned with the said Resolution.

8. To overcome this, and in view that it was agreed in Resolution 6 of 2002 that the employer may continue with the implementation of the pay progression system, the Minister for the Public Service and Administration approved that the employer withdraw from Resolution 3 of 1999 (Part XXXV) as of 1 April 2003. The trade unions in the PSCBC have been informed accordingly.
9. This means that departments may continue to develop (and implement as of 1 April 2003) their own performance related incentive schemes aligned with their departmental performance management systems within the parameters of the PSR (2001) (Chapter I, Part VIII) and the Policy Framework at Annexure G. **However, any outstanding cases for merit bonuses and other forms of recognition of outstanding performance, innovations or achievements up to and including 31 March 2003, should still be dealt with in line with Resolution 3 of 1999 (Part XXXV).**

General

10. Should any remuneration, rates, allowances, etc., exist which have to be adjusted and which are not covered in this Circular or the Annexures thereto, proposals for the adjustment thereof should be submitted to this Department.
11. The translation of personnel to the revised salary notches (Annexures D, E and F) will be effected programmatically by PERSAL and PERSOL.
12. Emanating from the Minister for the Public Service and Administration's determinations contained in this Circular this Department's Financial Manual will be updated and made available in due course.
13. It is possible that the measures contained in this Circular may be erroneous or that errors may be made in the implementation of the measures. All affected employees should be informed in writing that errors will be rectified when it comes to light and that any amounts that have been overpaid or underpaid because of errors will be adjusted.
14. Departments are requested to ensure that the measures contained in this Circular are implemented correctly. Should any problems be experienced with the implementation of the measures, departments are welcome to approach this Department for assistance.

15. The expenditure in respect of translation costs on 1 April 2003 as well as the pay progression on 1 July 2003 should be defrayed from departmental budgets allocated for the 2003/04 financial year or included in departments' adjusted estimates documentation normally submitted to National Treasury in September.
16. The pay progression system for employees on salary levels 1 to 12 is available on this Department's website (<http://www.dpsa.gov.za>) under the topic Remuneration.



DIRECTOR-GENERAL

Date: 27/01/03

SALARY LEVELS WITH EFFECT FROM 1 APRIL 2003: PART-TIME (6/8th) SALARY NOTCHES

Salary notches: Rand per annum

Notch	SALARY LEVEL											
	1	2	3	4	5	6	7	8	9	10	11	12
1	21,222	23,772	27,303	32,043	37,905	46,926	58,452	72,594	86,682	108,192	126,222	151,914
2	21,435	24,009	27,576	32,361	38,283	47,397	59,037	73,320	87,549	109,275	127,482	153,432
3	21,648	24,252	27,852	32,685	38,667	47,871	59,628	74,055	88,422	110,367	128,760	154,968
4	21,864	24,495	28,131	33,012	39,054	48,351	60,225	74,796	89,307	111,471	130,047	156,516
5	22,083	24,738	28,413	33,342	39,444	48,834	60,828	75,543	90,201	112,587	131,346	158,082
6	22,302	24,987	28,698	33,675	39,840	49,323	61,434	76,299	91,104	113,712	132,660	159,666
7	22,524	25,236	28,986	34,014	40,236	49,815	62,049	77,061	92,013	114,846	133,989	161,262
8	22,749	25,488	29,274	34,353	40,641	50,313	62,670	77,829	92,934	115,995	135,330	162,876
9	22,977	25,743	29,568	34,698	41,046	50,817	63,297	78,609	93,864	117,156	136,680	164,505
10	23,208	25,998	29,862	35,043	41,457	51,324	63,930	79,395	94,803	118,329	138,048	166,149
11	23,439	26,259	30,162	35,394	41,871	51,837	64,569	80,187	95,748	119,514	139,428	167,811
12	23,673	26,523	30,462	35,748	42,288	52,356	65,214	80,988	96,708	120,705	140,823	169,488
13			30,768	36,105	42,711	52,881	65,868	81,798	97,674	121,911	142,233	171,183
14			31,074	36,465	43,140	53,409	66,525	82,617	98,652	123,132	143,655	172,896
15			31,386	36,831	43,572	53,943	67,191	83,445	99,636	124,362	145,089	174,624
16			31,698	37,200	44,007	54,483	67,866	84,279	100,635	125,607	146,541	176,370
				44,448(P)			68,640(P)		101,529(P)		104,712(P)	

Annexure D to Circular 1 of 2003 dated 27 January 2003
TRANSLATION KEY WITH EFFECT FROM 1 APRIL 2003: FULL-TIME SALARY
NOTCHES

Salary level	Salary notches: 1 July 2002 (R.p.a.)	Salary notches: 1 April 2003 (R.p.a.)
1	28,296	28,296
	28,689	28,863
	29,073	29,151
	29,991(P)	30,033
2	31,695	31,695
	32,562	32,658
	33,903	33,984
	34,584(P)	34,665
3	36,405	36,405
	38,001	38,262
	39,678	39,816
	40,581(P)	40,617
4	42,723	42,723
	44,208	44,457
	45,774	45,804
	46,404(P)	46,725
	47,937(P)	48,141
5	50,541	50,541
	52,452	52,593
	54,459	54,729
	55,338(P)	55,827
	57,303(P)	57,519
	59,265(P)	59,265(P)
6	62,568	62,568
	66,288	66,420
	70,122	70,506
	72,510(P)	72,642
7	77,937	77,937
	81,798	81,912
	85,803	86,091
	87,609(P)	87,822
	91,521(P)	91,521(P)

Annexure D to Circular 1 of 2003 dated

Salary level	Salary notches: 1 July 2002 (R.p.a.)	Salary notches: 1 April 2003 (R.p.a.)
8	96,792	96,792
	101,994	102,747
	107,349	107,985
	110,493(P)	111,258
9	115,575	115,575
	119,874	120,267
	124,164	125,151
	128,466	128,943
	132,756	132,849
	135,372(P)	135,372(P)
	139,617(P)	139,617(P)
10	144,255	144,255
	150,471	151,614
	156,681	157,770
	162,426(P)	162,549
11	168,294	168,294
	180,033	180,438
	191,781	193,452
12	202,551	202,551
	213,930	215,016
	225,384	225,984

Annexure E to Circular 1 of 2003 dated 27 January 2003

**TRANSLATION KEY WITH EFFECT FROM 1 APRIL 2003: PART-TIME (5/8th)
SALARY NOTCHES**

Salary level	Salary notches: 1 July 2002 (R.p.a.)	Salary notches: 1 April 2003 (R.p.a.)
1	17,685	17,685
	17,931	18,039
	18,171	18,219
	18,744(P)	18,771
2	19,809	19,809
	20,352	20,412
	21,189	21,240
	21,615(P)	21,666
3	22,752	22,752
	23,751	23,913
	24,798	24,885
	25,362(P)	25,386
4	26,703	26,703
	27,630	27,786
	28,608	28,629
	29,004(P)	29,202
	29,961(P)	30,087
5	31,587	31,587
	32,784	32,871
	34,038	34,206
	34,587(P)	34,893
	35,814(P)	35,949
	37,041(P)	37,041(P)
6	39,105	39,105
	41,430	41,514
	43,827	44,067
	45,318(P)	45,402
7	48,711	48,711
	51,123	51,195
	53,628	53,808
	54,756(P)	54,888
	57,201(P)	57,201(P)

Annexure E to Circular 1 of 2003 dated

Salary level	Salary notches 1 July 2002 (R.p.a.)	Salary notches 1 April 2003 (R.p.a.)
8	60,495	60,495
	63,747	64,218
	67,092	67,491
	69,057(P)	69,537
9	72,234	72,234
	74,922	75,168
	77,604	78,219
	80,292	80,589
	82,974	83,031
	84,609(P)	84,609(P)
	87,261(P)	87,261(P)
10	90,159	90,159
	94,044	94,758
	97,926	98,607
	101,517(P)	101,592
11	105,183	105,183
	112,521	112,773
	119,862	120,909
12	126,594	126,594
	133,707	134,385
	140,865	141,240

Annexure F to Circular 1 of 2003 dated 27 January 2003

**TRANSLATION KEY WITH EFFECT FROM 1 APRIL 2003: PART-TIME (6/8th)
SALARY NOTCHES**

Salary level	Salary notches: 1 July 2002 (R.p.a.)	Salary notches: 1 April 2003 (R.p.a.)
1	21,222	21,222
	21,516	21,648
	21,804	21,864
	22,494(P)	22,524
2	23,772	23,772
	24,423	24,495
	25,428	25,488
	25,938(P)	25,998
3	27,303	27,303
	28,500	28,698
	29,760	29,862
	30,435(P)	30,462
4	32,043	32,043
	33,156	33,342
	34,332	34,353
	34,803(P)	35,043
5	35,952(P)	36,105
	37,905	37,905
	39,339	39,444
	40,845	41,046
6	41,505(P)	41,871
	42,978(P)	43,140
	44,448(P)	44,448(P)
	46,926	46,926
7	49,716	49,815
	52,593	52,881
	54,384(P)	54,483
	58,452	58,452
8	61,350	61,434
	64,353	64,569
	65,706(P)	65,868
	68,640(P)	68,640(P)

Annexure F to Circular 1 of 2003 dated

Salary level	Salary notches 1 July 2002 (R.p.a.)	Salary notches 1 April 2003 (R.p.a.)
8	72,594	72,594
	76,497	77,061
	80,511	80,988
	82,869(P)	83,445
9	86,682	86,682
	89,907	90,201
	93,123	93,864
	96,351	96,708
	99,567	99,636
	101,529(P) 104,712(P)	101,529(P) 104,712(P)
10	108,192	108,192
	112,854	113,712
	117,510	118,329
	121,821(P)	121,911
11	126,222	126,222
	135,024	135,330
	143,835	145,089
12	151,914	151,914
	160,449	161,262
	169,038	169,488

**IMPLEMENTATION OF AN INCENTIVE POLICY FRAMEWORK
LINKED TO DEPARTMENTAL PERFORMANCE MANAGEMENT
SYSTEMS FOR EMPLOYEES ON SALARY 1 TO 12 IN THE
PUBLIC SERVICE**

IMPLEMENTATION DATE

1. Part A - 1 July 2003.
Part B - 1 April 2003.
Part C - Still to be determined.

SCOPE OF APPLICABILITY

2. This policy is applicable to personnel on salary levels 1 to 12 (full-time and part-time employees (including employees appointed in a 5/8th and 6/8th capacity)) **who fall within the scope of the GPSSBC and HWSBC** of the PSCBC and who are appointed in terms of the following Acts:
 - (a) Public Service Act, 1994.
 - (b) Correctional Services Act, 1998.
3. This policy is also applicable to personnel on salary levels 1 to 12 (full-time and part-time employees (including employees appointed in a 5/8th and 6/8th capacity)) who are appointed in terms of the Defence Act, 1957.

CONTENTS OF POLICY FRAMEWORK

4. This Policy Framework contains the following three (3) parts:
 - (a) **Part A** - Pay (notch) progression.
 - (b) **Part B** - Performance incentive schemes, linked to departmental performance management systems.
 - (c) **Part C** - Grade progression.

PART A – PAY (NOTCH) PROGRESSION

5. All employees on salary levels 1 to 12 shall be eligible for pay progression to the maximum notch of the salary level attached to their posts.
6. Progression to the next higher notch within the employee's salary level as of 1 July 2003 shall be based on seniority (period of continuous service) and performance and shall therefore not be automatic. The progression shall therefore not be effected programmatically by PERSAL or PERSOL because employees have to meet qualifying criteria.
7. An employee must complete a continuous period of at least 12 months on her or his (relative) notch on 30 March of a year and must be performing at least satisfactorily, as assessed in terms of the respective departments' performance management policies.
8. The pay progression cycle (and therefore the assessment cycle for this purpose) will run over a continuous period of 12 months, commencing on 1-April of a particular year. (In practice this may have the effect that an employee appointed in or promoted to a post with effect from 1 May

of a year on salary levels 1 to 12 shall only qualify 23 months later for possible pay progression.)

9. Progression will take place annually on 1 July of each year, subject to departments' performance management policies.
10. First progression in terms of this system shall take place on 1 July 2003 and shall be based on the outcome of the performance assessment for the period 1 April 2002 to 30 March 2003 (therefore one years' continuous service on a notch). Departments' should either ensure that existing performance management systems are aligned to support the pay progression system or may wish to utilise, as a default system, the performance management system to be developed by the Department of Public Service and Administration. However, pay progression on 1 July 2004 and 1 July of subsequent years shall be based on-
 - actual service in a particular salary level for the period 1 April to 30 March prior to the pay progression date (therefore of one years' continuous service on a notch); and
 - an assessment of at least satisfactory performance for the said period in line with departmental specific performance management systems.
11. Departments, however, have the flexibility to grant pay progression in terms of their respective performance management systems, ensuring that the specific Department's wage bill does not grow above 1% per year. Only valid notches on the salary scale must be used in the process of progression.
12. Employees on personal notches on the salary scale (therefore on a notch above the maximum of the salary level attached to his or her post), shall not qualify for pay progression, but shall receive any annual salary adjustments on the salary scale. Notches in this instance will be ring-fenced on the pay systems (PERSAL and

PERSOL) and identified as such to ensure that they do not benefit from this system.

13. This system does not impede the authority of Executing Authorities to award a higher salary to employees in terms of the PSR (Chapter 1 Part V/C3). Therefore-
 - (a) employees, who are awarded a higher salary level by an Executing that does not correlate to the job weight attached to their job, shall not qualify for pay progression on the higher salary level; and
 - (b) employees, who are awarded a higher notch within the salary level that correlate to the job weight attached to their job, shall qualify for pay progression: Provided they comply with the set criteria.
14. Employees who benefit from this pay progression system during a financial year will receive the benefit in addition to possible annual cost-of-living adjustments.
15. Employees may receive pay progression and other performance related incentives (e.g. performance bonuses) provided for in departmental performance related incentive schemes in the same financial year.

PART B - PERFORMANCE INCENTIVE SCHEMES, LINKED TO DEPARTMENTAL PERFORMANCE MANAGEMENT SYSTEMS

16. Departments may develop and implement performance incentive schemes, linked to departmental performance management systems and taking into account Public Service Regulations (PSR) (Chapter I/ Part VIII/F and G).

17. Departments may introduce flexibility in a financial performance incentive scheme contemplated in PSR (Chapter I/ Part VIII/F) in respect of performance awards/bonuses within a maximum of 18% of basic salary (e.g. 5% performance bonus for a performance rating of 60%, 10% performance bonus for a performance rating of 80%, 18% performance bonus for a performance rating of 90% and higher.)
18. Departments may not spend more than 1.5% of their annual remuneration budget (i.e. the budget for employees 1 to 12, which includes the basic salary) on departmental financial performance incentive schemes contemplated in PSR (Chapter I/ Part VIII/F).
19. Should a situation occur where the budgeted amount (i.e. 1.5% of the annual remuneration budget for performance bonuses) prove to be insufficient to award the maximum of 18% to deserving members, departments will have to manage the situation by scaling down the applicable percentages to be granted or setting tighter standards for the granting of performance rewards. The maximum percentage referred to in paragraph 18 above may, in exceptional cases, be exceeded with the approval of the Executing Authority.
20. Any outstanding cases for merit bonuses and other forms of recognition of outstanding performance, innovations or achievements up to and including 31 March 2003, should still be dealt with in line with PSCBC Resolution 3 of 1999 (Part XXXV).

PART C – GRADE PROGRESSION

21. Grade progression (upward mobility)-
 - (a) is an upward progression from a lower to a higher grade (salary level) by means of open competition (therefore a vacancy), based on a defined career path, with the employee acquiring and demonstrating the required competencies and skills to perform the job; or

(b) In terms of changes to the job function which is informed by additional demonstrated competencies and a higher job weight based on job evaluation.

22. Policies on grade progression are to be developed and negotiated in the Sectoral Councils of the PSCBC.