



the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

Private Bag X916, PRETORIA, 0001 Tel: (012) 336 1000, Fax: (012) 326 7802
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 : 18/1/4

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

DPSA CIRCULAR 3 OF 2007

**IMPROVEMENT IN CONDITIONS OF SERVICE OF MEMBERS OF THE SENIOR
MANAGEMENT SERVICE: 1 JANUARY 2008**

Introduction

1. This Circular deals with the Minister for the Public Service and Administration's (MPSA) determinations, effective from 1 January 2008, for-
 - (a) 7.5% cost-of-living adjustment to the remuneration scale and remuneration bands for members of the SMS (not based on the outcome of their performance); and
 - (c) the translation of SMS members to the revised inclusive flexible remuneration packages.

Scope of applicability

2. The determinations contained in this Circular apply only to SMS members who are appointed in terms of the following Acts:-
 - (a) Public Service Act, 1994.
 - (b) Correctional Services Act, 1998.
3. The determination of the revised inclusive flexible remuneration packages for SMS members employed in terms of the following Acts will be dealt with by the Ministers of Education, Safety and Security, Defence and Justice and Constitutional Development respectively:

- (a) Employment of Educators Act, 1998.
- (b) South African Police Service Act, 1995.
- (c) Defence Act, 2002.
- (d) National Prosecuting Authority Act, 1998.

Implementation

- 4. The MPSA has determined the following 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), effective from 1 January 2008:
 - (a) The remuneration scales and remuneration bands attached as Annexes A and B for SMS members who are appointed in terms of the **Public Service Act, 1994** and the **Correctional Services Act, 1998** respectively.
 - (b) The translation of the SMS members referred to in (a) above to the revised remuneration scales and bands in terms of the translation keys attached as Annexes C and D.

Implementation of the cost-of-living adjustment

- 5. National Treasury (PERSAL) has been advised to implement the revised packages programmatically (automatically). In practice it would mean the following to members:

SMS members admitted to the GEPF

The components "*basic salary*" and the "*employer's contribution to the GEPF*" will be adjusted automatically, whilst the adjustment to the component "*flexible portion*" will be added to the sub-component "*non-pensionable allowance*" as default.

(a) **SMS members not admitted to the GEPF**

The adjustment to the total package will be added to the sub-component "*non-pensionable allowance*" (in the component "*flexible portion*") as default.

6. However, the MPSA has approved that departments should afford those SMS members who wish to restructure (change) the composition of the "*flexible portion*" the opportunity to restructure after implementation of the packages by PERSAL.

General

7. The expenditure emanating from the MPSA's determination has to be defrayed from the funds included in departmental budgets for the improvement in conditions of service for the 2007/08 financial year and the funds made available to departments to implement PSCBC Resolution 1 of 2007.
8. The SMS remuneration package dispensation is attached as Annexure E for departments' convenience.
9. SMS members must be informed in writing of their revised packages and the manner in which it will be implemented. They must also be informed that errors will be rectified, and that any amounts that may have been overpaid or underpaid will be adjusted.
10. 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.**
11. Departments are requested to ensure that the MPSA's determinations and the measures contained in this Circular are implemented correctly. Departments are welcome to approach **the dpsa** for assistance.

for 

DIRECTOR-GENERAL

Date: 14/12/2007

**REMUNERATION SCALE AND BANDS/GRADES: SMS MEMBERS
EMPLOYED IN TERMS OF THE PUBLIC SERVICE ACT, 1994:**

1 JANUARY 2008

480,198

487,350

494,598

501,951

509,418

517,002

524,694

532,509

540,429

548,475

556,641

564,933

573,345

581,880

**Director Level
Remuneration Band A
SMS Grade A**

590,553

599,346

608,274

617,343

626,538

635,874

645,354

654,975

664,743

674,652

684,708

**Chief Director Level
Remuneration Band B
SMS Grade B**

Annexure A to DPSA Circular 3 of 2007

694,923

705,282

715,809

726,486

737,322

748,326

759,492

770,823

782,331

793,998

805,845

817,875

830,085

**Deputy Director-General Level
Remuneration Band C
SMS Grade C**

842,472

855,054

867,822

880,773

893,925

907,275

920,820

934,572

948,531

962,703

977,079

991,677

1,006,491

1,021,521

1,036,785

1,052,280

1,068,003

**Director-General Level
Remuneration Band D
SMS Grade D**

**REMUNERATION SCALE AND BANDS/GRADES: SMS MEMBERS EMPLOYED
IN TERMS OF THE CORRECTIONAL SERVICES ACT, 1998:**

1 JANUARY 2008

483,060

490,248

497,547

504,954

512,469

520,098

527,841

535,704

543,681

551,781

560,001

568,344

576,810

585,408

**Director Level
Remuneration Band A
SMS Grade A**

594,135

602,988

611,976

621,096

630,360

639,759

649,299

658,980

668,811

678,786

688,908

**Chief Director Level
Remuneration Band B
SMS Grade B**

699,183
709,617
720,204
730,950
741,861
752,931
764,169

775,575
787,152
798,900
810,834
822,939
835,224

**Deputy Director-General Level
Remuneration Band C
SMS Grade C**

847,695
860,352
873,204
886,242
899,481
912,918
926,556
940,398
954,444
968,706
983,181

997,872
1,012,782
1,027,920
1,043,280
1,058,877
1,074,705

**Director-General Level
Remuneration Band D
SMS Grade D**

TRANSLATION KEY**TRANSLATION OF MEMBERS EMPLOYED IN TERMS OF THE PUBLIC SERVICE ACT, 1994 TO THE REMUNERATION SCALE CONTAINED IN ANNEXURE A**

Inclusive flexible remuneration package on 31 December 2007	Revised inclusive flexible remuneration package on 1 January 2008
446,697	480,198
453,348	487,350
460,092	494,598
466,932	501,951
473,877	509,418
480,933	517,002
488,088	524,694
495,357	532,509
502,725	540,429
510,210	548,475
517,806	556,641
525,519	564,933
533,343	573,345
541,284	581,880
549,351	590,553
557,532	599,346
565,836	608,274
574,272	617,343
582,825	626,538
591,510	635,874
600,330	645,354
609,279	654,975
618,366	664,743
627,582	674,652
636,939	684,708
646,440	694,923

Inclusive flexible remuneration package on 31 December 2007	Revised inclusive flexible remuneration package on 1 January 2008
656,076	705,282
665,868	715,809
675,801	726,486
685,881	737,322
696,117	748,326
706,503	759,492
717,045	770,823
727,749	782,331
738,603	793,998
749,622	805,845
760,815	817,875
772,173	830,085
783,696	842,472
795,399	855,054
807,276	867,822
819,324	880,773
831,558	893,925
843,978	907,275
856,578	920,820
869,370	934,572
882,354	948,531
895,539	962,703
908,910	977,079
922,491	991,677
936,270	1,006,491
950,253	1,021,521
964,452	1,036,785
978,864	1,052,280
993,492	1,068,003

TRANSLATION KEY

TRANSLATION OF MEMBERS EMPLOYED IN TERMS OF THE CORRECTIONAL SERVICES ACT, 1998 TO THE REMUNERATION SCALE CONTAINED IN ANNEXURE B

Inclusive flexible remuneration package on 31 December 2007	Revised inclusive flexible remuneration package on 1 January 2008
449,358	483,060
456,045	490,248
462,834	497,547
469,725	504,954
476,715	512,469
483,813	520,098
491,016	527,841
498,330	535,704
505,749	543,681
513,285	551,781
520,932	560,001
528,693	568,344
536,568	576,810
544,566	585,408
552,684	594,135
560,919	602,988
569,280	611,976
577,764	621,096
586,380	630,360
595,125	639,759
603,999	649,299
613,005	658,980
622,149	668,811
631,428	678,786
640,845	688,908
650,403	699,183

660,108	709,617
669,957	720,204
679,953	730,950
690,102	741,861
700,401	752,931
710,856	764,169
721,464	775,575
732,234	787,152
743,163	798,900
754,263	810,834
765,525	822,939
776,952	835,224
788,553	847,695
800,328	860,352
812,283	873,204
824,412	886,242
836,727	899,481
849,225	912,918
861,912	926,556
874,788	940,398
887,856	954,444
901,122	968,706
914,586	983,181
928,254	997,872
942,123	1,012,782
956,205	1,027,920
970,494	1,043,280
985,002	1,058,877
999,726	1,074,705

**INCLUSIVE FLEXIBLE REMUNERATION PACKAGE
SYSTEM (DISPENSATION) FOR MEMBERS OF THE
SENIOR MANAGEMENT SERVICE (SMS) ON LEVELS
13 TO 16: SMS MEMBERS EMPLOYED IN TERMS OF
THE FOLLOWING ACTS:**

- **Public Service Act, 1994**

- **Correctional Services Act, 1998**

EFFECTIVE FROM 1 JANUARY 2001



Determination by:

The Minister for the Public Service and Administration

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REMUNERATION SCALES

1. The dispensation consists of a single remuneration scale for members employed in terms of the Public Service Act, 1994 and the Correctional Services Act, 1998. The Minister for the Public Service and Administration (MPSA) determines the remuneration scale and bands from time to time. (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 – Director level
 - Equate job weight of 695 points to 790 points.
 - 2.2 **Senior Management Service Grade B**
 - Remuneration band B – Chief Director level
 - Equate job weight of 747 points to 842 points.
 - 2.3 **Senior Management Service Grade C**
 - Remuneration band C – Deputy Director-General level
 - Equate job weight of 800 points to 895 points.
 - 2.4 **Senior Management Service Grade D**
 - Remuneration band D – Director-General level
 - 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 Minister for the Public Service and Administration (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 portion 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 for the following allowances/benefits: -

(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**

Option for an employer contribution towards medical aid if the SMS member is a member of a registered 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 structure for all these allowances/benefits.

8.3 The total amount structured for these allowances/benefits must equal the amount available in the flexible portion of the package.

9 MEASURES: STRUCTURING OF 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. These conditions should be contained in departmental policies.
- (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 levied) at the normal 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 date of appointment until the end of the month preceding the anniversary 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. The pro rata 13th Cheque will be payable in the next anniversary 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. The pro rata 13th Cheque is calculated from the last month in which the SMS member received his/her last 13th Cheque until the month prior to the effective date of the revised structuring, based on the basic salary in 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 SMS member's next anniversary month of birth, calculated from the effective date of the revised structuring to the last day of the month preceding the anniversary month of birth.
 - In the event of a SMS member's services being terminated before or in his/her next anniversary month of birth, a pro rata 13th Cheque is payable on the last day of service. The pro rata 13th Cheque is calculated from the effective date of the revised restructuring to the last day of service.
 - In the event of a SMS member's services being terminated after his/her next anniversary month of birth, a pro rata 13th Cheque is payable on the last day of service. The pro rata 13th Cheque is calculated from the month in 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** (amended with effect from 1 March 2006)

9.3.1 SMS members who are members of registered medical aid schemes **are not obliged** to structure for an employer contribution towards the scheme.

9.3.2 The Executing Authority shall pay the total medical aid scheme subscription fee directly (per the pay system) on a monthly basis to a registered medical scheme.

9.3.3 In respect of those SMS members who are members of registered medical aid schemes and **who elect not to structure** for an employer contribution, the total medical aid scheme subscription fee will be a normal (monthly) salary deduction.

9.3.4 In respect of those SMS members who are members of registered medical aid schemes and **who elect to structure** for an employer contribution, the subscription fee shall be composed as follows:-

▪ **Employer contribution**

- Any amount, to a maximum of the following caps - depending on their membership profile - in the form of an employer contribution.

Membership profile	<u>Maximum</u> amount that member may structure as an employer contribution
Member	R6 000 pa (R500 pm)
Member plus 1 dependant	R12 000 pa (R1 000 pm)
Member plus	R15 600 pa (R1 300 pm)

2 dependants	
Member plus 3 dependants	R19 200 pa (R1 600 pm)
Member plus 4 dependants	R22 800 pa (R1 900 pm)
Member plus 5 dependants	R26 400 pa (R2 200 pm)
Member plus 6 dependants	R30 000 pa (R2 500 pm)
Member plus 7 dependants	R33 600 pa (R2 800 pm)
Member plus 8 dependants	R37 200 pa (R3 100 pm)
Member plus 9 dependants	R40 800 pa (R3 400 pm)
Member plus 10 dependants	R44 400 pa (R3 700 pm)
Member with more than 10 dependants	An additional R3 600 pa (R300 pm) per additional dependant

▪ **Member contribution**

- The difference between the total registered medical aid scheme fee and the amount structured as employer contribution.
- The member's own contribution is a normal (monthly) salary deduction.

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 MPSA.

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

AMENDMENT SHEET

**INCLUSIVE FLEXIBLE REMUNERATION PACKAGE SYSTEM
(DISPENSATION) FOR MEMBERS OF THE SENIOR MANAGEMENT
SERVICE (SMS) ON LEVELS 13 TO 16: SMS MEMBERS EMPLOYED
IN TERMS OF THE PUBLIC SERVICE ACT, 1994 AND THE
CORRECTIONAL SERVICES ACT, 1998**

	ITEM/PARAGRAPH AMENDED	EFFECTIVE DATE OF AMENDMENT
1.	Paragraph 8 (2)	1 May 2001
2.	Paragraph 1	1 January 2003
3.	Paragraph 7	1 January 2003
4.	Paragraph 9.4 (Deleted)	1 January 2003
5.	Paragraph 9.5 (Deleted)	1 January 2003
6.	Paragraph 9.6 (Deleted)	1 January 2003
7.	Paragraph 9.3	1 March 2006