



the dpsa

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TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

DPSA CIRCULAR 5 OF 2006

IMPROVEMENT IN CONDITIONS OF SERVICE OF MEMBERS OF THE SENIOR MANAGEMENT SERVICE: 1 JANUARY 2007

Introduction

1. This Circular deals with the Minister for the Public Service and Administration's (MPSA) determinations, effective from 1 January 2007, for-
 - (a) the adjustment of the packages of Senior Management Service (SMS) members with an amount of R 3 432 (per annum) to compensate SMS members in relation to the recent implementation of the new GEMS subsidy structure for employees on salary levels 1 to 10 and the subsequent adjustment to the packages of the Middle Management Service members on salary levels 11 and 12;
 - (b) a 5.3% cost-of-living adjustment to the remuneration scale and remuneration bands for SMS members (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 2007:
- (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:
- (a) **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.

(b) **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 2006/07 financial year and the funds made available to departments to implement PSCBC Resolution 1 of 2006.
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.


1 DIRECTOR-GENERAL

Date:

20/12/06

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

1 JANUARY 2007

446,697

453,348

460,092

466,932

473,877

480,933

488,088

495,357

502,725

510,210

517,806

Director Level

525,519

Remuneration Band A

533,343

SMS Grade A

541,284

549,351

557,532

565,836

574,272

582,825

591,510

600,330

609,279

Chief Director Level

618,366

Remuneration Band B

627,582

SMS Grade B

636,939

Annexure A to DPSA Circular 5 of 2006

646,440

656,076

665,868

675,801

685,881

696,117

706,503

717,045

727,749

738,603

749,622

760,815

772,173

Deputy Director-General Level

Remuneration Band C

SMS Grade C

783,696

795,399

807,276

819,324

831,558

843,978

856,578

869,370

882,354

895,539

908,910

922,491

936,270

950,253

964,452

978,864

993,492

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 2007

449,358

456,045

462,834

469,725

476,715

483,813

491,016

498,330

505,749

513,285

Director Level

520,932

Remuneration Band A

528,693

SMS Grade A

536,568

544,566

552,684

560,919

569,280

577,764

586,380

595,125

603,999

Chief Director Level

613,005

Remuneration Band B

622,149

SMS Grade B

631,428

640,845

650,403
660,108
669,957
679,953
690,102
700,401
710,856

721,464
732,234
743,163
754,263
765,525
776,952

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

788,553
800,328
812,283
824,412
836,727
849,225
861,912
874,788
887,856
901,122
914,586

928,254
942,123
956,205
970,494
985,002
999,726

**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:

1 JANUARY 2007

Inclusive flexible remuneration package on 31 December 2006	Revised inclusive flexible remuneration package on 1 January 2007
420,783	446,697
427,098	453,348
433,503	460,092
439,998	466,932
446,595	473,877
453,294	480,933
460,089	488,088
466,992	495,357
473,991	502,725
481,098	510,210
488,313	517,806
495,636	525,519
503,067	533,343
510,609	541,284
518,268	549,351
526,038	557,532
533,925	565,836
541,935	574,272
550,059	582,825
558,306	591,510
566,682	600,330
575,181	609,279
583,809	618,366
592,563	627,582
601,449	636,939

Inclusive flexible remuneration package on 31 December 2006	Revised inclusive flexible remuneration package on 1 January 2007
610,470	646,440
619,623	656,076
628,920	665,868
638,355	675,801
647,928	685,881
657,648	696,117
667,512	706,503
677,523	717,045
687,687	727,749
697,995	738,603
708,459	749,622
719,088	760,815
729,876	772,173
740,820	783,696
751,932	795,399
763,212	807,276
774,654	819,324
786,273	831,558
798,066	843,978
810,033	856,578
822,180	869,370
834,510	882,354
847,032	895,539
859,731	908,910
872,628	922,491
885,714	936,270
898,992	950,253
912,477	964,452
926,163	978,864
940,056	993,492

TRANSLATION KEY:

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

1 JANUARY 2007

Inclusive flexible remuneration package on 31 December 2006	Revised inclusive flexible remuneration package on 1 January 2007
423,309	449,358
429,660	456,045
436,107	462,834
442,650	469,725
449,289	476,715
456,030	483,813
462,870	491,016
469,815	498,330
476,862	505,749
484,017	513,285
491,280	520,932
498,651	528,693
506,130	536,568
513,726	544,566
521,433	552,684
529,254	560,919
537,195	569,280
545,253	577,764
553,434	586,380
561,738	595,125
570,165	603,999
578,718	613,005
587,403	622,149
596,214	631,428

605,157	640,845
614,235	650,403
623,451	660,108
632,805	669,957
642,297	679,953
651,936	690,102
661,716	700,401
671,646	710,856
681,720	721,464
691,947	732,234
702,327	743,163
712,866	754,263
723,561	765,525
734,415	776,952
745,431	788,553
756,615	800,328
767,967	812,283
779,484	824,412
791,181	836,727
803,049	849,225
815,097	861,912
827,325	874,788
839,736	887,856
852,333	901,122
865,122	914,586
878,100	928,254
891,273	942,123
904,644	956,205
918,216	970,494
931,992	985,002
945,975	999,726

**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