



the dpsa

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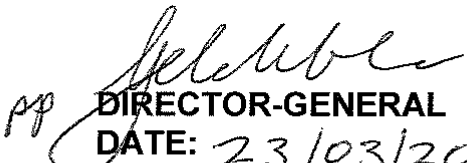
TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

DEFERRED IMPLEMENTATION OF THE VARIABLE PAY SYSTEM (VPS) LINKED TO THE PERFORMANCE MANAGEMENT SYSTEM FOR MEMBERS OF THE SMS

Introduction

1. Kindly note that all departments have already been informed by **dpsa** Circular 2 of 2008, dated 29 September 2008, that the Minister for the Public Service and Administration (MPSA), has made a number of determinations regarding the implementation of a proposed **Variable Pay System (VPS)** for full-time SMS members appointed in terms of the Public Service Act, 1994, and the Correctional Services Act, 1998, and who occupy designated managerial posts.
2. These developments resulted in a revised remuneration pay structure for full-time and part-time SMS members, which came into effect as of 1 September 2008. However, departments were informed via this circular, that the envisaged date for implementation of such accompanying **Variable Pay System** would be effective as from 1 April 2009, and that the current policy for the payment of performance bonuses to full-time SMS members who occupy designated managerial posts will terminate with effect from 31 March 2009. This effectively would have translated to the current financial year 2008/09 being the last SMS performance cycle for the payment of performance bonuses for qualifying SMS members using the current performance management policy and system in terms of the procedures and instruments provided in chapter 4 of the SMS Handbook.
3. It was also noted that details concerning the VPS, including aspects relating to applicable measures such as assessment indicators, would in due course be communicated to departments. Departments were also informed that the VPS will be based on compliance with certain organisational performance and other indicators, while the assessment will, inter alia, be linked to a combination of organisational, component/unit, as well as, individual performance.
4. However, as you would appreciate, this is a rather complex process and requires extensive consultation with numerous stakeholder departments in order to consider and synergise all contextual factors. This would then inform the final assessment instrument, before the operationalisation of a revised PMDS system for the SMS.

5. At present the **dpsa** is in the process of developing and consulting upon a draft *Strategic Framework for Performance Management for the Public Service* that will inform the implementation policy for the envisaged VPS and which would include a new assessment methodology and instrument for the implementation of the VPS.
6. At the recommendation of the **dpsa** the January 2009 Cabinet Lekgotla noted the necessity of extending the date for implementing the new VPS assessment methodology, which can only be determined once the applicable measures and the new instrument has been approved.
7. The Minister for the Public Service and Administration has therefore determined the following in terms of section 3(5)(a) of the Public Service Act, 1994, as amended, read with Public Service Regulations (PSR 2001, Chapter 4 Part IV):
 - 7.1 The implementation of the Variable Pay System for designated SMS members is deferred until such time that the Minister determines the implementation of a revised SMS PMDS with a new assessment methodology.
 - 7.2 The *status quo* with regard to the implementation of the current SMS PMDS in terms of Chapter 4 of the SMS Handbook remains until further notice, while the current SMS PMDS assessment tool with its current provisions must still be used for assessing all SMS members.
8. Departments will be informed timeously of the progress with regard to the development of the draft *Strategic Framework for Performance Management in the Public Service* and the new assessment methodology to be applied for the VPS. After the new assessment methodology has been piloted and approved, Chapter 4 of the SMS Handbook will be amended accordingly to include the new measures pertaining to the implementation of the VPS. A programme of capacity development for all national and provincial departments will also be presented in time to adequately prepare for implementation.


PP **DIRECTOR-GENERAL**
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