



Communiqué to employees on salary level 10 and below in the occupations Medical Officer, Dentist, Medical/Dental Specialist and Pharmacist

Dear Health Employee

IMPLEMENTATION OF A INCLUSIVE FLEXIBLE REMUNERATION PACKAGE SYSTEM FOR EMPLOYEES CURRENTLY ON SALARY LEVELS 10 AND BELOW IN THE OCCUPATIONS MEDICAL OFFICER, DENTIST, MEDICAL AND DENTAL SPECIALIST AND PHARMACIST: 1 JULY 2009

Introduction

1. This communiqué serves to provide you with an overview on the **inclusive flexible remuneration package system** that is being implemented for employees on salary levels 10 and below in the occupations Medical Officer, Dentist, Medical/Dental Specialist and Pharmacist as part of the occupational specific dispensation (OSD), and the **implications thereof on you**. Employees on salary levels 11 and higher in the affected occupations are already being remunerated by means of total remuneration packages. The details of the new package dispensation are contained in the Minister for the Public Service and Administration's Implementation Directive (**dpsa Circular 4 of 2009**), which can be obtained from your Department or the **dpsa** website (<http://www.dpsa.gov.za>) – follow the links to Document Archive/Circulars/Remuneration.
2. This entails a new approach to remunerate you, which has the following advantages for you and the employer:
 - (a) Enhance the control of remuneration costs.
 - (b) Assist in efficient planning and budgeting of personnel costs on these levels.
 - (c) Ensure that all affected employees benefit equally.
 - (d) Enhance departments' external equality in relation to the labour market.
 - (e) Enable you to structure your remuneration package based on your specific needs within a framework.

Structure of the package

3. Apart from your annual notch (pensionable income), the following macro benefits applicable (available to you) on 30 June 2009, have been included into your revised package:
 - (a) Value of the service bonus (calculated on the salary notch).
 - (b) Employer annual contribution to the Government Employees Pension Fund (GEPF) (calculated as 13% of the salary notch).
 - (c) Maximum annual employer contribution to the Government Employees Medical Scheme (GEMS) (R28 280).
 - (d) Maximum annual homeowners allowance (R6 000).
4. Your Department will communicate to you in writing your new package on the appropriate remuneration scale, which is effective from 1 July 2009. Therefore, if on 30 June 2009 you did not enjoy any of these macro benefits or did not enjoy the maximum amount of the benefit, it has been assured that you receive the relative gain, if any, on translation from your current notch to your revised package.
5. If you are admitted to the GEPF, your package will consist of the following three components:
 - (a) **Basic salary**
Constitutes 70% of your package – therefore this constitutes your pensionable income.
 - (b) **Employer contribution to the GEPF**

Calculated on your basic salary, and is deducted from your package for this purpose.

(c) **Flexible portion**

Remaining (third) component of your package, which constitutes the non-pensionable income – therefore total package minus the basic salary and employer contribution to the GEPF.

6. You may structure the **Flexible portion** into the following non-pensionable remunerative allowances/benefits:

(a) **Motor vehicle allowance**

Any amount to a maximum of 25% of your package.

(b) **13th Cheque**

(i) If you are admitted to the GEPF (therefore if you have a component **basic salary** in your package), you may structure for a 13th Cheque.

(ii) The 13th Cheque is calculated as 1/12th of your basic salary and is payable as a once-off non-pensionable bonus in your birthday month.

(c) **Medical assistance**

If you are a member of a registered medical aid scheme, you may structure for an employer contribution towards the scheme within certain parameters.

(d) **Housing allowance**

You may structure any amount as a housing allowance.

(e) **Non-pensionable cash allowance**

You may structure any (remaining) amount of the flexible portion as a non-pensionable cash allowance.

7. If you are not admitted to the GEPF (i.e. appointed on a fixed-term contract and your employment contract stipulates your exclusion from the GEPF), your package will not consist of the components referred to in paragraph 5. However, you are allowed to structure your total package for the remunerative allowances/benefits referred to in paragraph 6.

8. You are not obliged to structure for all the allowances/benefits referred to in paragraph 6. You have the flexibility to decide how you wish to structure the flexible portion - for example, you may even decide to structure the full flexible portion - or total package if you are not admitted to the GEPF - as a non-pensionable cash allowance.

9. Your Department/institution will inform you of the payment measures applicable to these allowances/benefits, as contained in the applicable Dispensation attached to **dpsa Circular 4 of 2009**.

Implementation

10. Your Department/institution will effect your translation to your package. You will be afforded the opportunity to structure the flexible component of your package - or total package if you are not admitted to the GEPF - within the parameters contained in the Dispensation before your Department/Institution will implement (capture) it on PERSAL. The **dpsa** has developed a Model (Excel spreadsheet) for your convenience to structure the package, which you may obtain from your Department or directly from the **dpsa** website.

Conclusion

11. You will appreciate that this communiqué is not exhaustive. Please do not hesitate to contact your HR Component for full details/assistance.

12. Your support is appreciated to ensure that the new package dispensation is implemented successfully (seamlessly) as part of implementation of the OSD.

ISSUED JOINTLY BY THE DEPARTMENTS OF HEALTH AND PUBLIC SERVICE AND ADMINISTRATION

DATE:

BATHO PELE

We belong, we care, we serve