



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 : C Le Roux/T Maile/E Nkosi
Telephone : (012) 336 1064/ 336 1130/ 336 1504
File : 18/1/5

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

**CHANGES TO THE MAXIMUM CAP FOR PURPOSES OF AWARDING OF PAY
PROGRESSION**

1. The maximum cap of 1% of a department's wage bill for the awarding on annual pay progression was inherently linked to the grading system that was implemented with effect from 1 April 2003, which provided for 1% increments between notches.
2. The "wage bill" for purposes of pay progression consists of the combined total of the employees' salary notches, the employer's contribution to the GEPF (annual value) and the service bonus (annual value) for the month of July each year, based on a calculation after a general cost-of-living adjustment to be implemented on 1 July.
3. The introduction of the different Occupation Specific Dispensations (OSDs) and the revised salary structure for employees not covered by an OSD, provides for bigger increments between notches and differentiated periods for pay progression. Certain of the OSDs also provides for the awarding of more than one notch to qualifying employees.
4. Considering the changes to the salary structures and pay progressing system, the Minister for the Public Service and Administration approved that the maximum cap of 1% of the wage bill for purposes of pay progression be increased to 2%. Departments are therefore advised that the expenditure for the awarding of pay progression may not exceed the cap of 2% of the department's wage bill.

5. The financial implications attached to the increase of the cap for purposes of pay progression to be defrayed from the relevant departments' budgets.



DIRECTOR-GENERAL

Date: 29-01-2010

for