

**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**

**DISPENSATION EFFECTIVE FROM
1 JANUARY 2001**

**Latest updates effective from 1 March 2010 – see
amendment sheet**



Determination by:

The Minister for the Public Service and Administration

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REMUNERATION SCALES

1. The Minister for the Public Service and Administration (MPSA) determines the remuneration scales for **full-time** and **part-time** SMS members who are appointed in terms of the Public Service Act, 1994 and the Correctional Services Act, 1998. (Amended with effect from 1 September 2008)
2. The dispensation provides for the following distinct grades and remuneration scales (with commensurate job evaluation weights) (Amended with effect from 1 September 2008):
 - 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 him or her for **all** official kilometres, as per Department of Transport's determinations on tariffs for the use of private motor transport, provided they comply with all the prescribed qualifying criteria (i.e. **approved** official journey). (Amended with effect from 1 September 2008)

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 2010)

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 (with effect from 1 March 2010)
Principal member	R8 040 per annum
Principal member plus 1st dependant	R16 080 per annum
Per additional dependant	An additional R4 920 per

(unlimited number of dependants)	annum per additional dependant
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- **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 (amended with effect from 1 July 2009)

11. Paragraphs 11 deleted.

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
8.	Paragraph 9.3	1 March 2007
9.	Paragraph 9.3	1 March 2008
10	Paragraphs 1 and 2	1 September 2008
11	Paragraph 9.2 (12)	1 September 2008
12	Paragraph 9.3	1 March 2008
13	Paragraph 11	1 July 2009