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

### **AMENDMENT TO THE INCENTIVE POLICY FRAMEWORK FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs) IN THE PUBLIC SERVICE**

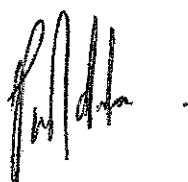
1. As departments are aware, the state as employer engaged labour unions in the PSCBC to provide for a multi-year salary adjustment and improvements to certain conditions of service for employees for the financial year 2012/13-2014/15, as well as to amend particular PSCBC resolutions.
2. Clause 4 of PSCBC Resolution 1 of 2012 amends clause 4.6 of PSCBC Resolution 9 of 2001 in order to develop and professionalise the public service. It further extends the qualifying period for first time participants in terms of pay progression from 12 to 24 months.
3. This amendment is applicable to ALL Public Service Act personnel remunerated in terms of an Occupation Specific Dispensation (OSD) or non-OSD salary scales appointed on or after 1 September 2012.
4. The extension of the pay progression period will enhance/ ensure proper in-service training of new appointees. The probation period however remains unchanged in terms of the current prescripts.
5. The pay progression cycle (e.g. qualifying period) for first time appointees or employees appointed in promotion posts is amended to 24 months, running from 1 April to 31 March of the year following the next year. The date on which the higher notch is awarded remains 1 July of the year, following 24 months of satisfactory performances.
6. The pay progression cycle for other employees remains 12 months, running from 1 April to 31 March of the next year.
7. The effective date of the pay progression remains 1 July of a year.

Staatsdiens en Administrasie . Ditirelo tsa Puso le Tsamaiso . Ditshebeliso tsa Mmuso le Tsamaiso . uMnyango wemiSebenzi kaHulumeni nokuPhata

Muhasho wa Tshumelo ya Muvuso na Vhulanguli . Kgoro ya Ditirelo tsa Mmuso . Ndzawulo ya Vutirela-Mfumo na Valawuri 1

LiTiko le Tebasebenti baHulumende nekuPhatsa . ISebe leNkonzo kaRhulumente noLawulo . UmNyango wemiSebenzi kaRhulumente nokuPhata

8. The details of these amendments are contained in the attached **INCENTIVE POLICY FRAMEWORK FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs)**, which replaces the Incentive Policy Framework that was issued under the cover of DPSA letter 1/7/1/4/1 dated 27 January 2003.
9. Departments are requested to ensure that their departmental incentive policies are adjusted accordingly.



for DIRECTOR GENERAL

Date:

2012/10/04

## **INCENTIVE POLICY FRAMEWORK FOR EMPLOYEES ON SALARY LEVELS 1 TO 12 AND THOSE COVERED BY OCCUPATION SPECIFIC DISPENSATIONS (OSDs)**

### **SCOPE OF APPLICABILITY**

1. This Policy Framework is applicable to all employees on salary levels 1 to 12 and employees covered by Occupation Specific Dispensations (OSDs) (full-time and part-time employees (including employees appointed on a 5/8 and 6/8<sup>th</sup> capacity) who fall within the scope of the PSCBC, and who are appointed in terms of the following Acts:
  - 1.1. Public Service Act, 1994.
  - 1.2. Correctional Services Act, 1998
2. Casual employees (employees who are remunerated on an hourly or daily basis) are excluded from the Policy Framework (e.g. sessional Medical Officers in the Public Health sector).

### **POLICY FRAMEWORK**

3. Framework provides for four (4) parts:
  - 3.1. Part A – Pay (notch) progression.
  - 3.2. Part B – Performance incentive schemes, linked to departmental performance management systems.
  - 3.3. Part C – Grade progression.
  - 3.4. Part D – General (transverse) matters

### **DEFINITIONS**

4. In this Policy Framework the following definitions apply, unless the context indicates otherwise:
  - 4.1. Performance cycle means the cycle that commences 1 April to 31 March of the next year; therefore a continuous period of 12 months.
  - 4.2. Pay progression means progression to a higher notch within the same salary level/scale, limited to the awarding of 3 notches per pay progression cycle for non-OSD employees and the number of notches provided for in the respective OSD for OSD employees.

- 4.3. **Pay progression cycle** means a continuous period of 24 months, running from 1 April to 31 March of the year following the next year, for 1<sup>st</sup> time participants and 12 months, running from 1 April to 31 March of the next year, for employees other than 1<sup>st</sup> time participants.
- 4.4. **First (1<sup>st</sup>) time participant** means a new appointee to the Public Service in a **production or supervisory/managerial** OSD or non-OSD post – therefore excludes OSD and non-OSD employees appointed in training or community service posts (e.g. Candidate Technician and Engineer, Pupil Artisan (Apprentice), Medical Officer (Intern (Medical), Pupil Nurse, Medical Officer (Community Service)). Those OSD and non-OSD employees appointed in training or community service posts, and who complete the requirements for appointment in a **production or supervisory/managerial** post, are for purposes of pay progression policy regarded as a **First (1<sup>st</sup>) time participant** in the production or supervisory/managerial post. It includes employees who have previously resigned from the public service and who are re-appointed in the public service.
- 4.5. **Grade progression for non-OSD employees** means progression from a lower grade (salary level) to the next higher grade (salary level) linked to the job weight of a specific post after 15 years service on the lower salary level, based on the prescribed level of least satisfactory performance
- 4.6. **Accelerated grade progression for non-OSD employees** means progression from a lower grade (salary level) to the next higher grade (salary level) linked to the job weight of a specific post after 12 years service on the lower salary level, based on at least above satisfactory performance for a cumulative, and not necessary successive, period of 12 years.
- 4.7. **Grade progression and accelerated grade progression for OSD employees** means progression from a lower grade (salary scale) to the next higher grade (salary scale) attached to an OSD post, based on the specific requirements for grade progression and accelerated grade progression in the OSD post, as contained in the relevant OSD.
- 4.8. **Continuous service** means uninterrupted years of completed service on a specific salary level.
- 4.9. **Grade Progression Model** is the Model contained in PSCBC Resolution 3 of 2009, which is applicable to Non-OSD employees on salary levels 1 to 12.

4.10. **Wage Bill** for purposes of pay progression, consists of the combined total of the employees' salary notches, the employer's contribution to the GEPF and service bonuses (for total cost to employer package employees this refers to the total package).

4.11. **Remuneration bill** means all personnel expenditure; therefore includes salaries (basic and total packages), employer's contribution to the GEPF, medical aid contributions, service bonuses, home owners allowances as well as other allowances for which employees may qualify (e.g. danger allowances, allowances payable to employees serving Executing Authorities) – in other words the total remuneration budget for the financial year.

#### **PART A - PAY (NOTCH) PROGRESSION**

5. Employees are eligible for pay progression, effective from 1 July of a year.
6. With effect from 1 July 2012, the qualifying period for pay progression for **First (1<sup>st</sup>) time participants**, is twenty-four (24) months. In practice the qualifying period for first time participants will commence with effect from 1 April 2013 and run until 1 March 2015, with the awarding of the pay progression for qualifying employees on 1 July 2015.
7. The pay progression cycle for employees other than 1<sup>st</sup> time participants is twelve (12) months. In practice the qualifying period for these employees will commence on 1 April 2013 and run until 1 March 2014 with the awarding of the pay progression for qualifying employees on 1 July 2014.
8. The pay progression cycle for first time participants does not affect employees' probation periods.
9. Pay progression is not automatic, but based on actual service in a particular salary level for the respective periods as determined in terms of this policy and based on the achievement of at least a satisfactory performance rating for the said period in line with departmental specific performance management systems.
10. Pay progression shall not be effected automatically by PERSAL/PERSOL.
11. Pay progression is awarded to qualifying employees in addition to possible annual cost-of-living adjustments.
12. Departments shall ensure that the cost of awarding pay progression in terms of this policy will not exceed 2% of the specific Department's wage bill for any given financial year.

13. The following **Accelerated Pay progression** provisions apply with effect from 1 July 2012:

**13.1. Non-OSD employees on salary levels 1 to 12:**

**13.1.1. Accelerated pay progression by the awarding of**

- 13.1.1.1. One (1) notch to eligible employees with a satisfactory performance rating.
- 13.1.1.2. Two (2) notches for employees with above average assessments, limited to 10% of eligible employees with the stipulated assessment.
- 13.1.1.3. Maximum of three (3) notches for employees with excellent performance assessments, limited to 5% of eligible employees with the stipulated assessment.

**13.2. OSD Employees.** As contained in respective OSDs.

14. Employees are excluded from pay progression in the following circumstances:

**14.1.** If a non-OSD employee is awarded a higher salary level in terms of Public Service Regulations (PSR) Chapter 1, Part V/C3 that does not correlate to the job weight attached to the specific post, and which is not a salary level to which the employee may grade progress in terms of the non-OSD career pathing model, the employee does not qualify for pay progression on the higher salary level. The following scenarios serve as example:

- 14.1.1. An employee who is appointed in a non-OSD post graded on salary level 7, and who is awarded the eight notch on salary level 9 in terms of PSR (Chapter 1, Part VC3) does not qualify for pay progression.
- 14.1.2. An employee who is appointed in a non-OSD post graded on salary level 7, and who is awarded a notch on salary level 8 in terms of PSR (Chapter 1, Part VC3), qualifies for pay progression provided he/she meet the qualifying criteria.
- 14.1.3. An employee who is appointed to a salary level 8 post and who is awarded a personal notch on salary level 9 in terms of PSR (Chapter 1, Part VC3) does not qualify for pay progression.

- 14.2. As regulated per respective collective agreement or Minister's directive an OSD employee who is awarded a personal salary to his or her OSD post (or where applicable Grade attached to the OSD post).

#### **PART B - PERFORMANCE INCENTIVE SCHEMES, LINKED TO DEPARTMENTAL PERFORMANCE SYSTEMS**

15. Department may develop and implement performance incentive schemes, linked to departmental performance systems and taking into account PSR Chapter I, Part VIII/F and G.
16. Departments may introduce flexibility in a financial performance incentive scheme contemplated in PSR Chapter I, Part VIII/F in respect of performance rewards/bonuses within a maximum of 18% of basic salary (e.g. 5% performance reward for a performance rating of 60%, 10% performance reward for a performance rating of 80%, 18% performance reward for a performance rating of 90% and higher).
17. Departments may not utilize more than 1.5% of its annual remuneration budget (e.g. budget for non-OSD employees on salary levels 1 to 12 and OSD employees) on departmental financial performance incentive schemes.
18. If the budgeted amount (e.g. 1.5% of the annual remuneration budget for performance bonuses) proves to be insufficient to award the maximum rewards to eligible personnel, departments will have to manage the situation by scaling down the applicable percentages to be granted or setting tighter performance standards for the granting of performance rewards. The maximum percentage of the remuneration budget (amount) to be utilized may, in exceptional cases, be exceeded with approval of the Executive Authority.

#### **PART C – GRADE AND ACCELERATED GRADE PROGRESSION**

19. Employees qualify for grade and accelerated grade progression, based on the outcome of performance, as measured in terms of departmental performance management systems. Accelerated grade progression rewards those employees who demonstrated sustained above average performance over the sustained period.
20. Grade and accelerated grade progression for non-OSD employees are effective from 1 April of the year following the performance cycle in which the employee complies with the stipulated criteria (e.g. an employee who complies with the stipulated criteria on 31 August of a year, will only progress with effect from 1 April of the year thereafter). Effective dates of

grade and accelerated grade progression for OSD employees are contained in OSDs.

21. Grade/Accelerated Grade progression is not automatic, but based on actual service on a particular OSD or non-OSD post and complying with the prescribed periods and performance ratings.
22. Grade/Accelerated Grade progression is not affected automatically by PERSAL/PERSOL.
23. The grade progression model for **non-OSD employees** on salary levels 1-12, which provides for both grade and accelerated grade progression, is as follows:

### **23.1. Grade Progression**

#### **23.1.1. Employees on Salary Levels 1 to 3.**

- 23.1.1.1. The progression of qualifying employees on salary level 1 (with **5 (five) years** of continuous service) to salary level 2, and those employees on salary level 2 (with **20 (twenty) years** of combined continuous service on salary level 1 and 2) to salary level 3, is based on consistent satisfactory performance over the last two annual performance assessments.

#### **23.1.2. Employees on salary levels 4 to 12**

- 23.1.2.1. An employee on salary level 4, 5, 6, 7, 9 or 11 is eligible for grade progression to salary levels 5, 6, 7, 8, 10 or 12 respectively provided that the employee –
  - 23.1.2.1.1. completed **15 (fifteen) years** continuous service on a particular salary level (i.e. the level on which the post is graded); and
  - 23.1.2.1.2. obtained at least a satisfactory rating during the last two (2) annual performance cycles.



## **23.2. Accelerated grade progression**

### **23.2.1. Employees on salary levels 1, 2 and 3**

- 23.2.1.1. No employees on salary levels 1 and 2 are eligible for accelerated grade progression from salary level 1 to 2 and 2 to 3 respectively.

### **23.2.2. Employees on salary level 4 to 12**

- 23.2.2.1. An employee on salary level 4, 5, 6, 7, 9 or 11 is eligible for accelerated grade progression to salary levels 5, 6, 7, 8, 10 or 12 respectively provided that the employee –

23.2.2.1.1. completed at least **12 (twelve)** years of continuous service on a particular salary level (i.e. the level on which the post is graded); and

23.2.2.1.2. obtained **12 (twelve)** cumulative annual above satisfactory performance ratings on the salary level.

24. OSD employees qualify for grade and accelerated grade progression as prescribed in the respective OSDs.

25. The following general provisions apply:

25.1. Performance assessments over the entire period by means of current and/or previous departmental performance management systems will be considered. However, in the absence of proven records (current and previous performance management system(s)), progression will not be considered.

25.2. Grade or accelerated grade progression for non-OSD employees is limited to progression to the next higher salary level above the salary level (grade) attached to the post in terms of the job evaluation system (e.g. an employee who occupies a post graded on salary level 4, may only grade progress from salary level 4 to 5, and not from salary level 4 to 5 to 6 or directly from 4 to 6).

25.3. Grade progression is limited for employees whose posts are graded on salary level 3, 8 and 10 respectively. Therefore, employees cannot

grade progress from salary levels 3 to 4, 8 to 9 and 10 to 11 respectively. This means that these employees must apply for vacant funded posts graded on salary levels 4, 9 and 11 respectively.

25.4. If an employee's job has been graded on a specific level (e.g. salary level 4), but the employee is already remunerated on a higher level (e.g. salary level 5), the employee is not eligible to grade progress to a next higher salary level (e.g. salary level 6).

25.5. If a post is upgraded and the current incumbent is absorbed into the upgraded post, the qualifying period for grade progression to the next higher (permissible) salary level commences from the date of absorption into the upgraded post.

25.6. Departments shall limit the progression of non-OSD employees based on accelerated progression to 30% of qualifying employees on a specific salary level per annum. Therefore, if more than 30% employees meet the qualifying criteria, only the top 30% performers qualify.

#### **PART D – GENERAL (TRANSVERSE) MATTERS**

26. The expenditure to be incurred on grade/accelerated grade progression is to be defrayed from **existing departmental baselines**.
27. Employees eligible for pay progression as well as a performance bonus (once-off cash amount) in recognising service in the same financial year as provided for in the departmental performance related incentive scheme.
28. An employee not eligible for pay progression and grade/accelerated grade progression in the same financial year or based on the performance during the same performance cycle.
29. Since the carry-through effect of pay progression results in a permanent increase in the wage bill in subsequent financial years, it is not permissible for departments to "pool" the funds allocated for pay progression and performance bonuses to provide additional or other incentives to employees