



the dpsa

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TO ALL HEADS OF NATIONAL/PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

DPSA CIRCULAR 1 OF 2013

IMPROVEMENT IN CONDITIONS OF SERVICE OF MEMBERS OF THE SENIOR MANAGEMENT SERVICE (SMS): 1 APRIL 2013

Introduction

1. This Circular deals with the Minister for the Public Service and Administration's (MPSA) determinations regarding the following:
 - 1.1 2013 SMS cost-of-living adjustment; and
 - 1.2 Reduction of the scales for Director and Chief Director levels (salary levels 13 and 14) with a single notch each.

Scope of applicability

2. The determinations contained in this Circular apply only to SMS members who are appointed in terms of the following Acts:-
 - 2.1 Public Service Act, 1994.
 - 2.2 Correctional Services Act, 1998.
3. The MPSA's determination is also applicable to SMS members in SASSA in terms of the SASSA Remuneration, Grading and Performance Management Framework.
4. The Ministers of Police, Defence and Military Veterans and Justice and Constitutional Development will make similar determinations for SMS members employed in terms of the following Acts:
 - 4.1 South African Police Service Act, 1995.
 - 4.2 Defence Act, 2002.
 - 4.3 National Prosecuting Authority Act, 1998.

Determinations by the MPSA

5. In terms of section 3(5)(a) of the Public Service Act, 1994, as amended, read with the Public Service Regulations (Chapter 4, Part 4, Section B1), the MPSA has determined the following:
 - 5.1 Cost-of-living adjustment of 5.6% to the Total Cost-to-Employer (TCE) packages of SMS members (salary levels 13 to 16) employed in terms of the **Public Service Act, 1994** and the **Correctional Services Act, 1998** respectively, delinked from performance; and
 - 5.2 Reduction of the scales of **Public Service Act** and **Correctional Services Act** appointees at Director and Chief Director levels with a single notch each, by doing away with the 1st notch of each scale, effective from 1 April 2013;
 - 5.3 Remuneration scales attached as **Appendices A and B** for SMS members referred to in sub-paragraph 5.1, effective from 1 April 2013.
 - 5.4 Translation of the SMS members referred to in sub-paragraph 5.1 to the remuneration scales referred to in sub-paragraph 5.3, effective from 1 April 2013:
 - 5.4.1 SMS members appointed in terms of the Public Service Act: **Appendices C to F.**
 - 5.4.2 SMS members appointed in terms of the Correctional Services Act: **Annexure G.**

Implementation of the cost-of-living adjustment

- 6 The DPSA advised the National Treasury (PERSAL) to implement the cost-of-living adjustment, effective from 1 April 2013, in the following manner:

6.1 SMS members admitted to the GEPF

The components "*basic salary*" and the "*employer's contribution to the GEPF*" of the TCE package will be adjusted programmatically, whilst the adjustment to the component "*flexible portion*" will be added to the sub-component "*non-pensionable allowance*" as default.

6.2 SMS members not admitted to the GEPF

The adjustment to the total TCE package will be added to the sub-component "*non-pensionable allowance*" (in the component "*flexible portion*") as default.

- 7 SMS members are afforded the opportunity to re-structure their TCE packages, effective from 1 April 2013.

Voluntary relinquishing of 2013 cost-of-living adjustment for Directors-General (DGs)

- 8 Recently there has been a social call in the country to cut back on salary increases for senior executives, both in the public and private sector. In certain quarters there were even calls for a freeze on increases for an entire year.
- 9 In order to give expression to the call, the Forum of South African Directors-General's (FOSAD) (DG: The Presidency) resolved that DGs would voluntarily surrender their 2013 cost-of-living adjustment. Therefore, the annual difference between their Total Cost-to-Employer (TCE) packages as on 31 March and 1 April 2013 will be recovered through monthly deductions from their salary over the 2013/14 financial year. The Presidency will liaise with the respective departments in this regard.
- 10 The DPSA liaised with PERSAL for the creation of an appropriate deduction code.
- 11 FOSAD also agreed to the freeze on payment of 2013 performance bonuses to DGs, based on the outcome of their performance during the 2012/13 performance cycle.

General

- 12 The expenditure emanating from the MPSA's determination has to be defrayed from current departmental (budget) baselines.
- 13 The DPSA Model to structure SMS TCE packages, effective from 1 April 2013, is available on the DPSA website.
- 14 SMS members must be informed in writing of their revised TCE packages and the manner in which it will be implemented. They must also be informed that errors will be rectified, and that any amounts that may have been overpaid or underpaid, will be adjusted.
- 15 Departments are requested to ensure that the MPSA's determinations and the measures contained in this Circular are implemented correctly. Departments are welcome to approach the DPSA for assistance.


ACTING DIRECTOR-GENERAL

Date: 2013/04/15