

2019 INCENTIVE POLICY FRAMEWORK FOR EMPLOYEES IN THE PUBLIC SERVICE



**DIRECTIVE issued by the Minister for the Public Service and
Administration (MPSA)**

DECEMBER 2018

SCOPE OF APPLICABILITY

1. The *2019 Incentive Policy Framework for employees in the Public Service* (hereafter referred to as the *2019 Incentive Policy Framework*), effective from 1 April 2019, is applicable to –
 - 1.1. Employees on salary levels 1 to 12 (hereafter referred to as non-Occupation Specific Dispensation (OSD) employees);
 - 1.2. Employees covered by OSDs (hereafter referred to as non-OSD employees); and
 - 1.3. Members of the Senior Management Service (hereafter referred to as SMS members);who are appointed in terms of the Public Service Act, 1994, either in a full-time or part-time capacity (including 5/8 and 6/8th capacity), and who fall within the scope of the Public Service Coordinating Bargaining Council (PSCBC).
2. Casual employees (employees who are remunerated on an hourly or daily basis) are **excluded** from the *2019 Incentive Policy Framework* (e.g. sessional Medical Officers in the Public Health Sector).
3. Categories of employees in general who are covered by sector legislation governing their specific employment where another executive authority is responsible for such determination, shall, where the need arises for consistency in common public service norms and standards, via a formal process be requested to extend the principles of the appropriateness of their sector measurement instruments, so as to manage the burgeoning wage bill.

INTRODUCTION

4. Each Executive Authority (EA) shall, in terms of Regulation 73(1) of the 2016 Public Service Regulations (PSR), establish a performance incentive scheme to reward employees or category of employees in his or her department(s) **within the limits** determined by the Minister for the Public Service and Administration (MPSA) in terms of Sub-regulation 73(3) and (4) of the PSR, 2016, as contained/stipulated in the *2019 Incentive Policy Framework*.
5. The Head of Department (HOD) shall, in terms of Sub-regulation 73(2) of the PSR, 2016, establish a written departmental performance incentive scheme, containing, *inter alia*, the rules and control measures.

POLICY FRAMEWORK

6. The *2019 Incentive Policy Framework* provides for FOUR (4) Parts:

Part A	Pay (notch) progression
Part B	Performance Bonuses
Part C	Grade Progression
Part D	General (transverse) matters

DEFINITIONS

7. In the *2019 Incentive Policy Framework* the following definitions apply, unless the context indicates otherwise:

- 7.1. **Performance Cycle:-** means a continuous 12 months period (cycle) aligned to the financial cycle that runs from 1 April to 31 March of the next year.
- 7.2. **Pay Progression:-** means progression to a higher salary notch within the same salary level/scale up to the maximum of the scale, limited to a **single** salary notch per pay progression cycle for non-OSD employees and SMS members, and the **number of salary notches** provided for in the respective OSD for OSD employees.
- 7.3. **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 1st time participants, and 12 months, running from 1 April to 31 March of the next year, for employees other than 1st time participants.
- 7.4. **First (1st) time participant:-** means a new appointee to the Public Service in a **production** or **supervisory/managerial** OSD, non-OSD or SMS post -
 - 7.4.1. Including employees who have previously resigned from the Public Service and who are re-appointed - even with effect from the next work day following the date of resignation; and
 - 7.4.2. Excluding 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)).

Once an OSD and non-OSD employee completes the prescribed training or community service, and is subsequently appointed in a **production** or **supervisory/managerial** OSD or non-OSD post, he/she is regarded as a **First (1st) time participant** in such **production** or **supervisory/managerial** OSD or non-OSD post.

- 7.5. **Grade Progression for non-OSD employees:-** means progression in terms of the Grade Progression Model from a grade (salary level) attached to a post, as per the result of job evaluation, to the next higher permissible grade (salary level) after completing the stipulated period of service on the salary level attached to the post, based on the prescribed level of at least satisfactory performance.
- 7.6. **Accelerated grade progression for non-OSD employees:-** means progression in terms of the Grade Progression Model from a grade (salary level) attached to a post, as per the result of job evaluation, to the next higher permissible grade (salary level) **after 12 years' service** on the salary level attached to the post, based on at least above satisfactory performance for a cumulative, and not necessary successive, period of 12 years.
- 7.7. **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 set for the OSD post in the relevant OSD.
- 7.8. **Continuous Service:-** means uninterrupted years of completed service on the specified salary level.
- 7.9. **Grade Progression Model:-** is the Model contained in PSCBC Resolution 3 of 2009 and Part C to the *2019 Incentive Policy Framework*, which is applicable to non-OSD employees.
- 7.10. **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 (TCE) package employees this refers to the entire TCE package).
- 7.11. **Remuneration Bill:-** means all personnel expenditure; therefore includes salaries (basic and TCE packages), employer contributions to the GEPF and registered medical aid schemes, 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 FOR NON-OSD AND OSD EMPLOYEES, AND SMS MEMBERS

8. Pay progression is not automatic, but is based on actual service on a particular salary level for the respective periods as determined in terms of the *2019 Incentive Policy Framework*, and based on the attaining of “*at least a satisfactory performance*” rating for the mentioned period in terms of departmental specific performance management systems.
9. Employees are eligible for pay progression on the following dates, based on the outcome of their performance in the previous performance cycle:
 - 9.1. Non-OSD and OSD employees: 1 July of a year.
 - 9.2. SMS members: 1 April of a year.
10. The qualifying period for pay progression for **First (1st) time participants** runs from the 1st of April after date of appointment to the Public Service to 31 March of the year following the next year – therefore at least twenty-four (24) months. This means that the qualifying period for a first time participant who is appointed after 1 April of a year will commence with effect from the next 1 April and run for 24 months until 31 March two years later, with the awarding of the pay progression to the employees with effect from the subsequent 1 July for non-OSD and OSD employees, and 1 April for SMS members.
11. The qualifying period for pay progression for employees other than 1st time participants runs from 1 April to 31 March of the next year (performance cycle).
12. The pay progression cycle for first time participants does not affect their prescribed probation periods.
13. PERSAL/PERSOL shall not implement pay progression automatically.
14. Pay progression is awarded to qualifying employees in addition to possible annual cost-of-living adjustments.
15. The pay progression of OSD employees is regulated in terms of their respective OSDs.
16. The MPSA determined that the expenditure on pay progression for non-OSD and OSD employees, and SMS members shall **not** exceed 2% of a department’s wage bill for any given financial year.

17. Employees are excluded from pay progression in the following circumstances:
 - 17.1. If a **non-OSD employee** was awarded a higher salary or salary level (e.g. in terms of the repealed PSR, 2001 (Chapter 1, Part V/C3), or progressed to a higher salary level in terms of a previous service dispensation) that does not correlate with the job weight attached to his or her post, or which is not a grade progression (salary) level attached to the his or her post in terms of the non-OSD Grade Progression Model, **he or she does not qualify for pay progression on such higher salary level**. The following scenarios serve as examples:
 - 17.1.1. An employee who is appointed in a non-OSD post graded on salary level 7, and who is remunerated on salary level 9, does **not** qualify for pay progression on salary level 9 because salary level 9 is not a progression level for a post graded on salary level 7 in terms of the Non-OSD Grade Progression Model.
 - 17.1.2. An employee who is appointed in a non-OSD post graded on salary level 8, and who is remunerated on salary level 9, does **not** qualify for pay progression on salary level 9 because salary level 9 is not a progression level for a post graded on salary level 8 in terms of the Non-OSD Grade Progression Model.
 - 17.1.3. An employee who is appointed in a non-OSD post graded on salary level 12, and who is remunerated on salary level 13, does **not** qualify for pay progression on salary level 13 because salary level 13 is not a progression level for a post graded on salary level 12 in terms of the Non-OSD Grade Progression Model.
 - 17.2. An OSD employee on a **personal** salary (notch or Total Cost-to-Employer package above the maximum of the scale attached to the OSD post, or highest scale if more than one salary grade (scale) is attached to the OSD post.

PART B: PERFORMANCE BONUSES FOR NON-OSD AND OSD EMPLOYEES, AND SMS MEMBERS

18. The MPSA determined that the annual expenditure on performance bonuses **is set as the maximum percentage indicated below** of a department's annual remuneration budget:

Financial Year (performance cycle)	Maximum % of Remuneration Budget
2018-19	1.5 %
2019-20	0.75%
2020-21	0.5%
2021-22	0%
Post 2022	To be determined based on the Comprehensive Review of ALL PMDSs for ALL categories of Employees

Executive Authorities do not have the authority to exceed the caps indicated above.

19. Departments may introduce flexibility in respect of performance bonuses within a maximum of **18%** of a salary notch and **14%** of a TCE package.

PART C: GRADE AND ACCELERATED GRADE PROGRESSION FOR NON-OSD AND OSD EMPLOYEES

20. 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.
21. Non-OSD and OSD 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 a period.
22. Grade and accelerated grade progression for non-OSD employees are effective from the 1st day of the month following the month in which the employee complies with the stipulated criteria (e.g. an employee who complies with the stipulated criteria on 12 August 2019, will progress with effect from 1 September 2019).
23. Effective dates of grade and accelerated grade progression for OSD employees are stipulated in the respective OSDs.
24. PERSAL/PERSOL shall not implement grade or accelerated progression automatically.
25. The Grade Progression Model for **non-OSD employees**, which provides for both grade and accelerated grade progression, is as follows:

25.1. Grade Progression

25.1.1. Employees on Salary Levels 1 to 3.

25.1.1.1. Progression of qualifying employees who occupy a post graded on salary level 1 (with **5 (five) years** of continuous service) to salary level 2, and those employees who occupy posts graded on salary level 2 (with **20 (twenty) years** combined continuous service on salary level 1 and 2) to salary level 3, based on consistent satisfactory performance in the last two annual performance assessments.

25.1.2. Employees on salary levels 4 to 12

25.1.2.1. An employee who occupy a post graded 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 the employee –

25.1.2.1.1. completed **15 (fifteen) years** continuous service on the salary level on which the post is graded; and

25.1.2.1.2. obtained at least a satisfactory rating in the last two (2) annual performance cycles of the qualifying period.

25.2. Accelerated Grade Progression

25.2.1. Employees on salary levels 1, 2 and 3

25.2.1.1. No employees who occupy a post graded on salary levels 1 and 2 are eligible for accelerated grade progression from salary level 1 to 2 and 2 to 3 respectively.

25.2.2. Employees on salary level 4 to 12.

25.2.2.1. An employee who occupy a post graded 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 the employee –

25.2.2.1.1. completed at least **12 (twelve) years** of continuous service on the salary level on which the post is graded; and

25.2.2.1.2. obtained **12 (twelve)** annual cumulative, and not necessary consecutive, “*above satisfactory performance*” ratings on the salary level.

26. OSD employees qualify for grade and accelerated grade progression as prescribed in their respective OSDs.

27. SMS members who occupy posts graded on salary levels 13 to 15 are excluded from grade progression to higher salary levels.

28. The following general provisions apply:

28.1. 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.

28.2. Grade or accelerated grade progression for non-OSD employees is limited to progression to the next higher stipulated 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 eventually to salary level 6).

- 28.3. Non-OSD employees whose posts are graded on salary level 3, 8 and 10 respectively are excluded from grade progression. Therefore, these 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.
 - 28.4. If a post is upgraded and the current incumbent is absorbed into the upgraded post, the qualifying period for grade or accelerated grade progression to the next higher (permissible) salary level commences from the date of absorption into the upgraded post.
 - 28.5. 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.
29. The expenditure on grade/accelerated grade progression must be defrayed from **existing departmental baselines**.

PART D:- GENERAL (TRANSVERSAL) MATTERS

26. Employees are eligible for both pay progression as well as a performance bonus (once-off cash amount) in recognition of performance in the same performance cycle as provided for in the departmental performance incentive scheme.
27. Non-OSD and OSD employees are 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. The following scenarios serve as examples:
 - 27.1. A non-OSD employee who grade progressed to a higher salary level on 1 October 2010, is not eligible for pay progression on the higher salary level on 1 July 2011 because he or she did not complete the entire performance cycle of 12 months, running from 1 April 2010 to 31 March 2011, on the higher (new) salary level.
 - 27.2. An OSD employee who grade progressed to a higher salary grade attached to the OSD post with effect from 1 April 2010, is not eligible for pay progression on the higher OSD salary grade on 1 July 2010 because he or she did not complete the entire performance cycle of 12 months, running from 1 April 2009 to 31 March 2010, on the higher (new) salary grade.
28. 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.