



**the dpsa**

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

### **DPSA CIRCULAR 2 OF 2019**

#### **TRANSITIONAL MEASURES FOR THE AWARDING OF PERFORMANCE INCENTIVES TO MEMBERS OF THE SENIOR MANAGEMENT SERVICE**

1. The Minister for the Public Service and Administration (MPSA) has approved the revised performance management and development system (PMDS) for members of the Senior Management Service (SMS) effective from 1 April 2018. The revised PMDS is issued as a Directive in terms of section 41(3) of the Public Service Act, 1994 and is replacing the 2006 Directive contained in Chapter 4 of the SMS Handbook.
2. The replacing of the previous Chapter 4 of the SMS Handbook with the Directive created a policy vacuum for the awarding of performance rewards as the Incentive Policy Framework for SMS is not addressed in the Directive. Transitional measures to facilitate the awarding of performance incentives to SMS members should be introduced, until such time an appropriate Performance Incentive Policy Framework has been approved and implemented. +
3. Members of the SMS are eligible to be considered for performance incentives (i.e pay progression and performance bonuses) on an annual basis subject to them meeting the prescribed performance levels. The final decision on the awarding of performance incentives are taken by the Executive Authority, who shall act on the advice of a moderating committee.
4. Executive Authorities, in terms of Regulation 73(1) of the Public Service Regulations, 2016 (PSR), are responsible for establishing a performance incentive scheme to reward employees or category of employees in his or her department(s) within the limits determined by the MPSA in terms of Regulations 73(3) and (4) of the PSR, 2016. The MPSA determined that:
  - 4.1 The expenditure on pay progression for employees shall not exceed 2% of a department's wage bill for any given financial year.
  - 4.2 The annual expenditure on performance bonuses may not exceed 1.5% of a department's annual remuneration budget, effective from the 2017/18 performance cycle, which commenced on 1 April 2017.
5. The MPSA determined in terms of section 3(5)(a) of the Public Service Act, 1994 the following transitional measures for the awarding of performance incentives to members of the SMS:
  - 5.1 For the performance cycles up to and including 2017/2018, the prescripts contained in paragraph 15 of Chapter 4 of the SMS Handbook, 2006 in relation to the awarding of performance incentives shall be applicable.
  - 5.2 For the 2018/2019 and subsequent performance cycles until such time an appropriate

Incentive Policy Framework is introduced:

- (a) **Pay Progression** – the prescripts contained in paragraph 15(4) of Chapter 4 of the SMS Handbook shall be applicable.
- (b) **Performance Bonus** – SMS members who have achieved a performance rating of **highly effective** (115% and above for Heads of Department and Deputy Directors-General and 120% and above for Chief Directors and Directors) may be eligible to be awarded performance bonuses calculated between 5% and 14% of his or her total remuneration package. Performance bonus can only be granted to SMS members who have completed an assessment period of at least 12 months commencing on 1 April of a year and ending 31 March of the following year, provided that the member remained on the same salary level for the duration of the period. Departments must not spend more than 1.5% of their annual SMS remuneration budget (i.e the budget for all inclusive flexible remuneration packages of their SMS members) on performance bonuses for members of the SMS.

Any enquiries in this regard should be directed to the DPSA, Mr T Shabane (012) 336-1246 or [PMDS@dpsa.gov.za](mailto:PMDS@dpsa.gov.za).

Kind regards



**Professor Richard Levin**  
**Director-General**  
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