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REMUNERATION POLICY


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1. DEFINITIONS

- **Benefits** means non-cash benefits that a manager may receive as part of the manager's remuneration.
- **Collective agreement** refers to the agreement between trade unions and employers on the terms and conditions of employment conducted under the auspices of the South African Local Government Bargaining Council.
- **External equity** means a comparison between a manager's total cost of employment and that of a person employed in similar positions and of a similar role size in the private and public sectors.
- **EPWP** worker refers to an unemployed who has been offered employment for a limited period of time as part of the Extended Public Works Programme.
- **Increment date** represents the anniversary month when the employee was appointed.
- **Remuneration** means the total cost of employment and any performance related pay.
- **SALGBC** refers to the South African Local Government Bargaining Council.
- **Total cost of employment (TCOE)** means the total cost of employment including benefits.

2. LEGISLATIVE FRAMEWORK

This policy is established within the framework of the following legislation and regulations:

- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- The Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Local Government Municipal Systems Act, 2000 (Act No 32 of 2000) and its regulations
- All collective agreements as amended from time to time, concluded in the South African Local Government Bargaining Council (SALGBC)

3. OBJECTIVES

3.1 To ensure that all employees of the municipality are recognised and rewarded for their work performance in a fair and equitable manner.

3.2 To provide guidelines for compensating employees for performing their employment obligation with the municipality.

4. APPLICABILITY

4.1 This Policy is applicable to all employees of the Municipality excluding the Municipal Manager and Managers reporting directly to the Municipal Manager in terms of sections 56 and 57 of the Municipal Systems Act of 2000 as amended.

4.2 The remuneration of section 56 and 57 managers is regulated by the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers (130307).

5. POLICY PROVISIONS

5.1 Payroll Administration

5.1.1 The remuneration policy will be influenced by affordability and sustainability of the municipality.

5.1.2 The municipality must comply with all collective agreements that regulate the salaries, allowances and benefits applicable.

5.1.3 The salaries, allowances and benefits of all employees except for Section 56 and 57 managers are determined by the SALGBC collective agreements.

5.1.4 The municipality will remunerate its employees' fair and competitive salaries considering prevailing market rates in similar organisations and the ability of the municipality to sustain the salaries budget.

5.1.5 The municipality will reward its employee's equal pay for similar or equal work and will not discriminate based on gender or age.

5.1.6 Competence will be used to determine the level of remuneration as guided by the municipality's performance management policy.

5.1.7 The municipality will allow reasonable flexibility, within the law, in the operation of reward processes and in the choice of benefits by employees.

5.1.8 Confidentiality will be observed in all matters relating to individual salaries.

6. Job Evaluation and Grading

6.1 The content of all jobs will be properly described and evaluated in terms of the agreed job evaluation system.

6.2 Jobs will be linked to the pay structure in accordance to their intrinsic value and relative ranking in relation to other jobs.

7. Payment of Monthly Remuneration

7.1 All amendments pertaining to a service contract or personnel particulars for implementation from the first of the month must reach Human Resources on or before the 15th of the particular month. In this regard, it is the responsibility of every employee to inform the employer in writing, within fourteen days, if any of the following changed have taken place:

- a) Residential address
- b) Number of dependants
- c) Marital Status
- d) Banking Details
- e) Contact details

f) Any personal status change which can influence contributions to the Receiver of Revenue, Pension and Medical Aid.

7.2 Salaries are payable on the 22nd of each month, unless the date falls on the weekend. Remuneration for December month shall be paid on a date determined by the Municipal Manager.

8. Reward Mix

8.1 The reward mix for all employees will consist of guaranteed basic pay and benefits.

8.2 Guaranteed pay for an individual will be determined by the job evaluation process.

8.3 Employee benefits will be provided according to the collective agreements and the municipality's conditions of service and human resources policies.

8.4 Basic Pay

8.4.1 Basic Pay will be determined by internal (as measured by job evaluation) and/ or external (as measured by benchmarking) considerations.

8.4.2 Basic Pay will also be determined in accordance with national collective agreements.

8.5 Retirement / Pension Fund

8.5.1 It is a compulsory condition of service that all permanent employees should join a Pension or Retirement Fund recognised by the municipality and registered in terms of the Pension Fund Act of 1956.

8.6 Medical Aid

8.6.1 All permanent employees should belong to an accredited Medical Aid Scheme recognised by the municipality. Employees may be registered with other accredited Medical Schemes.

8.7 Annual Bonus

8.7.1 A permanent employee qualifies for the payment of a non-pensionable annual bonus equal to one month's salary.

8.7.2 The annual bonus is paid once in a financial year on the birth month of the employee.

8.7.3 A pro-rata payment of an annual bonus in respect of an uncompleted years' service shall be paid on termination of service.

8.8 Allowances

8.8.1 Legislated and non-legislated allowances as determined by the employee's service contract shall be included in the salary.

9. ROLES AND RESPONSIBILITIES

The Municipal Manager or his / her nominee accept overall responsibility for the implementation and monitoring of the policy.