

UMZIMVUBU LOCAL MUNICIPALITY



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— LOCAL MUNICIPALITY —

REMUNERATION POLICY

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1. DEFINITIONS

- 1.1. **CRITICAL SKILL** – is any skill classified as a critical skill for any post in terms of the Staff Retention Strategy
- 1.2. **DEPARTMENT** – is a structural unit within the Municipality headed by an Executive Manager
- 1.3. **EARNER** – is any person who is entitled to earn an income from the Municipality in terms of any legal obligation to the Municipality
- 1.4. **MIDDLE MANAGER** – is any Management position of the Municipality falling within the Post Levels of 4 & 5 or equivalent grades.
- 1.5. **LEVELS/GRADES** - Skills levels. Level 1: Basic skills (Grade 1 -3); level 2: Discretionary skills (Grade 4 – 8); level 3: Specialised skills (Grade 9 – 13); Level 4: Tactical Skills (Grade 14 – 18); and Level 5: Strategic skills (Grade 19 – 26).
- 1.6. **SCARCE SKILL** – is any skill classified as a critical skill for any post in terms of the Staff Retention Strategy

2. PREAMBLE

Having realized a need for the development and implementation of a Remuneration Policy the Municipality hereby formulates a policy to be known as a "Remuneration Policy ". This policy is intended to provide an operational framework and context in respect of remuneration of Municipal Employees, Councillors and any person defined as an earner in this policy. This shall further create a legitimate framework for transacting all remuneration related activities in respect of earners. In so doing, the Municipality shall be providing a normative and value system within which earners shall be remunerated by the Municipality.

3. PURPOSE

- 3.1. To provide policy requirements for remuneration of all earners within the Municipality.
- 3.2. To create an internal legitimate frame work for remuneration practices within the Municipality.
- 3.3. To formalize payment of basic salaries and benefits to all Municipal Employees and Councillors.
- 3.4. To create a holistic culture of consistency in the course of remunerating Employees and Councillors.
- 3.5. To create a systemic mechanism for remunerating Employees and Councillors according to their ranks within the Municipality.
- 3.6. To eliminate a lack of uniformity in remuneration practices in respect of all Categories of Employees, Experiential Trainees and Political Office-Bearers.

4. APPLICATION OF THIS POLICY

- 4.1. This policy shall apply to all Employees and Councillors.

- 4.2. This policy shall apply to interns, experiential trainees and on-the-job-trainees.
- 4.3. This policy shall also apply to both temporary and fixed contract employees of the Municipality.
- 4.4. This policy shall not apply to service and goods providers to the Municipality and third parties.
- 4.5. This policy shall not apply to any other person of which an act of remunerating him or her shall constitute the breach of this policy and the law.

5. LEGAL FRAMEWORK AND REQUIREMENTS

- 5.1. This policy is premised on all relevant provisions of the Basic Conditions of Employment Act (75 of 1997) as may be amended and relevant Regulations and Notices issued by the Department of Labour from time to time.
- 5.2. It is further anchored on the legal provisions of the Labour Relations Act (66 of 1995) in terms of sections 27 and 28.
- 5.3. This policy further derives its authority from the relevant provisions of the Remuneration of Political Office Bearers Act (20 of 1998) and Regulations and Notices issued by the relevant Government Department from time to time.
- 5.4. This policy shall be implemented in terms of the objects of other relevant sister policies within the Municipality.
- 5.5. This policy shall be implemented in compliance with the requirements of the Collective Agreements concluded by the parties to the South African Local Government Bargaining Council, relevant employment contract, letter of appointment, performance contract and any applicable law.

6. PROVISIONS FOR REMUNERATION OF PERMANENTLY EMPLOYED GENERAL EMPLOYEES

- 6.1. All employees shall be remunerated salaries and customary fringe benefits applicable in the local Government sector as follows:
 - 6.1.1. Basic Salary
 - 6.1.2. Medical aid
 - 6.1.3. Pension
 - 6.1.4. Housing subsidy
 - 6.1.5. Service bonus/13th cheque
- 6.2. Payment of basic salaries, medical aid contributions, pension contributions and housing subsidy must be transacted in terms of the applicable Wage and Salary Collective Agreement.
- 6.3. The service bonus/13th cheque shall be paid to the employee in November every calendar year.
- 6.4. The salary notch increases shall not be automatically payable and shall be payable as outcome of the individual performance assessment conducted in terms of the performance management policy of the Municipality, unless is as a result of applicable collective agreement.
- 6.5. The salary structure for the permanently employed general employees shall be implemented as determined by the South African Local Government Bargaining Council (SALGBC) from time to time.

- 6.6. The Task grade/post /TASK grade shall be the sole determinant of the payable salary scale to the position filled by the Municipality.
- 6.7. The Municipality shall pay salary scales based on its category as determined from time to time.
- 6.8. Change or departure from paying a particular salary notch shall be an exclusive preserve of the Municipal Manager on the ultimate advice from the Corporate Services Department informed by a motivation from the respective Manager/Designee or Manager of the concerned Department.

7. PROVISIONS FOR REMUNERATION OF MIDDLE MANAGERS AND SECTION 56/57 MANAGERS

- 7.1. The middle managers shall be remunerated in terms of enhanced staff retention mechanism within the Municipality with reference to the SALGBC salary structure.
- 7.2. Their remuneration shall be based on a clustered package of ranking system according to the level of responsibility and generic location of the position in the organizational charter.
- 7.3. The Task grade/posts for these shall be bench marked against those of the sister institutions with the same or similar size, characteristics and relevant comparable factors with reference to the prevailing South Local Government job evaluation system.
- 7.4. Jobs of the same and similar amount of responsibility shall be allocated the monetary value of remuneration with reference to the SALGBC salary structure.
- 7.5. The remuneration for these positions shall be based on the recommendations from a scientific research conducted by an independent service provider with a track record in rendering remuneration research services.
- 7.6. Total remuneration package shall be payable in respect of these positions as a key strategic element for enticement, retention and optimization of job satisfaction.
- 7.7. The total remuneration packages which shall be total cost to the employer and shall be structured to include at least the following components:
 - 7.7.1. Basic salary
 - 7.7.2. Pension Fund Contribution
 - 7.7.3. Medical Aid Contribution
 - 7.7.4. Travelling Allowance
 - 7.7.5. Housing Subsidy
 - 7.7.6. 13th cheque
- 7.8. Notwithstanding contents of clause No 6.8, an employee concerned may add or cut the basic components within the confines of a legally acceptable remuneration package covered by the Municipality's remuneration system.
- 7.9. The basic salary shall be limited to 60% of the remuneration package.
- 7.10. The travelling allowance shall constitute an indispensable component of the total remuneration package policy with a threshold of 25 to 33 % of the total remuneration package.

- 7.11. Market related annual salary increase shall be effected with reference to the average CPIX for a consecutive 12 month-period and the across-the-board annual salary increase for general employees in the South African Local Government undertaking.
- 7.12. Each employee shall be required to submit a break down of her or his total remuneration package within seven calendar days upon assumption of duty or change of remuneration in case of newly appointed and existing employees respectively.
- 7.13. The break down of the total remuneration shall not include the non mandatory performance bonus.
- 7.14. The payment of performance bonus shall be determined in terms of the Performance Management Policy and applicable regulations.
- 7.15. The wage differentials amongst the five categories of management positions shall range between 10 and 35%.

8. PROVISIONS FOR REMUNERATION OF COUNCILLORS

- 8.1. Councillors shall earn their emoluments as determined by the Government from time to time in terms of the relevant Act of law and periodical notices issued by COGTA.
- 8.2. Councillors' remuneration shall be broken down as follows:
 - 8.2.1. Basic salary
 - 8.2.2. Pension fund Contribution
 - 8.2.3. Medical aid Contribution
 - 8.2.4. Travel /Motor car allowance
 - 8.2.5. Cell Phone allowance
- 8.3. Councillors shall not be forced to write a break down of their total remuneration as a cost to the Municipality as this is done through an annual government notice.
- 8.4. The pension membership for Councillors shall be compulsory.
- 8.5. The Councillors' earnings shall be structured in a tax efficient manner in each year after annual increase or upon assumption of service by the Councillors or a particular Councillor.
- 8.6. The earnings of Councillors shall be structured around elements of emoluments within the confines of the legal provisions.

9. PROVISIONS FOR REMUNERATION OF SHORT TERM/FIXED TERM CONTRACT EMPLOYEE AND EXPERIENTIAL TRAINEES

- 9.1. Employees contemplated in this section shall be remunerated not less than the prevailing monthly minimum wage within the South African Local Government sector.
- 9.2. Employees appointed in terms of particular Task grades/posts/job levels shall be remunerated the relevant and applicable basic salary.
- 9.3. Experiential trainees shall be remunerated a monthly stipend in terms of the provisions of the relevant Municipal policy affecting their appointment.

9.4. Fringe benefits shall not be paid to this category of employees and experiential trainees due to their nature of employment and appointment respectively.

9.5. There shall be no formal pay structure for this category of earners.

10. GENERAL PROVISIONS IN RESPECT OF REMUNERATION

- 10.1. There shall be no employee of the municipality (except temporary or equivalent) who shall be paid below minimum wage as decided upon by the SALGBC from time to time.
- 10.2. Payment of higher salary other than the one payable in relation to a particular position and the relevant salary notch may be transacted be within the structure of the salary scales after approval by the Municipal Manager.
- 10.3. No amount of money shall be paid to a permanently appointed employee outside the salary structure of the respective position.
- 10.4. Payment of a salary package with departure from the payable remuneration package for the positions of the same Task grade/post, shall be done after extensive research on merits of such payment.
- 10.5. Employees earning such special package as contemplated in clause No 10.4. shall earn such income on a personal-to -incumbent basis.
- 10.6. All monies earned by any employee on personal-to- incumbent shall never be regarded as payable across the board except for any other emoluments(benefits/allowances falling outside the salary structure.
- 10.7. The payment of the remuneration shall be done on the basis of a valid letter of appointment or a contract of appointment.
- 10.8. No remuneration shall be transacted after the letter of appointment or contract of employment has lapsed unless any emolument or pay is due in terms of the expired letter of appointment and contract of employment.
- 10.9. All implementation of statutory deductions shall be implemented with prior notification of the employee for at least a period of fourteen (14) calendar days.
- 10.10. Non mandatory emoluments like over time, pay for work on Sunday and public holiday, standby allowance, subsistence and travelling reimbursement allowance, annual leave encashment request and shift allowance shall be paid upon submission of a duly approved claim to the Human Resources Division.
- 10.11. Pro rata service bonus shall be paid to all employees who have served a notice period for voluntary termination of services, reasons of death, left the service on retirement, on medical boarding ,operational grounds, and those whose contracts of employment have expired.
- 10.12. No pro rata service bonus shall be paid to an employee who has been dismissed on grounds of misconduct.

- 10.13. Annual leave pay shall be transacted in full compliance with the legal requirements.
- 10.14. A determination of daily rate of pay shall be calculated as follows:
- 10.14.1. Annual salary divided by twelve months = Y
 - 10.14.2. Y divided by 4.33 weeks = X
 - 10.14.3. X divided by 5 days = Z
 - 10.14.4. Z equals to a daily rate
- 10.15. All earners shall be appraised in advance prior to effecting changes in their earnings in payroll in writing by the Human Resources Division .
- 10.16. All emoluments including claims for re-imbursement with tax implications shall be transacted through the payroll on a monthly basis.
- 10.17. All claims for non mandatory payments or reimbursement falling within a particular month shall be paid in the succeeding month of business , subject to approval and submission of such claim to the Human Resources Division before the cut off date for submission of payroll inputs.
- 10.18. Leave encashment, refunds, claims additional or salary increase and any other due emolument shall be paid through the payroll subject to meeting payroll inputs submission deadlines .
- 10.19. An employee who has failed to serve a notice period in respect of termination of employment shall forfeit the monetary value of his or her income from her/his annual leave pay or pro rata bonus or performance bonus or a combination of these emoluments equivalent to the required length of notice period not served provided there is no agreement for a shorter term of notice/ no notice at all.
- 10.20. No salary advance shall be paid by the municipality to any earner.
- 10.21. No advance pro rata bonus shall be paid to any employee of the Municipality.
- 10.22. No payment of any kind of earning shall be transacted with out submission of duly signed necessary documentation of original nature.
- 10.23. Photo copies of payroll input shall only be accepted under exceptional circumstances and in case of input with financial implications; such photo copy must be accompanied by an affidavit signed by a Commissioner of Oath.
- 10.24. Human Resources Department shall make annual budgetary provisions for filling posts as approved in terms of the organogram and Organizational Establishment and Job & Evaluation policy.
- 10.25. Any applicable backpay shall be deductible of all statutory requirements like pension, tax, medical aid and UIF.
- 10.26. The structure of the total remuneration package shall be valid for a period of 12 months subject to review within the same period should any change is effected on any of the elements of the structure.

11. PROVISIONS FOR RETENTIONAL REMUNERATION OF STAFF

- 11.1. Under exceptional circumstances, the Municipal Manager shall approve extra remuneration for a critical skill or scarce skill employee as defined in the Retention Strategy (Human Capital) of the Municipality.
- 11.2. Extra remuneration shall be in the form of monthly scarce skills or critical skills allowance.
- 11.3. The scarce skills or critical skills allowance payable in terms of this policy shall not exceed 35 % of the employee's basic salary.
- 11.4. For the purpose of payment of this allowance to a total remuneration package earning employee, 60% of his or her total remuneration package shall be deemed to constitute a basic salary.
- 11.5. All allowances payable in terms of this policy shall be non-pensionable but taxable in terms of the law.

12. REQUIREMENTS FOR PROVISION, MAINTENANCE AND MANAGEMENT OF A HITECH REMUNERATION SYSTEM

- 12.1. The Municipality shall provide a new generation payroll management system.
- 12.2. This particular system shall be there to provide all payroll solutions in so far as modern payroll requirements are concerned.
- 12.3. The pay roll management system shall be fully compliant with the requirements of the law in so far as they affect the remuneration of earners within the municipality.
- 12.4. Nothing illegal and unauthorized or not approved by a person who has the power to do so shall be transacted or performed in the payroll management system.
- 12.5. The technological payroll management system shall not be subjected to force pay means and mechanism in order to override the entrenched systems for payment of emoluments.
- 12.6. The payroll management system shall be used as the most reliable system for calculation of earnings.
- 12.7. The Budget & Treasury Department in consultation with Corporate Services Department shall procure, provide, maintain and manage the payroll management system.
- 12.8. The Budget & Treasury Department in consultation with Corporate Services Department shall make necessary budgetary allocations on an annual basis for the provision and maintenance of a modern and reliable payroll management system.

13. COMMENCEMENT

- 13.1. This policy shall come into effect on the date of adoption by the Council.

14. INTERPRETATION OF THIS POLICY

- 14.1. All words contained in this policy shall have an ordinary meaning attached thereto, unless the definition or context indicates otherwise.
- 14.2. Any dispute on interpretation of this policy shall be declared in writing by any party concerned.

- 14.3. The Municipal Manager shall give a final interpretation of this policy in case of a written dispute.
- 14.4. If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council/ Arbitration.

15. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY

- 15.1. This policy may be partly or wholly waived or suspended by the Municipal Council on a temporary or permanent basis, after consultation with Management and Trade Unions.
- 15.2. Notwithstanding clause No. 15.1 the Municipal Manager may under circumstances of emergency temporarily waive or suspend this policy subject to reporting of such waiver or suspension to Council and Trade Unions.

16. AMENDMENT AND/OR ABOLITION OF THIS POLICY

- 16.1. This policy may be partly amended or repealed by the Council after consultation and interaction with Management and Trade Unions.

17. COMPLIANCE AND ENFORCEMENT

- 17.1. Violation of or non-compliance with this policy shall give a just cause for disciplinary steps to be taken.
- 17.2. It shall be the responsibility of all Managers, Supervisors, and Executive Committee and Council to enforce compliance with this policy.

APPROVAL OF THE POLICY

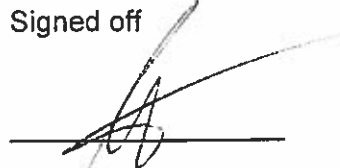
The Municipal Council has approved this policy and amendments thereof.

AUTHENTICATION

The amendments of the policy and or the new policy was adopted by the Council on the
23/01/2020

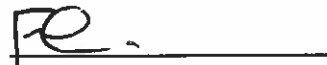
As per Council Resolution number 015/19/20

Signed off



Mr. G.P.T. Nota

Municipal Manager



Cllr. N.F Ngonyolo

Speaker of the Council