

THEMBISILE-HANI LOCAL MUNICIPALITY



REMUNERATION POLICY

2024/25

REMUNERATION POLICY

1. PREAMBLE

The Municipality is committed to ensuring that equitable remuneration is paid to all the employees to advance the strategic objective of attracting, recruiting, motivating, and retaining the best and most suitable employees. While maintaining fiscal responsibility, the Municipality is committed to remunerating staff in a manner that is fair, consistent, reflecting external market, and providing recognition for attaining individual goals, the Municipality objectives, and professional competency.

2. PURPOSE

The purpose of this policy is to set out standard framework for determining remuneration levels, allowances and service benefits within the Municipality. In addition, the ultimate goal is to achieve internal pay equity, external pay equity, increased performance and productivity, compliance with legislation, administrative efficiency, and to attract, recruit, motivate and retain employees.

3. SCOPE

This policy applies to all managers and employees of the Municipality

4. LEGISLATIVE AND POLICY FRAMEWORK

- Constitution of the Republic of South Africa Act 108 of 1996
- Municipal Systems Act 32 of 2000
- Municipal Structures Act 117 of 1998
- Municipal Finance Management Act 56 of 2003
- Labour Relations Act 66 of 1995
- Employment Equity Act 55 of 1998
- Local Government: Regulations on appointment and conditions of employment of senior managers, dated 17 January 2014
- Local Government: Municipal Staff Regulations, 2016 (issued in terms of Section 72, read with Section 120 of the Municipal Systems Act 32 of 2000)
- Local Government: Guidelines for the Implementation of the Municipal Staff Regulations, 2016 (issued in terms of Section 72, read with Section 120 of the Municipal Systems Act 32 of 2000)
- Basic Conditions of Employment Act 75 of 1997
- South African Local Government Bargaining Council (SALGBC) Collective Agreements
- Occupational Health and Safety Act 85 of 1993
- Minimum Wage Act 9 of 2018

- Skills Development Act 97 of 1998

5. DEFINITIONS

All terminology used in this policy shall bear the same meaning as in the applicable legislation, or as defined and / or explained in the Glossary of the Human Resources Policies Manual.

6. PROBLEM STATEMENT

The purpose of this policy is to set out standard framework for determining remuneration levels, allowances and service benefits within the Municipality. In addition, the ultimate goal is to achieve internal pay equity, external pay equity, increased performance and productivity, compliance with legislation, administrative efficiency, and to attract, recruit, motivate and retain employees

7. POLICY PROVISIONS

7.1 Guiding principles of the remuneration policy

- 7.1.1** Remuneration policy shall be utilised to inform the remuneration strategy as part of integrated human resource management
- 7.1.2** Remuneration shall support systems and procedures that ensure fair, efficient, effective and transparent human resources management and administration
- 7.1.3** Remuneration policy shall advance the strategic objective of attracting, recruiting, motivating, and retaining the best and most suitable employees, as well as employees in the occupational categories classified as scarce skills

7.2 Remuneration scope

The scope of remuneration within the Municipality covers all the rewards earned by employees in return for their labour, personal career achievements, and work related expenses. These are categorised as follows:

7.3 Remuneration of senior managers

7.3.1 Determining remuneration of senior managers

In determining remuneration packages of senior managers, the Municipal Council shall consider the following:

- 7.3.1.1** Determine performance contract in line with the performance management policy

- 7.3.1.2 Determine the impact of the position towards Municipal objectives
- 7.3.1.3 Ensure there is external pay equity (*through salary surveys*) on remuneration paid to similar positions in similarly graded municipalities
- 7.3.1.4 Determine the minimum, median and maximum salary packages (salary notches) expressed as total cost to employer
- 7.3.1.5 Identify the factors that may justify the employment of a senior manager on any of the proposed salary notches of the total salary package
- 7.3.1.6 Ensure the salary packages conform to the upper limits of salaries of senior managers determined by the Minister
- 7.3.1.7 Publish in the media the salary scales and benefits applicable to posts of the Municipal Manager and every senior manager

7.3.2 Remuneration on a Total Cost of Employment basis

Remuneration of senior managers shall be set out as follows:

- 7.3.2.1 Non-flexible portion not exceeding seventy percent (70%), being the net amount after subtracting employer's portion of pension fund and medical aid contributions.
- 7.3.2.2 Flexible portion of a minimum of thirty percent (30%), covering employee's portion of pension fund and medical aid contributions, and motor vehicle / travel allowance. In addition:
 - a. All senior managers shall contribute to their chosen *Retirement Fund*, and are obliged to submit proof of membership annually.
 - b. All senior managers shall join and become members of their chosen *Medical Aid Scheme* and be subjected to the rules of the Scheme, and are obliged to submit proof of membership annually.
- 7.3.2.3 Performance bonus, paid in terms of the Performance Management Policy, and after an annual performance appraisal that produced the rating score that falls within the categories earmarked for rewarding through performance bonus in that financial year.

7.4 Remuneration of staff members below level of senior managers

Remunerated items for staff members below the rank of senior manager shall be as follows:

- 7.4.1** Basic pay, being the amount based on the rank and salary grading the staff member is placed in, and as per the applicable negotiated salary and wage agreement entered in the South African Local Government Bargaining Council (SALGBC).
- 7.4.2** Non-pensionable allowance (NPA), being a contribution equals to 2% of basic pay paid directly to the group scheme for employees. Employees contribute also 2% of their basic pay, and those who elect not to belong to the group scheme, and are duly granted permission to opt out, shall not receive this benefit.
- 7.4.3** Medical aid contributions, where –
 - 7.4.3.1** An employee shall belong to any SALGBC's accredited medical scheme to qualify for medical subsidy. An employee who elects not to belong to an accredited medical scheme shall not be entitled to medical aid subsidy.
 - 7.4.3.2** The Municipality shall contribute sixty per cent (60%) up to a maximum set by the SALGBC per month of the monthly membership contribution, while the employee will contribute forty per cent (40%)
- 7.4.4** Pension fund contributions, where the Municipality shall contribute an equivalent of eighteen percent (18%) of basic pay to the pension fund. An employee shall contribute an equivalent of seven percent (7%) of basic pay, plus an additional voluntary two percent (2%) to the pension fund
- 7.4.5** Thirteenth (13th) cheque (Annual Service Bonus), calculated as 1/12 of the annual basic pay, payable in the month following the employee's qualifying date. The amount is paid on a *pro rata* basis from date of employment or resignation, where the period under consideration is less than twelve months

7.5 Remuneration tied to nature of work or essential tools of the trade

- 7.5.1** Essential tools are tied to the performance of the job in terms of the job description, the physical and psychological nature of work outlined in the job description and / or performance plan, as well as dictated upon by work processes and procedures.
- 7.5.2** The Municipality shall ensure that accessing or receiving these forms of remuneration or tools shall not be subjected to separate or additional

application or approval processes as the appointment in the respective positions entitle incumbents to the tools.

7.5.3 Essential tools shall cover, but not limited to, the following:

7.5.3.1 Acquisition and /or maintenance of work tools such as computers and / or computing equipment, not limited to but including laptops / notebooks, tablets, and so on, as would be determined by the Municipal Council from time to time.

7.5.3.2 Mobile phone, data and airtime package on contract only, offered to senior managers and other employees as expected by their job descriptions. The limits shall be the discretion of the relevant head of department, on a case by case basis.

7.5.3.3 Car or travel allowance, in terms of the applicable transport and travel policy.

7.6 Remuneration classified under employee recognition and allowances

The Municipality shall remunerate staff members as follows:

7.6.1 Overtime pay, paid in terms of the applicable overtime allowance policy.

7.6.2 Performance bonus or in kind, paid in terms of the Performance Management Policy, and after an annual performance appraisal that produced the rating score that falls within the categories earmarked for reward by a performance bonus in that financial year.

7.6.3 Acting allowance, paid in terms of the Promotion, Transfer, Secondment and Acting Appointment Policy and collective agreement on conditions of service (Divisional).

7.6.4 Housing allowance, paid in accordance with the applicable housing allowance policy, collective agreement on conditions of service (Divisional).

7.6.5 Night work allowance, being night work paid in terms of Section 17 of the Basic Conditions of Employment Act for work performed after 18h00 and before 06h00 the next day. This allowance shall be paid as follows:

7.6.5.1 A night work allowance in Rand terms per hour as determined by the SALGBC shall be paid to night work performed.

7.6.5.2 This amount shall be increased annually by the amount agreed to at SALGBC national bargaining level in respect of salary / wage increases

7.6.6 Standby duty allowance, being a compensatory allowance which is paid to an employee when he / she is instructed to keep himself / herself readily available to work after normal working hours for standby duty. The stand-by allowance tariff equals 20% of annual basic salary of incumbent, divided by 250, divided by 8. This allowance shall –

7.6.6.1 be payable per hour and calculated as follows:

Monday to Friday:	1 x hourly tariff x
number of hours	
Saturday:	1,5 x
hourly tariff x number of hours	
Sunday and Public Holiday:	2 x hourly tariff x number of hours

7.6.6.2 be increased annually by the amount agreed to at SALGBC national level in respect of salary / wage increases

7.6.6.3 also entitle staff members receiving it to be provided with a means of communicated by the Municipality, such as a mobile phone or phone allowance

7.6.6.4 be paid to operational staff or on an *ad hoc* basis to other staff designated by the Municipal Manager

7.6.6.5 also entitle staff members receiving it to be paid kilometre rates in terms of the applicable transport and travel policy for travelling a return trip from home to work.

7.6.7 Shift allowance, paid as follows:

7.6.7.1 Equal to 10 & 20% of the staff members' annual basic salary payable monthly, for qualifying post levels as highlighted in the collective agreement on conditions of service (Divisional).

7.6.7.2 Staff members who receive shift allowance shall not be entitled to receive night work allowance

7.7 Remuneration based on advances and reimbursable expenses

The Municipality shall remunerate staff members for expenses incurred in carrying out their duties in their official capacity, as per the applicable expenses policy.

7.8 Remuneration Committee

7.10.1 The Municipal Council shall entrust upon the Remuneration Committee the full responsibility for the remuneration policy.

7.10.2 The Remuneration Committee shall –

7.10.2.1 recommend refinements to the remuneration policy in line with all related policies.

7.10.2.2 monitor the implementation of the remuneration policy.

7.10.2.3 advise the Municipal Council on the remuneration policy and remuneration structure, allowances and specific packages of managers and employees.

7.10.2.4 make recommendations for the Municipal Council's approval on specific packages for particular managers or employees.

7.10.2.5 set the mandate for collective bargaining

7.10.2.6 approve senior managers' salary increases

7.10.2.7 approve senior managers' incentive or bonus payments

7.10.2.8 recommend delegation of remuneration-related issues to Municipal Manager

7.10.2.9 report to the Municipal Council on a regular basis, covering:

- a.** The documented remuneration policy and its implementation success and challenges for managers and all other employees.
- b.** The annual decisions on the payment of performance incentives / rewards and recognition for all categories of employees, and endorsement of eligibility and qualifying criteria; and
- c.** Details of the remuneration of senior managers and all categories of employees.

7.10.2.10 be made up of:

- a.** three (3) Councillors
- b.** Municipal Manager; and

- c. an independent remuneration expert

7.12 Roles and responsibilities

7.12.1 The Municipal Manager or his / her delegated assignee(s) accept overall responsibility for the implementation and monitoring of the policy. In the week before a staff member's salary pay day, the Municipal Manager or his or her delegate shall provide a staff member with the following information in writing –

7.12.1.1 the Municipality's name and address

7.12.1.2 the staff member's name

7.12.1.3 the staff member's job title and occupational category in terms of the systems of occupational stream and remuneration

7.12.1.4 the staff member's salary notch

7.12.1.5 any other form of compensation that the Municipality pays directly to the staff member on a monthly basis

7.12.1.6 the period for which payment is made

7.12.1.7 the amount and purpose of any deductions; and

7.12.1.8 the actual amount paid to the staff member.

7.12.2 The financial implications related to implementing this policy shall be qualified and quantified by human resource management in consultation with the Chief Financial Officer.

7.12.3 In dealing with remuneration related information, a staff member of the Municipality working with such information shall respect the staff member's right to privacy.

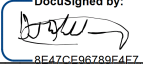
8. POLICY MONITORING AND EVALUATION

8.1 This policy shall be implemented and effective once recommended by the Local Labour Forum and approved by Council.

8.2 Non-compliance to the stipulations contained in this policy shall be regarded as misconduct, which shall be dealt with in terms of the Code of Conduct.

8.3 Head of Corporate Services shall carry out the monitoring and evaluation of the policy's implementation.

9. POLICY APPROVAL

Approved by Municipal Council on the 23 rd of May 2024 and signed by the Municipal Manager	
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DJD Mahlangu	Date