



## REMUNERATION POLICY

**DATE APPROVED BY COUNCIL** : **27/02/2007**

**COUNCIL RESOLUTION NUMBER** : **22/2003**

**1<sup>ST</sup> AMENDMENT DATE** : **01/08/2008**

**RESOLUTION NUMBER** : **31/2008**

## **1. PREAMBLE**

This remuneration policy and procedure is designed to facilitate the recruitment, retention and motivation of a consistently high performing human resource team that will enable Council to achieve its developmental objective.

## **2. LEGISLATIVE FRAMEWORK**

2.1 Local Government Municipal Performance Regulations, 2006

2.2 Local Government Bargaining Council Agreements

2.3 Labour Relations Act

2.4 Municipal Finance Management Act

## **3. OBJETIVES**

The objectives of this policy are to ensure a reward system that:

3.1 Recognises individual and team contributions to achieving municipalities objectives and motivates high levels of performance;

3.2 Communicates and supports organisational values and strategy and creates focus on key organizational objectives through the performance management system;

3.3 Allows the municipality to compete effectively in the labour market and to recruit and retain high calibre staff;

3.4 Achieves fairness and equity;

3.5 Complies with the requirements as stipulated by the Bargaining Council for bargaining unit employees, and with the BCEA;

3.6 Allows the municipality to pay market related remuneration commensurate with municipality's resources and ability to pay, i.e. affordability and other

factors into account when deciding on employees remuneration, as well as the justification of decision to remuneration policy and;

3.7 Ensures that remuneration is determined in terms of a clearly defined policy administered by a remuneration committee.

#### **4. SCOPE OF APPLICATION**

This policy is applicable to all employees of Ngaka Modiri Molema District Municipality

#### **5. THE ESTABLISHMENT OF REMUNERATION COMMITTEE**

##### **5.1 Composition of the Committee**

The Remuneration Committee shall consist of the following:

- Councillors
- Independent Remuneration Expert & other external members
- Municipal Manager
- The Executive Mayor and/or his appointee whom will serve as a chairperson of the Committee

##### **5.2 Functions of the Remuneration Committee**

- Advice Council on the remuneration of employees/policy
- Develop and review the remuneration policy for Council adoption
- Monitor the implementation of the remuneration policy

#### **6. Remuneration of Section 57 Employees(sec 7)**

6.1 Remuneration of Municipal Manager and Managers directly accountable to Municipal Manager shall be an all inclusive remuneration package and payable in equal monthly instalments.

6.2 The all inclusive remuneration package shall include:

- 6.2.1 Basic salary
- 6.2.2 Retirement or provident fund contributions
- 6.2.3 Medical Aid contributions (unless an employee is a dependant on a spouse/partner's scheme)
- 6.2.4 Housing subsidy
- 6.2.5 Vehicle allowance

- 6.3 The all inclusive remuneration package must be structured in accordance with guidelines from South African Revenue Services (SARS)
- 6.4 The all inclusive annual remuneration package shall be adjusted annually linked to the cost of living based on market indicators. This adjustment shall be effected/ implemented on 1<sup>st</sup> July each year
- 6.5 Section 57 Employees will not qualify for any overtime remuneration.
- 6.6 The employer may make deductions from the employees' monthly all inclusive remuneration package subject to the provisions of the Basic Conditions of Employment Act, No. 75 of 1997.

## **6. BARGAINING UNIT EMPLOYEES**

- 6.1 Salaries and benefits of non section 57 employees are determined by the South African Local Government Bargaining Council
- 6.2 The Municipal Manager shall adjust and update salary scales for Bargaining Unit employees, upon receipt of information from Bargaining Council.
- 6.3 Salaries for Bargaining Unit employees shall be reviewed once yearly and implemented on 1<sup>st</sup> July of each year, and upon receipt from the Bargaining Council new salary scales, and shall be applied accordingly, unless the employer applies for exemption.
- 6.4 Bargaining Unit employees are entitled to receive the annual thirteen cheque as part of their remuneration, as stipulated by their conditions of employment.

## **7. PAYMENT OF BONUSES (sec 8 & 32)**

- 7.1 A performance bonus based on the affordability of the Municipality may be paid to section 57 employees after the following conditions have been met:
- 7.2 The annual report for the financial year under review has been tabled and adopted by Council
- 7.3 An evaluation of performance has been conducted
- 7.4 Council has approved such evaluation as a reward for outstanding performance

- 7.5 The employee has completed full financial year (1July – 30 June)
- 7.6 The performance bonus ranging from 5 to 14% of the all inclusive remuneration package may be paid
- 7.7 In determining the performance bonus the following must be taken into consideration.
  - 7.7.1 Performance Agreements
  - 7.7.2 Annual Reports
  - 7.7.3 Quarterly Assessment Reports

## **8 ACTING IN A HIGHER POSITION**

- 8.1 All appointments in an acting capacity shall be in writing and in accordance with the Municipality's policy and no compensation shall be applicable for any acting period of less than ten (10) consecutive working days
- 8.2 A bargaining unit employee who acts in a position of a section 57 manager for more than 10 consecutive working days shall be paid in accordance with the guidelines from SALGA ( i.e he/she shall receive 60% of the total package of section 57 employees)
- 8.3 A Section 57 Manager who is designated to act in a position of the Municipal Manager for more than ten consecutive days shall be remunerated the full difference of the total remuneration package of the two positions. (to be corrected bullet 2 &3)

## **9 Tools of the trade (enablers)**

- 9.1 Tools of trade refer to equipment that is required by the employee in order for him/her to perform his/her job. Such equipment could include a cellular phone, laptop, and/or computer.
- 9.2 An employee who has been allocated tool(s) of the trade shall return such to the municipality in good working order, upon expiry of the contract of employment or in the case of suspension by Council.

## **11. RECOMMENDED REWARDS FOR NON 57 EMPLOYEES**

- Peer recognition
- Outgoings

- Certificate or plaque
- Lunch or dinner voucher
- Special awards dinner/banquet
- Sport or outdoor activity
- Tickets to sporting events, concerts
- Social function
- Circulated and posted letter of recognition especially from very top
- Personal call/visit from Municipal Manager
- Verbal praise
- Additional training
- Passing on customer compliments
- Press release
- Additional responsibilities
- Car parking space
- New/updated tools to do job better
- These rules are subject to and can be changed at the discretion of the Remuneration Committee

## **12. DISPUTE RESOLUTION**

All disputes relating to this policy shall be settled through the provisions of the collective agreement on grievance procedure and the Labour Relations Act.

## **13. AMENDMENTS PROVISIONS**

All amendments shall be subjected to Council resolution.