



## Remuneration Policy

Date Approved	Version	Resolution No
	5	

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## 1. Objectives

The Remuneration policy will contribute towards achievement of strategic municipal objectives by positioning Senqu Municipality as an employer of choice in the market for key human capital, through:

- 1) The provision of an overall remuneration policy framework taking cognisance of municipal requirements;
- 2) The development of remuneration structures and practices that will motivate employees and retain key human capital;
- 3) The provision of market related remuneration structures and "Conditions of Service"
- 4) The recognition and rewarding of superior individual performance; and
- 5) Ensuring compliance with the Salary and Wage Collective Agreement as concluded at National Level of the SALGBC from time to time.

## 2. Policy Statement

To provide remuneration strategies that aligns employees' behaviour and performance to support Senqu Municipality in achieving its mission of *"...providing community service that enhances our valued quality of life through equitable delivery of services, effective stewardship of our unique physical environment, cooperative planning and resource development, and fiscal responsibility"*

## 3. Principles

The Remuneration policy statement is underpinned by the following principles:

- 1) Attracting and acquiring key human resource capital to the area
- 2) Pay for competence
- 3) Motivation and retention of scarce skills
- 4) Equity and fairness
- 5) The provision of a competitive and scientifically based remuneration structure which is aligned to the provisions of the Salary and Wage Collective Agreement as concluded as a National Level of the SALGBC.

## 4. Directive

### 4.1 Salary Reviews

4.1.1 Salary reviews will be done once a year and all increases will be effective from 01 July.

4.1.2 The calculation of increase during the salary review period as stipulated in 4.1.1 will be done as follows:

4.1.2.1 **Permanently appointed employees** – Increases will be based on the percentage increase collectively agreed upon at a national level of the SALGBC as outlined in the Salary and Wage Collective Agreement as well as any other extended benefits that may be stipulated

in the said agreement. Increases will only be calculated on the gross salary of the employee as at 30 June each year and will be aligned to the approved TASK Salary scales and notches at the time of applying salary increases. Notch increases will be applicable to all employees who are in the employ of the Municipality by 30 June.

4.1.2.2 **Fixed-Term Contract Employees** - Increases will be based on the percentage increase collectively agreed upon at a national level of the SALGBC as outlined in the Salary and Wage Collective Agreement as well as any other extended benefits that may be stipulated in the said agreement and which does not form part of the total all-inclusive remuneration package as stipulated in the contract of employment signed with the employee.

Increases will be calculated on the Annual Salary, Bonus and Pension contribution as per the appointed Task Level and Notch of the employee as at 30 June each year. The increase will be calculated on the published schedule, irrespective of how the employee structured their package.

4.1.2.3 **Other non-permanent employees** – For all other non-permanent employees who are not appointed under the auspices of the SALGBC, the municipality reserves the right to determine whether such employees will be eligible for any salary increases and if so, the percentage increase to be applied. Alternatively the specific provisions or funding sources and related agreements attached to such appointments will be used to determine matters relating to salary increases of this category of employees.

4.1.2.4 **Councillors** - Increases will be based on the percentage increase as determined in the determination of upper limits of salaries, allowances and benefits of Councillors. The Municipality will follow the processes outlined by COGTA in the approved Regulations and SALGA directives to determine the level of the Councillors' salary increases, benefits and allowances and to seek concurrence for implementation from the MEC for COGTA.

The approved salary increases and allowances will be effected on the 25<sup>th</sup> of the month following the receipt of the concurrence letter from the MEC.

## 4.2 Payments and Earnings

4.2.1 Payday is on the 25<sup>th</sup> of each month with the exception of December and January where salaries will be paid on the 18<sup>th</sup> of the month. If the 25<sup>th</sup> or 18<sup>th</sup> falls on a weekend or a public holiday, payment will take place on the Friday or the day prior to the public holiday.

Strict adherence to salary payment dates must be adhered to at all times. Where the paying department is not available to ensure payment on the scheduled date, alternative arrangements must be made to ensure that the scheduled dates are adhered to.

4.2.2 An employee will receive a salary advice prior to the date of actual payment showing the amount of basic rate of pay, overtime (if any), allowances, tax on earnings, and deductions.

4.2.3 Remuneration will be paid in South African currency, into a bank account of the employee's choice.

### 4.3 Deductions and Overpayments

4.3.1 Deductions from the employees' salaries either than the statutory deductions will be made as per section 34 of the BCEA. Section 34(1) identifies two classes of deductions that can be made by an employer from an employee's remuneration. The first is a deduction which may be made in respect of an acknowledged debt and which would require the employee's consent in writing. The second is a deduction which does not require the employee's written consent for example, deductions authorised by law or a court order and any overpayments resulting from an error in calculating the employee's remuneration. Senqu Municipality will thus in terms of s34(5) of the BCEA, deduct the overpayment from the subsequent employees' remuneration, without the employees' consent and in full.

4.3.2 If the monies due are insufficient to discharge the indebtedness, the Municipality reserves the right to take legal action to recover the outstanding amount. The employee must be informed in writing of the details of deduction arrangements and will be required to sign an acknowledgement of dept.

4.3.3 All monies due to the municipality will be recovered within the financial year that debt has been incurred by an individual where reasonably possible.

4.3.4 There is a duty on an employee to declare any overpayment.

### 4.4 Annual Bonus/13<sup>th</sup> Cheque

4.4.1 A non-pensionable annual bonus is payable during November each year to all permanent employee who has completed at least 12 months continuous service. A bonus is equivalent of rate of pay on date above.

4.4.2 An employee who has not completed a 12 months continuous service during November receives a pro rata bonus relative to the monthly basic rate of pay and the completed calendar months of service.

4.4.3 An employee who leaves Senqu Municipality's service prior to November is entitled to a pro rata portion of the annual bonus.

4.4.4 Any period of maternity and adoption leave is regarded as service for the purpose of calculating the annual bonus.

4.4.6 The annual bonus is not payable to casual or part-time employees who are not appointed under the auspices of the SALGBC.

4.4.6 Fixed term contract employees who have structured their remuneration packages to reflect a 13<sup>th</sup> cheque/ Annual Bonus will be eligible for the payment of such a benefit. The choice to structure for such a benefit remains the choice of the employee and can only be changed during December each year or alternatively after the payment of bonuses in November each year.

## 4.5 Long Service Bonus

Pensionable service leave bonus shall be granted to employees under the following conditions:

- 1) 5 year's service: 5 days accumulative leave plus a once off payment equal to 2% of annual the employee's salary.
- 2) 10 year's service: 10 days accumulative leave plus a once off payment equal to 3% of the employee's annual salary.
- 3) 15 year's service: 15 days accumulative leave plus a once off payment equal to 4% of the employee's annual salary.
- 4) 20 year's service: 15 days accumulative leave plus a once off payment equal to 5% of the employee's annual salary.
- 5) 25 year's service: 15 days accumulative leave plus a once off payment equal to 6% of the employee's annual salary.

The initial date of appointment of an employee shall be maintained for the purpose of determining the actual service period of the employee and for the calculation of the long service bonus.

For fixed-term contract employees, the original appointment date of the first employment contract will be deemed the appointment date for the calculation of all long service awards for all subsequent renewals of such an employee's tenure with the municipality.

The long service bonus is payable the month following the employee's service anniversary date

The long service increment is calculated on an employee's basic rate of pay.

## 4.6 DISTINCTION BETWEEN OVERTIME AND STANDBY ALLOWANCE

Overtime and standby allowance are totally different measures and thus utilized for different purposes. If an employee does deliver actual service after hours or during weekends, he/she is entitled to receive overtime remuneration. If an employee is on standby but his services are not required during the approved period for standby allowance, he/she will nevertheless receive standby allowance. An employee can receive both overtime and standby allowance during the same period.

## 4.7 Overtime Pay

4.7.1 Authorisation for overtime when it is necessary to work overtime hours in excess of normal working hours, as a result of the following situations, shall be subject to approval by the Director;

- An emergency during a standby period
- Breakdown of plant

- Pre- arranged / preventative plant maintenance
- Commissioning of plant
- Abnormal emergency services
- Critical staff shortage only for period not exceeding one month.
- Any other operational matter which might warrant staff to work overtime.

4.7.2 Employees whose rate of pay is less than the overtime threshold as determined by the Minister of Labour from time to time, excluding all allowances, are entitled to overtime payment or the accrual of time-in-lieu for any work.

4.7.3 No employee shall be required to work overtime except in accordance with an agreement. An employee may not work in excess of:

- 3 hours on any day except on Saturday, Sunday, Public holiday or in case of emergency.
- 10 hours in any week except in cases of emergency work and public holidays.

Where practicable, employees will be given 24 hours' notice of the requirement to work overtime.

4.7.4 Payment for overtime worked is calculated per calendar month and paid at the end of the following month and will only be paid if such a claim is accompanied by an approved pre-approval from the relevant Director to work such overtime.

4.7.5 Overtime payments will be calculated on the ordinary hourly rate of pay for the employee. This does not apply to Section 57 employees as stipulated in the Municipal Systems Act, 2000 or employees earning in excess of the earnings threshold as determined by the Department of Labour from time to time.

4.7.6 Prior approval for the working of overtime must be obtained from the Head of Department. Overtime will be paid for work carried out at the normal place of work and will not include travelling time.

4.7.7 Employees must not work for more than five hours continuously without taking a meal break of at least 30 minutes.

4.7.8 All claims must be made on the appropriate time sheet, authorised by the line manager each month before payroll cut-off. Payments are subject to normal payroll deductions.

4.7.9 Provided this approval has been given, employees are entitled to receive the following overtime payments:

- Payment for overtime worked on a week-day or Saturday is calculated at one and half times the equivalent hourly rate of pay. Payment for overtime worked on a Sunday or Public holidays is calculated at double times the equivalent hourly rate of pay.

4.7.10 It is an offence for an employee to submit fictitious or fraudulent overtime claims and may lead to disciplinary action being taken against such an employee.

## 4.8 Standby Allowance

4.8.1 A Stand-by Allowance is payable when an employee makes himself available on a stand-by basis for active overtime service outside the normal working hours.

During a period of Stand-by you will:

- a) Be available for contact at all times;
- b) Be fit to work at all times.

Failure to adhere to the above may result in the Stand-by allowance being withheld and disciplinary action being taken.

4.8.2 Stand-by allowance is calculated on the following basis:

- The daily stand-by allowance tariff=the annual basic salary of the incumbent÷250÷8.

Stand-by allowance is payable per day and shall be calculated as follows:

- Monday to Friday: 1 x daily tariff
- Saturday: 1.5 x daily tariff
- Sunday and Public holidays: 2 x daily tariff

4.8.3 An employee on stand-by duty called out to perform actual work shall be paid at the appropriate rate of overtime as determined in this policy and according to the Basic Conditions of Employment Act.

You will receive payment only when periods of Stand-by are on a formal request and authorised in advance.

4.8.4 Your claims must be made on the appropriate time sheet and authorised by your line manager each month before payroll cut-off. Payments are subject to normal payroll deductions. A standby roster will be prepared by the unit manager, or the person authorised by him/her to prepare it.

4.8.5 As the Municipality is engaged in essential services, it is an offence for an employee on standby duty not to attend to call out requests, to exercise deliberate delays in doing so, or to attend to such requests under the influence of alcohol or any other intoxicating substance.

## 5. Determination of Salary

5.1 Salaries for permanent, temporary and fixed-term employee shall be determined by the Corporate Services Director in consultation with the Municipal Manager, taking into consideration the Task Level of the position.

5.2 New employees may not necessarily be paid salaries at the minimum of fixed applicable Task Level.

Where competence requirements have not been predetermined, the local market related salaries and internal parity is the criteria to use to determine a salary.

*(Competence = Knowledge, skills, and experience and attributes relative to the inherent job requirements)*

5.3 The municipality may not pay market premium where the asking salary for a specific category of employees as dictated by the market extends beyond the municipality's normal salary maximum of scale.

## **6. Scarce Skills Remuneration**

*(To be implemented as per the approved Scarce Skill Policy of the Municipality).*

## **7. Performance Bonus**

*(To be implemented as per the approved Performance Management Policy of the Municipality)*

## **8. Remuneration for Learners and in-service Trainees.**

8.1 The remuneration/stipend for learners/interns shall be determined by Council from time to time.

8.2 In the event that a stipend is paid by a different sponsor, the Municipality has the option to make additional payments to the learner.

## **9. Relieving Allowance**

When an employee is required to relieve in a position which is on the same level or on a lower level than that of their present position, and it is required that they work outside of their operating unit, (e.g. from Lady Grey to Sterkspruit) then a relieving allowance, amounting to R60 per day, will be paid to the incumbent who is doing the relief work.

## **10. Acting Allowance**

10.1 When an employee is required to act in a more senior position for a period of not less than 10 consecutive working days, an acting allowance at an equal rate equal to the difference between an employee's salary and the commencing notch of the salary scale of the position in which the employee acts, shall be paid in addition to his/her salary in respect of the period in which he/she acts, provided that;

1. The employee has been duly appointed by the Municipal Manager to act in the higher position.
2. An interruption of less than three (3) working days shall be deemed to form part of the acting days, if such interruption is caused by the following incidents;
  - Illness supported by a medical certificate
  - Family bereavement
  - Attendance at Court as a witness, if subpoenaed.



3. All acting appointments shall be reviewed within 3 months, subject to operational requirements of the municipality.
4. Vacant positions on Municipal permanent structure should be filled within 3 months unless there are compelling reasons not to do so.
5. Unless operational reasons require otherwise, acting appointments shall be made from the employees who report directly to the acting position.
6. In the event that the acting employee's current salary is higher than the notch of the salary scale of the post in which he/she is due to resume an acting role, an acting allowance fixed at 2.5% of the employee's basic salary shall be paid.

10.2 The calculations of acting allowance/s paid to employees who perform acting duties in section 57 or other fixed term contract posts which is not benchmarked shall be based on 60% of total remuneration package of the section 57 or other contractual position.

**Example:**

A's Remuneration Package: R900 000 (total cost to Council)

B's Remuneration Package: R400 000 (total cost to Council)

Difference: R500 000

60% of Difference R300 000

B acted for a period of 16 days:

$R300\,000 / 250 \times 16 = R19\,200.00$  Acting Allowance

**11. Enhanced Responsibility Allowance**

Where an employee is required to in addition to his/her normal duties also perform the duties of a position which is equivalent or lower than his/her position in rank, such an employee will be paid an Enhanced Responsibility Allowance of 10% on his/her basic salary.

**12. APPROVAL OF THE POLICY**

Date of Approval by Council:

Resolution Number:

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**M M YAWA**  
**MUNICIPAL MANAGER**

\_\_\_\_\_  
**DATE**