



REMUNERATION POLICY

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Council Resolution: 6.3.29/06/2020	Approved Date: 29 June 2020
Effective Date: 01 July 2020	Review Date: Annually

MUNICIPAL MANAGER

SPEAKER

Ms P Q Mogatle

Speaker

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY



REMUNERATION POLICY 2020/2021

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1. PURPOSE

The purpose of this policy is to guide John Taolo Gaetsewe District Municipality in the management of its remuneration so as to attract, and retain critical skills necessary for the fulfilment of the municipal mandate.

2. SCOPE

This policy will apply to all employees of John Taolo Gaetsewe District Municipality, including the Municipal Manager and Managers reporting directly to the Municipal Manager in terms of sections 54A and 56 of the Municipal Systems Act of 2000, as amended.

3. DEFINITIONS

The following definitions will apply in this policy:-

- 3.1 Job Evaluation is a systematic process of defining the relative worth of jobs within an organisation in order to establish an equitable job grading structure.
- 3.2 Base or basic pay is the amount of pay that constitutes the rate for the job. It refers to the cash component of monthly remuneration without benefits and prerequisites.
- 3.3 Total cost of employment refers to a combination of base pay and employee benefits.
- 3.4 Market rate analysis is the process of identifying the rates of pay in the labour market for comparable jobs so as to inform decisions on levels of pay within the organisation.
- 3.5 Employment benefits include pension, leave, travel allowance, housing allowance, cell phone allowance, medical aid etc.
- 3.6 Performance management processes define individual performance and contribution expectations; assess performance against those expectations; provide regular constructive feedback; and result in agreed plans for performance improvement, learning and personal development.

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- 3.7 Non-financial rewards are rewards that do not involve any direct cash payments and often arise from the recognition of extra-ordinary effort 'beyond the call of duty'.

4. PRINCIPLES

The following principles underpin this remuneration policy:

- 4.1 The remuneration policy and practice will support the attainment of the Municipality's strategic objectives.
- 4.2 The Municipality's remuneration policy seeks to attract, retain and motivate staff.
- 4.3 The Municipality will reward employees according to the effective execution of the jobs that they occupy and value contribution as determined by the performance management system.
- 4.4 The Municipality will allow reasonable flexibility, within the law, in the operation of reward processes and in the choice of benefits by employees.
- 4.5 The remuneration policy will be influenced by affordability and sustainability factors.

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5. POLICY PROVISIONS

- 5.1 The Municipality will remunerate its employees fair and competitive salaries, taking into cognisance prevailing market rates in similar organisations and the ability of the municipality to sustain the salaries budget.
- 5.2 The Municipality will reward its employee's equal pay for similar or equal work and will not discriminate based on gender or age.
- 5.3 Competence will be used to determine the level of remuneration, as guided by the municipality's performance management policy.
- 5.4 Remuneration levels will take cognisance of both internal equity and external competitiveness
- 5.5 Fix term employees will be paid on a total cost of employment basis and will be allowed to structure their packages (within limits of the law) to suit their individual needs.

5.6 Remuneration levels of employee's below Grade 1, will be guided by, and adhere to SALGA Bargaining Council Agreements on salaries and allowances.

6. PROCEDURES

6.1 Job Evaluation and Grading

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

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

6.1.3 All new jobs, or jobs whose responsibilities have changed, will be submitted to the Job Evaluation Committee for evaluation.

6.2 BASE OR BASIC PAY

6.2.1 Base or basic pay will be determined by internal (as measured by job evaluation) and external (as measured by bench-making) considerations.

6.2.2 Base or basic pay will also be determined in accordance with Collective Agreement on Conditions of Service for the Northern Cape Division of the 1st March 2017 until 30th June 2021.

6.3 TOTAL COST OF EMPLOYMENT

6.3.1 The Municipality will pay a total remuneration package (total cost of employment) for all positions designated and occupied by S54A and S56 employees and contractual employees.

6.3.1.1 Total Cost of Employment (TCOE) includes:

6.3.1.1.1 Basic Salary

6.3.1.1.2 Employer's contribution to retirement fund

6.3.1.1.3 Employer's contribution to medical aid

6.3.1.1.4 Housing subsidy, where applicable

6.3.1.1.5 Vehicle allowance, where applicable

6.3.1.1.6 Annual bonus /13th Cheque

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6.3.2 TCOE will be spilt as follows:

Basic salary will be 60% of total package and Benefits will be 40% of total package.

- 6.3.2.1 The definition of annual basic salary (60% of TCOE) will, irrespective of an employee's specific ratio, be used and applied in all calculations that require a value based on annual or basic salary (e.g. contributions to benefit schemes, allowances, overtime, etc.).
- 6.3.2.2 TCOE is paid in 12 monthly instalments.
- 6.3.2.3 Qualifying employees will be allowed flexibility to structure their TCOE packages to suit their needs within the parameters of the Income Tax Act, the Municipality's policies and relevant collective agreements.
- 6.3.2.4 The Municipality will pay a salary plus benefits for all other positions (Post Level 3 and below).

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6.4 REWARD MIX

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- 6.4.1 The reward mix for all employees will be made up of guaranteed pay and benefits.
- 6.4.2 Guaranteed pay includes all guaranteed items such as basic salary, vehicle allowance (perk), medical aid, pension and guaranteed allowances (legislated and non-legislated).
- 6.4.3 Guaranteed pay for an individual will be based on their level of responsibility in the organization and the size of their job, as determined by the job evaluation process.
- 6.4.4 Benefits will be provided in accordance with national collective agreements as well as the Municipality's conditions of service and human resource policies.

6.5 COMMENCING SALARIES

- 6.5.1 New employees, and employees that have been promoted, will be placed at a level of the pay scale/notch based on their experience and qualification as prescribed in the job description and as gazetted for that particular job grade.
- 6.5.2 Where there is a justifiable reason for a higher notch, the Head of Department will motivate for approval by the Municipal Manager, who will

recommend to the council, and when approved by the council can therefore be implemented.

6.6 ANNUAL COST OF LIVING ADJUSTMENT (COLA)

- 6.6.1 Remuneration will be adjusted annually by means of a cost-of-living adjustment as determined through the collective bargaining processes in the South African Local Government Bargaining Council (SALGBC).
- 6.6.2 COLA for S54A and S56 managers will be based on the total remuneration package of employment (basic salary plus benefits).
- 6.6.3 COLA for other employees will be based on the basic salary, with benefits being adjusted according to municipal policy and collective agreements.
- 6.6.4 The CFO will ensure that provision for annual adjustments is made in the budget.

7 PERFORMANCE REWARDS

- 7.1 Reward for performance shall be paid as prescribed in the Individual Performance Management Policy.
- 7.2 Performance rewards shall be determined by the employee's performance in relation to his/her targets, as governed by the Individual Performance Management Policy.
- 7.3 Employees will be required to have completed a minimum of 6 months service to become eligible for such performance rewards.

8 OPERATIONAL ALLOWANCES

The following are deemed to be operational allowances:

- 8.1 Standby allowances
- 8.2 Overtime
- 8.3 Acting allowances

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9. PAYMENT OF MONTHLY REMUNERATION

All submissions of memorandums from Human Resource Unit to Budget & Reporting unit should be submitted on or before the 15th of each month.

Salaries are payable on the **25th** of each month only if the date does not fall on weekends.

Protocol driver of the Executive Mayor will receive a monthly inconvenience allowance.

10. DELEGATIONS

Officials implementing this policy, are required to make reference to the latest delegation framework and identify the appropriate delegations applicable to this policy, which may be subject to change from time to time.

11 POLICY REVIEW

This policy will be reviewed annually.

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