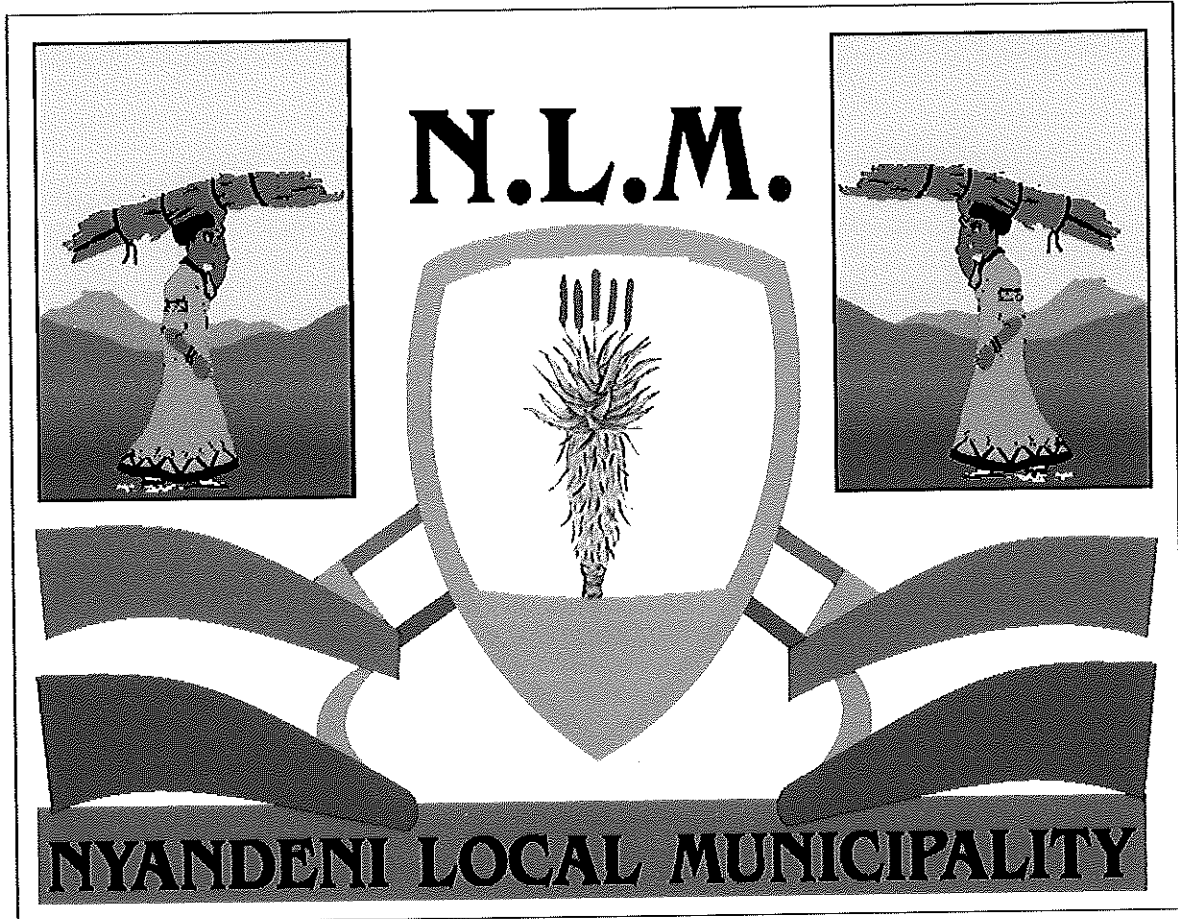



REMUNERATION POLICY



APPROVED BY:


MRS. N. NOMANDELA
MUNICIPAL MANAGER

DATE: 29 July 2013

APPROVED BY:


CLLR T SOKHANYILE
MAYOR

DATE: 29 July 2012

A. Remuneration Policy

1. PURPOSE/PREAMBLE

This remuneration policy provides guidelines for managing the remuneration of both bargaining unit and non-bargaining unit employees. The Bargaining Council dictates the conditions of service and minimum salary levels for employees covered by the Bargaining Council agreements. Nyandeni LM must ensure that their salaries are in line with the requirements of the Bargaining Council. By contrast, employees who fall outside the Bargaining Council do not have their terms and conditions of employment regulated by Bargaining Council agreements. This remuneration policy, therefore, provides guidelines on determining and managing remuneration for all employees.

2. LEGISLATIVE FRAMEWORK

2.1 Municipal Systems Act

2.2 Basic Conditions of Employment Act No

2.3 2010 SALGA's Human Resources Policy Conference

3. GOALS

This remuneration policy and procedure is intended to assist NLM in the recruitment, retention and motivation of a consistently high performing human resource team, thereby contributing to the achievement of the short- and long-term objectives of the municipality. The goals of this remuneration policy are to ensure a reward system that:

- 3.1 Recognises individual contributions towards the achievement of the municipality's objectives and motivates high levels of performance;
- 3.2 Communicates and supports organisational values and strategy and creates focus on key organisational 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.

4. SCOPE

NLM seeks to regulate the remuneration of the Municipal Manager and the Managers reporting directly to the Municipal Manager. This policy is also intended to cascade this to all managers and professionals in fixed term contracts of employment. This policy also includes the implementation of SALGBC Collective agreements on remuneration.

5. GUIDING PRINCIPLES

- 5.1 Remuneration for Section 56 and 57 managers will be regulated by a policy to be developed by SALGA and/or CoGTA
- 5.2 Remuneration must be based on the total cost of employment rather than salary plus benefits
- 5.3 A manager may draw the full amount of the total cost of employment or allocate 40% of it to employee benefits funds. The salary can be structured to accommodate the following:
 - 5.3.1 Basic Salary
 - 5.3.2 Medical Aid Contributions
 - 5.3.3 Pension/Retirement fund Contributions
 - 5.3.4 13th Cheque
 - 5.3.5 Travel Allowance which should not be more than 25% and be in line with the prescripts of the Income Tax Act
- 5.3 The employer will not fund any current or future additional employee benefits
- 5.4 The system of remuneration will be two tiered i.e. firstly, the cost of employment based on role size (the relative size of the job in comparison with other managerial positions) and secondly, the reward for meeting or exceeding performance objectives
- 5.5 The application of the principle of internal equity (this means that the manager's total remuneration must be comparable with another person in a similar sized post in the municipality)
- 5.6 The affordability of the remuneration packages by the municipality must be of paramount consideration
- 5.7 Remuneration paid by other municipalities of similar size to their Section 56 and 57 managers should also be taken into account

6. ESTABLISHMENT OF A REMUNERATION COMMITTEE

- 6.1 Council should establish a remuneration committee, comprising of Councillors and an independent remuneration expert, The Municipal Manager will be part of the committee providing secretariat and representing Section 56 and 57 managers accompanied by two/one other senior managers
- 6.2 The committee will advise Council on matters related to remuneration of Sec 56/7 Managers including annual salary adjustments as provided for in Systems Act Performance Regulations of 2006
- 6.3 Monitor and review the implementation of the Policy

7. PROCEDURE FOR ANNUAL SALARY ADJUSTMENTS

- 7.1 Based on CPIX index plus a certain percentage
- 7.2 Benchmark with similar sized municipality
- 7.3 Based on affordability not only in the current financial year and future years
- 7.4 It should be implemented on the 1st July of each year having held negotiations three months before

8. BARGAINING UNIT EMPLOYEES

- 8.1 Salaries and benefits of non-Section 56 and 57 employees are determined by the SALGBC
- 8.2 The Municipal Manager shall adjust and update salary scales for BC employees upon receipt of the Salary Agreement form SALGA after it has been taken to Council for adoption
- 8.3 Salaries will be reviewed once yearly and implemented on 1st July of each year.
- 8.4 Bargaining Unit employees are entitled to receive the annual thirteenth cheque as part of their remuneration, as stipulated by their conditions of employment

9. ACTING IN A HIGHER POSITION

- 9.1 All appointments in acting capacity shall be in writing and in accordance with the SALGBC Collective Agreements and NLM policy and no compensation shall be applicable for any acting period of less than ten (10) consecutive working days.
- 9.2 A Bargaining Unit employee who acts in a position of a Head of Department shall be paid the 60% portion of the total package. That is, it will exclude the benefits portion.
- 9.3 A Head of Department who is designated to act in a position of the Municipal Manager be remunerated the full difference of the total remuneration package of the two positions.

10. PAYMENT OF PERFORMANCE BONUSES

- 10.1 Performance bonuses based on the affordability of the Municipality may be paid to those employees who have signed Performance Agreements after the following conditions have been met:
- 10.2 The performance agreements, mid-term and annual report for the financial year under review has been tabled and adopted by Council
- 10.3 An assessment of performance has been conducted for the mid-term and end of the year
- 10.4 Council has approved such evaluation as a reward for outstanding

- performance
- 10.5 The employee has completed the full financial year i.e. from 1 July to 30 June.

11. TOOLS OF TRADE

This is 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 with modem and/or computer.

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 PROVISION

All amendments will be subject to a Council Resolution