



# REMUNERATION AND CONDITIONS OF SERVICE POLICY

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Date	<b>30/06/2020</b>	Council Resolution	DC E6/06/2020
Approved:		(DC No):	

## **1. DEFINITIONS**

All definitions used in this policy are defined in the Main Collective Agreement of the South African Local Government Bargaining Council (SALGBC), unless stated otherwise with the relevant definition.

Words indicating the masculine gender shall include the feminine gender.

**Council** - "means Garden Route District Municipality"

**Day** – "means Monday to Friday, excluding public holidays, unless indicated otherwise by the context"

**Earnings threshold (as per Collective Agreement on Conditions of Service)** – "means the top notch of the salary scale (T-grade) within which the Basic Conditions of Employment Act, 1997 earnings threshold determination falls, as amended from time to time"

**Earnings** – "means the regular annual remuneration before deductions, i.e. income tax, pension, medical and similar payments but excluding similar payments (contributions) made by the employer in respect of the employee." (As per Basic Conditions of Employment Act, 75 of 1997)

**Employee** – "means any person, excluding an independent contractor who works for another person or for the State and who receives, or is entitled to receive, any remuneration"

**(as per Employment Equity Act 55 of 1998)** – "(b) means any other person who in any manner assists in carrying on or conducting the business of an employer"

**Employer** - "means Garden Route District Municipality"

**Essential job requirement** for the purposes of this policy is the skills, knowledge or experience that are necessary to perform a job as defined in the Job Description

**Expanded Public Works Programme (EPWP)** – "means a programme to provide public or community assets or services through a labour intensive programme initiated by government and funded from public resources"

**Fixed term contract employee** for the purposes of this policy is a person who is employed on a contract that includes an agreement detailing the relationship between the employer and employee, which is determined by an objective condition that creates no false expectations of renewal of the contract, and is based on a specific duration or time frame with dates or the completing of a specific task, project or event, other than the normal agreed retirement age.

**Full-time Councillor** – “means a councillor who has been elected or appointed to an office which has been designated as full-time in terms of Section 18(4) of the Structures Act”

**IMATU** – means “the Independent Municipal and Allied Trade Union”

**Job Description (as defined in the Task Memorandum of Understanding)** – “means a job description, as contemplated in section 66 of the MSA, describing the content, duties, reporting lines and other specifications of a position or job”

**Municipality** – “means Garden Route District Municipality”

**Office Bearer** – “means the elected president, deputy president, vice-president, chairperson, vice-chairperson, treasurer or secretary of the Trade Unions”

**Official** – “means a full-time employee of IMATU, SAMWU or SALGA”

**Part-time Councillor** – “means a councillor other than a full-time councilor”

**People with disabilities/special needs (as per Employment Equity Act 55 of 1998)** – “means people who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in employment”

**Placement (as per Skills Development Act 97 of 1998)** - “means placing an individual in a placement opportunity, with due regard to the Code of Good Practice on the Integration of Employment Equity in Human Resources Policies and Practices in terms of the Employment Equity Act, 1998 (Act 55 of 1998)”

**Placement Opportunity (as per Skills Development Act 97 of 1998)** – means any opportunity for work or learning that could be offered to an individual and includes a vacancy for employment, an opportunity for self-employment, a learning programme and community service”

**Position (as defined in the Task Memorandum of Understanding)** – “means an individual position on the staff establishment of a Municipality which is occupied by an individual employee”

**Reasonable accommodation (as per Employment Equity Act 55 of 1998)** - “means any modification or adjustment to a job or to the working environment that will enable a person from a designated group to have access to or participate or advance in employment”

**Recognition of Prior Learning (as defined by South African Qualifications Authority (SAQA)** – “is a process whereby people’s prior learning can be formally recognized in terms of registered qualifications and unit standards, regardless of where and how the learning was attained. RPL

*acknowledges that people never stop learning, whether it takes place formally at an educational institution, or whether it happens informally”*

**Registered Medical Practitioner (as per Collective Agreement on Conditions of Service)** – *“means a person entitled to practice as a medical practitioner in terms of section 17 of the Medical Dental and Supplementary Health Services Professions Act, 1974 (Act 56 of 1974)”*

**Regulation of Non-Standard Employment and General Provisions (as per Labour Relations Amendment Act, 2014, Section 198 (b-d) -**

*Section 198B – Fixed term contracts with employees earning below earning threshold*

*Section 198C – Part-time employment of employees earning below earning threshold*

*Section 198D – General provisions applicable to sections 198A to 198C*

**Remuneration (as per Employment Equity Act 55 of 1998)** - *“means any payment in money or in kind, or both in money and in kind, made or owing to any person in return for that person working for any other person, including the State”*

**Representative Trade Union** – *“means the Trade Unions parties to this Policy, IMATU and SAMWU”*

**SALGA** –*“means the South African Local Government Association”*

**SAMWU** – *“means the South African Municipal Workers’ Union”*

**Section 79 Committee** – *“means a committee of the municipal council established in terms of Section 79 of the Structures Act”*

**Seasonal Employee** – *“means an employee who is employed to work a full season, of not less than a continuous period of six months and who should qualify for all benefits in terms of employment conditions, except housing and pension benefits”*

**Suitably qualified person (as per Employment Equity Act 55 of 1998)** – *“means a person contemplated in sections 20(3) and (4);*

*20 (3) a person may be suitably qualified for a job as a result of any one of, or any combination of that person's-*

*(a) formal qualifications;*

*(b) prior learning;*

*(c) relevant experience; or*

*(d) capacity to acquire, within a reasonable time, the ability to do the job.*

*20 (4) when determining whether a person is suitably qualified for a job, an employer must-*

*(a) review all the factors listed in subsection (3); and*

*(b) determine whether that person has the ability to do the job in terms of any one of, or any combination of those factors.”*

**Senior Management** – “shall be those employees employed as head of department, deputy head of department and director or such post as determined by the relevant Division of the Council; and excludes Section 56 and Section 57 Managers”

**Shop Steward** – “means a Trade Union representative as defined in the Act”

**TASK** – “means shall mean Tuned Assessment of Skills and Knowledge”

**Temporary Employee** – “means an employee appointed for a specified period of time or to complete a specified task in terms of his contract of employment and which includes a casual employee”

**Trade Unions** – “means either IMATU and/or SAMWU” - refers to a trade union or employee association recognized by Eden District Municipality

**Upper Limits** – “means the applicable total remuneration package as contained in a Government Notice ”

**Workplace** – “means the employer”

## **1. LEGAL AND POLICY FRAMEWORK**

Municipal Systems Act, Act 32 of 2000  
Municipal Structures Act, 1998 (Act 117 of 1998)  
Municipal Finance Management Act  
Labour Relations Act, 1995  
Basic Conditions of Employment Act, 1997  
Employment Equity Act, 1998  
The Bill of Rights in the Constitution  
The Promotion of Access to Information Act, Act no 2 of 2000  
The Protection of Personal Information Act, Act no 4 of 2013  
Main Collective Agreement  
Collective Agreement on Conditions of Service  
Salary and Wage Collective Agreement  
Leave Policy  
Task Job Evaluation Policy  
Policy on Awards (Gifts) for long Service and Retirement  
Recruitment and Selection Policy  
Overtime Policy  
Perk Motor Scheme Policy  
Essential User Motor Scheme Policy  
Subsistence & Travel Policy  
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)  
Remuneration of Non-official members: Commissions & Committees of Inquiry, and Audit Committees: Treasury Regulations 20.2.2  
Ministerial Determination 4: EPWP: Government Gazette No.9745  
EPWP Policy

Guidelines for Implementation of Municipal Finance Management Internship Programme (MFMIP)  
Regulations on appointment and Conditions of employment of Senior Managers

## **2. INTRODUCTION**

Remuneration involves financial compensation granted by Garden Route District Municipality to its Permanent-, Contract-, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees for execution of designated duties and predetermined performance targets. This includes the basic salary and any bonus or other economic benefits receive during employment. Remuneration plays a critical role in attracting, motivating & retaining high calibre Employees, Councillors, Commissions & Committees of Inquiry and Audit Committees; and strives to reinforce, encourage and promote superior and exceptional performance necessary for the fulfilment of the municipal mandate.

Garden Route District Municipality is committed to ensuring that equitable remuneration is paid to all. In order to attract and retain scarce and critical skills as well as facilitating the development and growth of an engaged workforce, it is the municipality's aim to maintain fair and competitive remuneration consistent with sector practices and all applicable regulations and collective agreements governing compensation of Permanent-, Contract-, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees, Interns and Students in the local government sector.

Garden Route District municipality apply remuneration in accordance with the intrinsic value of employees' work in terms of capabilities and performance, which reflects the dynamics of the labour market and the context and environment in which our professional workforce operate. It aligns at all times to the strategic direction and specific value drivers of the Garden Route District.

Specific processes are involved to manage the conditions of service, benefits, employee risk claims and Collective Agreements of the Municipality.

Uniformity is essential for a variety of sector processes such as wage bargaining, comparative understanding of workforce establishment levels and organisational form.

The alignment of the organisational structure, Internal Task Job Evaluation processes and implementation of annual salary and wage adjustments is also part of the conditions of service.

## **4. OBJECTIVES**

- Ensuring compliance with labour legislation by providing clear

guidelines and transparency of remuneration granted to all different types of employees, councillors and audit committee members whom are accountable for good governance, as well as efficient & remarkable service delivery to the broader Garden Route District.

- Ensure imperative financial compensation of all different types of employees, councillors and audit committee members for the fulfilment of their employment obligations.
- Maintain a transparent payroll recording system to comply with the requirements of the Auditor General; in order to effectively contribute to the accountable administering of government grants and funds, as well as the prevention of fruitless and wasteful expenses.
- Constructive planning & time management to ensure the execution of the basic conditions of service by ensuring timely monthly salary and interim payments to all different types of employees, councillors and audit committee members.
- Ensure that the Payroll system is maintained and continuously updated with latest system formulas as well as formulas and tables to accurately calculate the different benefits and allowances.
- Provide authentic remuneration and accounting service to all different types of employees, councillors and audit committee members and ensure the discretion of confidential & sensitive information and documentation relating to individual salaries to maintain a mutual trustworthy and approachable, but professional relationship.
- Remuneration policy and practices must support the vision, mission, strategies and objectives of the municipality.
- Remuneration is an important factor that influence employee behaviour and must therefore be managed in such a way that it contributes to a motivating work climate.
- Ensure accurate balancing and timely monthly payment of third parties deductions; especially PAYE, UIF & Skills contributions as per SARS regulations and legislation in order to create & submit accurate EMP'501 reconciliation statement of council to SARS, as well as create and provide accurate Tax certificates/IRP5's to all different types of employees, councillors and audit committee members at the SARS Tax year-end.
- Manage & implement annual salary and wage increase adjustment on the payroll system after the calculation and processing of different salary scales & upper limits. Provide adjusted/latest salary scales to the different sections of Human Resources.
- Implement and apply the relevant Collective Agreements, Policies, Government gazette, Treasury regulation and MFMA; pertaining to the conditions of service and benefits of remuneration to all different types of employees, councillors and audit committee members.
- Manage and implement the seamless integration of Phoenix and Payday systems in order to comply with MSCOA requirements.
- implementation and compliance with legislation, collective agreements and policies;
- implement and coordinate a reward system aligned with the municipal culture, operating procedures, values and objectives.

- Advise management, staff, trade unions and external stake holders on relevant Legislation, Collective Agreements on Conditions of Service and Benefits and Policies.
- Advising management, staff, trade unions and external stake holders on Legislation, Collective Agreements and Policy aspects.
- Formulate and maintain policies related to Legislation and Collective Agreements in line with Council's goals and objectives.
- Ensure the Policies are in compliance with all relevant Legislation, Guidelines, Collective Agreements and framework of Council.
- Implement the relevant Collective Agreements and policies pertaining to Conditions of Service and Benefits.
- Ensure that these policies are reviewed regularly.
- Ensure that the implementation objectives of relevant policies and collective agreements are met through continuous monitoring and evaluation.

## **5. APPLICATION OF THIS POLICY**

All Permanent-, Contract-, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees, Interns and Students of Garden Route District Municipality are subject to the provisions of this policy.

## **6. INTERNAL EQUITY**

Remuneration practices support internal equity, taking cognizance of individual employee contribution. Individual remuneration levels shall be based on the 'worth' of an employee's role to the municipality. The 'worth' referred to is determined by the size and complexity of the employee's role in the municipality and the demonstrated competency to perform the role. Employees of a similar worth (i.e. positions with similar size and complexity, performed at a similar level) should therefore be remunerated a similar rate, regardless of non-value adding measures such as tenure, association etc.

The size and complexity of a position is determined through a valid Job Evaluation System – TASK in the case of Garden Route District Municipality, providing that remuneration differentiation between employees should be based on criteria that are fair and objective. Performance for Senior Managers is measured through the established and approved Performance Management system and policy.

## **7. INTITUTIONAL ARRANGEMENTS**

### **7.1 *Salary scale – Permanent employees, Temporary contract- and Fixed Term contract employees***



The Category of the municipality, currently a Category 4, is determined by SALGA and is linked to the salary scales.

Annual salary increases are confirmed by SALGA with the Salary and Wage Collective Agreement.

## **7.2 *Upper Limits in terms of the Grade for Eden District Municipality's Councillors, Municipal Manager and Senior Managers***

Garden Route District Council is currently deemed to be a Grade 5 municipality as determined per Government Gazette. Remuneration levels of Councillors and Senior Managers are aligned with this determination.

## **7.3 *Salary Payment Date***

Payment will take place the 25<sup>th</sup> of every month or the preceding Friday, should the 25<sup>th</sup> falls over a weekend or on a Monday.

In the event of a public holiday occurring on a Monday, but the 25<sup>th</sup> falls on the following Tuesday, payment will take place on the preceding Friday.

December salary payments will be on the date in accordance with Council's decision annually.

All approved documentation and claims must be submitted to the Remuneration office on or before the 10<sup>th</sup> of each month, to allow proper verification and ensure timely salary payments.

## **7.4 *Overpayment / Repayment***

Garden Route District Municipality reserves the right to recover from the employee's or councillor's remuneration any overpayment owed by the employee or councillor. The recovery will take effect after consultation with the employee or councillor including:-

- 7.4.1 The following of a fair procedure during which the employee or councillor is given reasonable opportunity to show reason why the recovery should take place;
- 7.4.2 The total amount of the recovery does not exceed the actual amount overpaid;
- 7.4.3 No single deduction from the employee's or councillor's monthly remuneration will exceed one quarter of the cash portion of an employee's or councillor's monthly remuneration, provided that if an

employee or councillor has resigned or an employee has retired, then the full amount overpaid will be recovered.

## **7.5 Deductions**

### **7.5.1 Statutory Deductions**

#### **7.5.1.1 Garnishee orders**

Garden Route District Municipality will make garnishee order deductions from an employee's or a councillor's monthly remuneration in compliance with the legal requirements relating to garnishee orders. The court orders for garnishees will be delivered by a messenger of the court or by registered postage to the *Employee Assistance Programme Practitioner* whom will inform the employee or the councillor about such deductions and will submit the court orders to the Remuneration office for implementation.

No cancellation of garnishee orders, which are already implemented, will be made without a court order. The court order for the cancellation will be delivered to the Employee Assistance Programme Practitioner for submission to the Remuneration office for execution.

#### **7.5.1.2 Agent Appointment (AA88) - Outstanding monies due by Taxpayer**

Garden Route District Municipality will make Agent Appointment deductions from an employee's and a councillor's monthly remuneration in compliance with the legal requirements of the Tax Administration Act. The Receiver of Revenue will issue AA88's via Easyfile system to Garden Route District Municipality for the Remuneration office to execute the deduction, online completion, - submission and payment thereof.

Remuneration office will inform employees and councillors about the AA88 deduction and encourage these taxpayers to resolve their tax affairs with the Receiver of Revenue Services, to prevent further AA88 deductions.

#### **7.5.1.3 Tax Directives and IT88L (Outstanding Assessed- and Provisional Tax & Administrative Penalties)**

Garden Route District Municipality will make Tax Directive and IT88L (Assessed- and Provisional Tax & Administrative Penalties) deductions from an employee's resignation, retirement, early retirement,

severance package and settlement agreement lump sum payments in compliance with legal requirements of the Income Tax Act. The Remuneration office will apply for a Tax Directive from SARS via Easyfile and E-filing for deduction, online completion, -submission and payment thereof. An IT88L, an instruction to withhold and pay over an additional amount for outstanding Assessed- and Provisional Tax & Administrative Penalties; after the 'Tax amount' on the Tax Directive was deducted, will be attached to the Tax Directives.

#### **7.5.1.4 Debt Counselling / Under Administration**

Garden Route District Municipality will make deductions for Debt Counselling and Under Administration from an employee's monthly remuneration in compliance with the legal requirements relating to Debt Counselling and Under Administration, but reserves the right not to effect any deductions unless mutually approved as agreed upon between the employee and the Legal Institution. The written instruction will be delivered by registered mail to the *Employee Assistance Programme Practitioner* whom will inform the employees about such deductions and will submit the written instructions to the Remuneration office for implementation.

In the case of the settlement of employee's accounts/financial affairs, written instructions for cancellation from the Legal Institution, is delivered by registered mail to the *Employee Assistance Programme Practitioner* whom will submit the written instructions to the Remuneration office for execution.

#### **7.5.2 Non-Statutory Deductions**

##### **7.5.2.1 Home loans from Pension Funds**

Garden Route District Municipality will make home loan deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee and the Pension Fund. The Conditions of Service Sub-Section processes the applications for the home loans. The deductions are implemented by the Remuneration office in accordance with the listings as received from the applicable Banking Institutions on a monthly basis.

##### **7.5.2.2 Insurance Premiums (Old Mutual, Sanlam Sky, Metropolitan etc.)**

Garden Route District Municipality will make Insurance Premium deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee or councillor and the Insurance institution. The written instructions for deductions will be delivered to the

Conditions of Service Sub-Section who will submit it to the Remuneration office for implementation.

In the case of cancellations of insurance contracts, the instructions for cancellation of deductions will be submitted to the Conditions of Service Sub-Section who will submit it to the Remuneration office for execution.

#### **7.5.2.3 Additional deductions for Funds (Medical Aid / Pension / Retirement)**

Garden Route District Municipality will make additional medical aid-, pension- or retirement fund deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee and applicable Fund.

The Conditions of Service Sub-Section co-ordinates the process of additional deductions for submission to the Remuneration office for implementation in accordance with the discrepancy reports as received from the applicable Funds on a monthly basis.

#### **7.5.2.4 Bond- & Rental instalments and Municipal services deductions**

Garden Route District Municipality will make bond- & rental instalment and municipal services deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee or councillor and the bond- or rental institution or the applicable municipality. The application for such deductions will be submitted to the Conditions of Service Sub-Section for acknowledgement, who will submit it to the Remuneration office for implementation, provided that the banking details of the applicable institution is suitable for electronic payments.

In the case of cancellations, the application for cancellation will be submitted to the Conditions of Service Sub-Section who will submit it to the Remuneration office for implementation.

#### **7.5.2.5 Telephone / Cell phone calls and Printing & Faxes**

Garden Route District Municipality will make deductions for telephone- & cell phone calls and printing & faxes from an employee's monthly remuneration as per management's decision. The applicable deduction lists will be submitted by the responsible section /department to the Remuneration office for implementation.

#### **7.5.2.6 Car port fees & Sport club fees**

Garden Route District Municipality will make deductions for Car port- and Sport club fees from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee and Registration office

and Sport club committee. The instruction for the deductions will be submitted to the Registration office and Sport club committee who will submit it to the Remuneration office for implementation. In the case of cancellations, the instruction will be submitted to the Registration office or the Sport Club Committee for acknowledgement, who will submit it to Remuneration office for execution.

#### **7.5.2.7 Political Party Membership Fees & Women's League Fees**

Garden Route District Municipality will make Political Party membership fees and Women's League fees deductions from a councillor's monthly remuneration in compliance with the legal requirements relating to Political Party membership fees and Women's League fees, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the councillor and the Political Party/Institution.

The Political Party/Institution will submit the instruction for the deductions to the Political administration office, for acknowledgement who will submit it to the Remuneration office for implementation. In the case of cancellations, the instruction will be submitted to the Political administration office for acknowledgement, who will submit it to Remuneration office for execution.

#### **7.5.2.8 Any other deductions**

Any other deductions are not allowed; it is for the employee's or councillor's own account.

#### **7.6 Cession**

The employee or councillor does not have the right to cede or to transfer his or her remuneration either in part or in full, to a third party.

#### **7.7 Working Hours**

##### **7.7.1 Normal Working Hours**

In accordance with the Main Collective Agreement and per Council Resolution of May 2017:

"That Council takes note that the working hours of Eden District Municipality changed from 01 May 2017 as follows:

- Mondays to Thursdays: 07:30 to 16:30 with thirty (30) minutes lunchtime between 12:00 and 13:00.
- Fridays: 07:30 to 13:30 with "no lunchtime."

### **7.7.2 Shifts for employees at the Resorts-, EPWP-, Fire & Rescue and Disaster Management Sections**

It is required from employees at the Resorts-, EPWP-, Fire & Rescue- and Disaster Management Sections to work shifts. Employees whom work shifts will work according to the shift roster provided by their Supervisor.

### **7.8 Job Evaluation System (TUNED ASSESSMENT OF SKILLS AND KNOWLEDGE)**

TASK is the recognized Job Evaluation System within the local government sector as approved by the National Executive Committee (NEC) of SALGA from 1 July 2010.

The purpose of the TASK Job Evaluation System within the Local Government Sector is to achieve uniform norms and standards in the description of similar jobs and their grading and to underpin job comparison and to provide for the necessary structures, institutional arrangements and procedures for the evaluation of jobs.

The implementation of the TASK Job Evaluation results will be forwarded as a recommendation to the Accounting Officer of the Municipality. The final decision for implementation rests with the Accounting Officer; taking into account the organisational needs and affordability.

### **7.9 Payment of last remuneration on Service Exit & in Case of Death**

Service termination is deemed as one calendar month (1<sup>st</sup> until last day of month) written notice by the employee to Council, in the case of resignation. An employee's service term ends upon reaching the retirement age of 65 years. In the instance of a severance package application, as offered and approved according to the applicable council resolution.

Final remuneration, in the case of retirement, severance package and resignation, will be paid on the 25<sup>th</sup> of the month via EFT. Final remuneration, in the case of death/passing of an employee, will be paid on the 25<sup>th</sup> of the month via EFT, or on another date, as request by the deceased's family / relatives. Final remuneration, in the case of dismissals, settlement agreements and retrenchments will be paid via EFT, on the date as agreed upon by the concerned parties.

All applicable outstanding earnings, such as leave balance, pro-rata bonus, -long service, -14<sup>th</sup> cheque and approved severance package, will be calculated and paid according to SARS Tax Directive process, also via EFT; as soon as confirmation is received from the user department on all outstanding matters.

## **7.10 Earnings Threshold**

In accordance with the Collective Agreement on Conditions of Service attached as **Annexure E**, the Earnings Threshold shall mean the top notch of the salary scale (T-grade) within which the Basic Conditions of Employment Act, 1997 earnings threshold determination falls, as amended from time to time.

In accordance with the Collective Agreement on Conditions of Service the Remuneration section amends the increased earning threshold on the Payroll system as submitted by Human Resources from time to time.

## **7.11 Implement and Change of Banking details**

Permanent employees, Contract employees, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees must submit their stamped banking details, as well as a letter from the bank confirming that their bank accounts are active, to Human Resources before the 10<sup>th</sup> of the month for implementation.

The providing and capturing of the correct and authentic banking details is of vital importance to the Remuneration section, in order to ensure accurate payments into the appropriate, active bank accounts.

## **7.12 Implement or change of Income Tax numbers**

Permanent- and Contract employees, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees must submit their verified Income tax numbers from SARS, to Human Resources, before the 10<sup>th</sup> of the month in order for the Income Tax numbers to be implemented or updated on the HR system.

## **7.13 Payroll-, Easyfile- E-filing Systems**

### **7.13.1 Payroll System**

HR is responsible to inform the Remuneration section about all formula setting changes on the **Payday Payroll system** for implementation; according to PAYDAY, SALGA and Auditor General's regulations.

The Remuneration section is responsible to ensure that the **Payroll system** is maintained and continuously updated with the latest releases as received from PAYDAY Systems from time to time.

Generate financial reports regarding payroll information such as audit trials, statistics as well as other financial reports regarding personnel information, as requested from user departments from time to time.

### **7.13.2 E@syfile Employer System**

The Remuneration section must always ensure the latest version of E@syfile is being used, as any information using previous versions, will not be accepted by SARS.

E@syfile Employer allows remuneration section to:-

- Complete, submit & revise the Monthly Employer Declaration: EMP201
- Complete, submit & revise the Employer Reconciliation Declaration: EMP501
- Manage the Employer Account
- Manage Third Party Appointments (AA88's)
- Register employees using the Income Tax Registration (ITREG)
- Application / Completion / Submission / Cancellation of the different Tax Directives - IRP3(A) and IRP3(S).

### **7.13.3 E-filing System**

The Remuneration section must always ensure the latest version of **SARS E-filing**, an online program, for the submission of tax returns and related functions; allows registration, submissions, PAYE-, UIF- and SDL payments and other interactions with SARS in a secure online environment. Remuneration must be up to date with any amendments and changes on E-filing system in order to ensure accuracy of data as SARS do extensive validations against the electronic employees' tax certificates (IRP5's).

## **7.14 Advance on salary requests**

An advance on an employee's salary will only be granted in the case of serious illness or death of a family member. The employee must submit a written request for consideration by the Head of the relevant Department and the Municipal Manager. Proof must be submitted. The full advance will be deducted from the employee's next salary. As per Policy Governing Salary Advances

## **8. ALLOWANCES & BENEFITS**

### **8.1 Thirteenth Cheque (Bonus)**

A bonus (13<sup>th</sup> cheque) is due annually to all staff in the service of Council as at the **30 November**. The bonus is calculated pro rata as from date of appointment. In case of service exit before bonus month, a pro rata bonus shall be due to staff who leave Council's service during the course of the year.

All new employees receive their bonus in November month.



Fixed term contract employees, Section 57 employees and political appointments are entitled to the option to make provision for bonuses, when executing the structuring of their total cost-to-company packages.

## **8.2 Fourteenth Cheque**

A fourteenth cheque is due to permanent employees in the service of the Council who reach 30 (thirty) years of continuous employment. Such employees will qualify every 5 (five) years thereafter for a fourteenth cheque.

## **8.3 Long Service Payment**

Long Service payment is an encashment of additional leave for continuous employment of 10 (ten) years and every 5 (five) years thereafter.

As per Leave Policy and The Collective Agreement on Conditions of Service.

## **8.4 Notch increment Date**

The notch increase date is the same as the appointment date. Permanent employees receive their notch increase annually on their notch increase date. The notch increase date will remain unchanged when an employee is appointed in a higher position, including higher T-grade implementations.

## **8.5 Housing Allowance**

As per Main Collective Agreement and the Salary and Wage Collective Agreement.

The following requirements are applicable for housing subsidy:

- Occupation of the house by employee
- It being a completed building (no subsidy on vacant stands)
- The bond must be registered in the employee or employee and spouse's name
- Bond must be with a registered financial banking institution
- Only one subsidy paid to co-habiting partners/married couples who both work for Council.

## **8.6 Rental Allowance**

A rental allowance of R250.00 per month is paid on the maximum rental of R500.00 per month in accordance with the former Act on Remuneration of Town Clerks (Act no 115 of 1984, circular 4/87). The employee must submit a signed rental agreement and obtain approval from relevant Manager of Department to implement rental allowance.

**8.7 Non-Pensionable Allowance Payments**

As per Salary & Wage Collective Agreement.

**8.8 Essential Users Motor Scheme**

As per Essential Users Motor Scheme Policy.

**8.9 Perk Motor Scheme**

As per Perk Motor Scheme Policy.

**8.10 Cell phone Packages / Cell phone Allowances**

As per Cell Phone Policy.

**8.11 Overtime Payment**

As per Overtime Policy.

**8.12 Night-shift work Payment**

Night-shift work is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated amount of Night-shift hours claimed for the preceding month.

**8.13 Standby Payment**

Standby is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service and per Standby Policy.

**8.14 Shift -work Payment**

Shift-work is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated amount of Shift-work hours claimed for the preceding month.

**8.15 Acting Allowance**

Acting Allowance is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service and Acting Policy.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated Acting days claimed for the preceding month.

### **8.16 Relocation Allowance**

Council resolved as follow with regard to the Relocation Allowance being increased from R60 000.00 to R75 000.00 on the 23<sup>rd</sup> of November 2015 (**DC959/11/15**):

1. *That the Relocation Allowance to an amount of R75 000.00 be applicable for the 2015/2016 financial year subject to proof of expenditure.*
2. *That the Relocation Allowance escalates annually based on the percentage of the annual salary increases as from 1 July.*
3. *That the Relocation Allowance of R75 000.00 be considered with the adjustment budget.”*

On the 23<sup>rd</sup> of June 2016, Council (**DC1087/06/16**) resolved that the Relocation Allowance will be approved, subject to proof of expenditure:

1. *That the content of the report be noted.*
2. *That the actual costs of relocation will be approved / paid subject to proof of expenditure.*
3. *That the following criteria will be applicable to relocation:*
  - *School expenditure (maximum of 2 children)*
  - *Curtains (maximum amount of R6000.00)*
  - *Bond costs (old and new and cancellation cost)*
  - *Transport cost (removal costs)*

Council decided to rescind the decision above of the proof of expenditure on 31 July 2017 (**DC192/07/17**):

1. *That the revised Placement Policy be approved.*
2. *That the previous Council resolution DC 1087/06/16 dated 23 June 2016, regarding relocation allowance as reflected in paragraph 11.4 of the Policy, be rescinded.”*

### **8.17 Furniture Removal**

The municipality will reimburse, subject to prior approval by the Municipal Manager or his assignee, new external appointees from amongst the lowest of three quotations received in respect of removal of furniture and other household items, including all-inclusive insurance, within one year of appointment. Should the employee leave the employment of the Garden Route District Municipality (or its successors-in-title) within 12 (twelve) months after the furniture removal, the employee will repay the amount, calculated *pro rata* in accordance with the uncompleted portion of the 12 (twelve) months period. No storage fees will be paid by the municipality.

### ***Internal Appointments***

When an employee of Council voluntarily and at his/her own accord applies for position within Council service, and became successful in a position warranting travelling and moving to a different location within the boundaries of the municipality, such travelling and removal costs will be for his/her own account.

### ***Internal Transfer/Placement of employees***

*Should Council transfer an employee for operational reasons within the boundaries of the municipality, and such post warranting travelling and moving to another area, Council shall bear the full costs of travelling up to one year and furniture removal subject to submission of the lowest quotation of the three, within one year of transfer/placement.” Other transfers is subjected to the Transfer Policy.*

#### **8.18 Service Exit Gift**

When employees with more than five years' service, leave Council's services with retirement, resignation, death, severance package or medically boarded, they qualify for a service exit gift in accordance with the Policy on Awards (Gifts) for long Service and Retirement.

#### **8.19 Retirement fund Contributions & Benefits**

Consolidated Retirement Fund (CRF) membership is compulsory for all permanent employees. Council's contribution towards the CRF Fund is 18% of an employee's salary and an employee's contribution is 9% of his/her salary.

In accordance with the Main Collective Agreement and the Salary and Wage Collective Agreement.

#### **8.20 Annuities**

Tax deductible annuities may also be implemented on employees' salaries by Remuneration section, when submitted in writing to the Human Resources' Conditions of Service Sub-Section before the 10<sup>th</sup> of the month.

#### **8.21 Medical Aid Fund Contributions & Benefits**

Medical Aid membership is optional for all employees. The employer subsidises the contribution up to the maximum threshold in accordance with the South African Local Government Bargaining Council Collective Agreements towards one of the following accredited medical aid funds: BONITAS, LA HEALTH, HOSMED, KEYHEALTH and SAMWUMED.

Subsidized continued medical aid membership will be applicable to staff at 30% and Council 70% subsidy in case of retirement (from the age of 50 years), medically boarded or in the case of death of the staff member. In the case of death of a staff member who at that stage

belonged to a medical aid fund, a registered medical aid dependant becomes the principle member – such as the spouse/life partner or child dependant, should there not be a spouse/life partner and the dependent child is registered as the principle member. This subsidy will remain until passing of that continued member, where after the subsidy benefit seize. In the case of a child who becomes the principle member, the subsidy will seize when reaching the age of 21 years.

In accordance with the Main Collective Agreement and the Salary and Wage Collective Agreement.

## **8.22 Group Life Insurance Fund Contributions & Benefits**

The Group Life Insurance is implemented through a tender process, valid for three years. Council contributes towards the Group Life Insurance Fund for employees for death- and disability cover at 2.5 x their annual salary. Additional cover or spouse cover is also available at employee's own cost.

## **8.23 SARS – Employees' Income Tax : PAYE (Pay-As-You-Earn)**

PAYE deductions are implemented in accordance with the South African Revenue Service Act 34 of 1997, Employment Tax Incentives Act of 2013, Tax Administration Act 28 of 2011 and the Income Tax Act of 1962.

The PAYE deduction is determined in accordance with SARS Tax tables, according to an employee's or a councillor's monthly taxable earnings. Monthly completion and the submission of an EMP201 is executed via E-filing- and Easyfile online system for payments thereof.

The purpose of PAYE is to ensure that an employee's income tax liability calculated on remuneration is settled at the same time that the remuneration is earned. The PAYE deducted from all different employees, councillors and audit committee members must be paid over to SARS within seven (7) days after the end of the month during which such deduction was made.

Income Tax (PAYE) on 13<sup>th</sup> Cheque (bonus) are divided and deducted on a twelve month basis, which may be exercised by permanent employees by choice, at the beginning of every new tax year at 1<sup>st</sup> March. These permanent employees will receive the 13<sup>th</sup> Cheque (Bonus) in full as the Income Tax (PAYE) is already deducted during the preceding 12 (twelve) months.

Agent Appointment (AA88) is an instruction issued to Eden District Municipality by SARS on a monthly basis, to accept responsibility to deduct and pay over to SARS any outstanding amounts due by all taxpayers.

Tax Directives are requested from SARS in instances of resignation, retirement, early retirement / severance package and settlement agreement, in order to determine the total PAYE deductible and payable to SARS on the lump sum amount. An IT88L is an instruction by SARS to withhold and pay over an additional amount for outstanding Assessed- and Provisional Tax & Administrative Penalties; after the Tax Directive amount was deducted, if applicable.

#### **8.24 Bargaining Council Levy**

In accordance with the Main Collective Agreement.

#### **8.25 Unemployment insurance fund (UIF)**

The UIF deduction is regulated and applied in accordance with Chapter 2 of the Unemployment Insurance Contributions Act, no. 4 of 2002:

### **“DUTY TO CONTRIBUTE AND RECOVERY OF CONTRIBUTIONS”**

#### **1. Duty to contribute to Fund**

- (1) *Every employer and every employee to whom this Act applies must, on a monthly basis, contribute to the Unemployment Insurance Fund.*
- (2) *The contributions must be paid by the employer either to the Commissioner in terms of section 8 or to the Unemployment Insurance Commissioner in terms of section 9, whichever is applicable to the particular employer.*

#### **2. Determination of contribution**

- (1) *Subject to subsection (2), the amount of the contribution payable in terms of section 5-*
  - (a) *by an employee, must be one per cent of the remuneration paid or payable to that employee by his or her employer during any month; and*
  - (b) *by an employer in respect of any one of its employees, must be equal to one per cent of the remuneration paid or payable by that employer to that employee during any month.*
- (2) *Subsection (1) does not apply to so much of the remuneration paid or payable by an employer to an employee during any month as exceeds an amount determined from time to time by the Minister of Finance by notice in the Gazette, after consultation with the Minister of Labour and Unemployment Insurance Commissioner.*

#### **3. Employer must deduct employees' contribution**

- (1) *Subject to subsection (2), an employer must, on a monthly basis, deduct or withhold the amount of the employees contribution contemplated in section 6(1)(a) from the remuneration paid or payable to that employee during that month.*
- (2) *Where the remuneration of the employee is paid at intervals other than on a monthly basis, the employer must deduct the amount of the employee's contributions on such other basis as coincides with the intervals of payment of remuneration by the employer to the employee.*
- (3) *When making a deduction in terms of subsection (1) or (2), an employer may not-*
  - (a) *deduct amounts that are in excess of the amount of the contribution due by the employee;*
  - (b) *seek or receive a fee from the employee for complying with this Act; or*
  - (c) *deduct arrear contributions from the employee after the end of the financial year during which it was payable.*
- (4) *Subject to subsection (3)(c), where the employer fails to deduct the contribution as contemplated in subsection (1) or (2), the employer is liable for such contributions.*
- (5) *If any payment made by the employer to the Commissioner or the Unemployment Insurance Commissioner in terms of section 8 or 9, as the case may be, includes an amount which was deducted or withheld in terms of subsection (1) or (2), and it subsequently becomes known to the employer that the payment made by the employer was not due or payable in terms of this Act, or was in excess of the amount due or payable, the employer must refund to the employee such amount or excess amount, as the case may be, as has been deducted or withheld and overpaid by the employer, despite the amount not having been refunded to the employer by the Commissioner or the Unemployment Insurance Commissioner, as the case may be."*

## **8.26 Trade Union Deductions and Contributions**

Trade union deduction and contribution is regulated and applied in accordance with the Main Collective Agreement.

## **9. COMMENCING REMUNERATION**

Newly appointed employees, and employees that have been promoted, will be placed at the entry level of the pay scale/notch for that particular job / task grade.

Where there is a justifiable reason for a higher notch, the Head of Department will motivate for approval by the Municipal Manager.

## **10. ANNUAL SALARY & WAGE ADJUSTMENTS**

Salary adjustments are confirmed by SALGA with the Salary and Wage Collective Agreement and implemented by the Remuneration section.

The Remuneration section calculate, process and verify the regulated salary scales to integrate with the various companies on the Payday system. The Remuneration section manage, implement, reconcile and verify the newly calculated scales.

## **11. REMUNERATION OF PERMANENT EMPLOYEES**

The remuneration of permanent employees within the Bargaining Unit, shall be governed by Collective Agreements negotiated centrally with the South African Local Government Bargaining Council (SALGBC); in accordance with the Grade and the Salary Scales of Garden Route District Municipality as determined by SALGBC.

All permanent employees shall be remunerated on the basis of a basic salary plus benefits and shall be composed of:-

- Basic Salary
- 13<sup>th</sup> Cheque (Bonus)
- 14<sup>th</sup> Cheque (reward for 30 years of service and beyond)
- Long Service Leave Payment
- Council's Contribution towards an approved Retirement Fund
- Council's Contribution towards an approved Medical Aid Fund
- Council's Contribution towards an approved Group Life Insurance Fund
- Council's Contribution towards the Unemployment Insurance Fund
- Council's Contribution towards Skills Levy
- Council's Contribution towards Bargaining Council Levy
- Housing Subsidy, provided that the qualifying criteria are met
- Rental Subsidy, provided that the qualifying criteria are met
- Allowances, such as Perk Motor Scheme, Essential Motor Scheme, Cell phone, provided that the qualifying criteria are met – in accordance with the applicable and approved policies.

Permanent employees are remunerated in accordance with their employment contracts. An approved and audited internal TASK job



evaluation's process may result in approved amendments on an employee's remuneration.

Any additional earnings pertaining to approved and verified claims, such as travel logs, subsistence & travel, overtime, standby, nightshift, acting allowance etc, are paid in accordance of the applicable and approved policies.

## **12. REMUNERATION OF TEMPORARY CONTRACT- AND FIXED TERM CONTRACT EMPLOYEES**

The total cost-to-company package payable to temporary contract- and fixed term contract employees is determined by the head of the applicable department in accordance with requirements of the vacancy, according to Garden Route District Municipality's Salary Scales as confirmed by SALGA.

The regulations and structuring of cost-to-company packages are stipulated in the applicable contracts. An approved and signed temporary- or fixed term contract must be in place before all different contract employees commence with employment.

Temporary contract- and fixed term contract employees are paid for Subsistence and Travel claims in accordance with Garden Route District Municipality's Subsistence & Travel policy.

## **13. REMUNERATION OF MUNICIPAL MANAGERS & MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS**

The upper limits of the total cost-to-company packages payable to municipal managers and managers directly accountable to municipal managers is determined by the Minister for Cooperative Governance in terms of Regulation 35 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, issued in terms of Government Notice No.21 as published under Government Gazette No. 37245.

The categorisation of the Garden Route District Municipality's municipal council is category 5, which determines the total remuneration package of Senior Managers.

Flexible remuneration options are available to Senior Managers who qualify in terms of their positions and according to the requirements of the South African Revenue Services. Senior Managers are paid for Subsistence and Travel claims in accordance with Garden Route District Municipality's Subsistence & Travel policy.

It is the responsibility of Senior Managers to ensure that all different claims and documentation be verified for correctness and authenticity, before the approval thereof.

#### **14. REMUNERATION OF COUNCILLORS**

The upper limits of the total remuneration packages of councillors is determined by the Minister for Cooperative Governance and Traditional Affairs, under the powers vested in him/her by sections 7(1), 8(5)(a) and 9(5)(a) of the Remuneration of Public Office-bearers Act, 1998 (Act No. 20 Of 1998).

The salary and allowances of a councillor is determined by that municipal council in consultation with the member of the Executive Council responsible for local government in each province, having regard to the upper limits as set out in the published Government Gazette, the financial year and affordability of the municipality, including the austerity measures as approved by national Cabinet.

Flexible remuneration options are available to councillors who qualify in terms of their positions and according to the requirements of the South African Revenue Services.

The Remuneration section implements and manage the adjustments of upper limits after council has consulted with MEC for Local Government in the Western Cape about its council resolution of a supporting vote of a majority of its members.

Councillors not residing in the George area are reimbursed for kilometres travelled between their home and George to attend meetings; in accordance with Garden Route District Municipality's Travelling policy.

Councillors are remunerated for Subsistence and Travel claims in accordance with Garden Route District Municipality's Subsistence & Travel policy.

#### **15. REMUNERATION OF NON-OFFICIAL MEMBERS: COMMISSIONS & COMMITTEES OF INQUIRY AND AUDIT COMMITTEES**

With reference to Treasury Regulation 3.1.6 the remuneration applicable to Committees of Inquiry is applicable to members of Audit Committees appointed from outside the public service.

The Minister of Finance, in terms of Treasury Regulation 20.2.2, grants annually approval to amend the maximum remuneration payable per

day to non-official members of Commissions and Committees of Inquiry.

Employees of Government serving on Commissions or Committees of Inquiry or Audit Committees are not entitled to additional remuneration. The rates are sitting fees and exclusive of payments in respect of preparation, research & travelling (to and from meeting venues) time.

Audit Committee members not residing in George, are reimbursed for kilometres travelled between their home and George, in accordance with Garden Route District Municipality's Travel policy.

## **16. REMUNERATION OF EXPANDED PUBLIC WORKS PROGRAMME (EPWP)**

EPWP is a key initiative by government to create jobs and alleviate poverty within our societies.

Workers on an EPWP are employed on a temporary basis or contract basis. A worker may not be paid less than the minimum EPWP wage rate per day or per task.

This will be adjusted annually on the 1<sup>st</sup> of November in-line with inflation (available CPI as provided by Stats SA six (6) weeks before implementation). No money must be deducted from a worker's payment unless the deduction is required in terms of a law.

A task-rated worker will only be paid for tasks that have been completed. A time-rated worker will be paid at the end of each month. Payment must be made by direct deposit into a bank account designated by the worker. The Internal EPWP Steering Committee is responsible to draft the wage determination for EPWP sectors and submit to Municipal Manager for approval.

*In accordance with the Ministerial Determination 4: EPWP:-  
Government Gazette No. 9745 of 4 May 2012.*

## **17. REMUNERATION OF STUDENT INTERN, GRADUATE INTERN, FINANCIAL GRADUATE INTERN & VOLUNTEERS**

### **STUDENT INTERN**

The salary / stipend for a Student Intern, a person who is enrolled at a tertiary education institution for a SAQA registered qualification and is required to obtain practical experience as part of their study programme.

Student Interns are remunerated for Subsistence and Travel claims in accordance with Garden Route DM's Subsistence & Travel policy.

### **GRADUATE INTERN**

The salary / stipend for a Graduate Intern, a person who has completed a qualification but has been unemployed and needs workplace exposure to enhance chances of future employment.

Graduate Interns are remunerated for Subsistence and Travel claims in accordance with Garden Route DM's Subsistence & Travel policy.

### **FINANCIAL GRADUATE INTERN**

The Municipal Finance Management Internship Programme (MFMIP), is enrolled and funded by National Treasury.

The salary / stipend for a Financial Graduate Intern, an unemployed graduate in Accounting, Economics, Finance, Risk management & Internal audit, who needs workplace exposure to enhance chances of future employment, is in accordance with the Guidelines for implementation of Municipal Finance Management Internship Programme (MFMIP).

If Garden Route DM wishes to pay more than the recommended stipend, then the excess must be sourced from its own MTREF budget.

Financial Graduate Interns are paid for Subsistence and Travel claims in accordance with Garden Route DM's Subsistence & Travel policy.

### **VOLUNTEERS**

These persons are not regarded as employees of Garden Route DM and as such may not be remunerated in any way.

## **18. INTEREM PAYMENTS**

Interem payments for Subsistence & Travel, as well as advances approved by the Municipal Manager, will be paid out on the two consecutive weeks on Fridays which follow after the Salary payment date. Complete requests must be submitted to the Remuneration office before or at 10h00 on the preceding Wednesday to allow proper verification and to ensure timely payments.

Interem payments consist of the following payments:-

- Travel claims for the previous month within the Garden Route District region,
- Camping allowances within the Garden Route District region,
- Subsistence & Travel claims for out of the Garden Route District region,
- Salaries of contracts that expire at the end of the month,

- Leave payments of expired contracts,
- Acting allowances for the previous months,
- Overtime- and standby claims for the previous month which was not submitted on time for the salary run, as requested and approved by the Head of Department.
- Advances on remuneration for funeral arrangements, medical bills as well as other humanity reasons, with the discretion as well as approved by the Municipal Manager.

The Head of Department is responsible to ensure that S&T claims be deducted from employees who cancel their meeting / workshop /course attendance.

## **19. ORGANISATION STRUCTURE ALIGNMENT**

In terms of section 68(1) of the Municipal Systems Act, Act 32 of 2000, a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way.

The organisational structure is reviewed in accordance with the Regulations on the Local Government Municipal Systems Act (Act no 32 of 2000) on appointments and Conditions of Employment of Senior Managers (Government Gazette 37245) dated 17 January 2014, Chapter 2, Clause 4.

## **20. DISPUTE RESOLUTION**

- 20.1 Where a dispute may arise, this should be referred to the relevant structures for internal resolution (grievance procedure).
- 20.2 All parties shall be heard in the dispute resolution process.
- 20.3 In the event of the dispute not being resolved internally, it should be referred to SALGA.

## **21. IMPLEMENTATION DATE**

This Policy will be implemented upon approval by Council.