



HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD

[REG. No: 2011/001221/07]

POLICY: REMUNERATION

Administrative Responsibility:	Chief Executive Officer
Implementing Department / Departmental Unit	Chief Financial Officer, and Manager: Corporate Services

REMUNERATION POLICY

POLICY DOCUMENT CONTROL

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TABLE OF CONTENTS

PREAMBLE 4

1. PURPOSE..... 4

2. LEGAL FRAMEWORK..... 4

3. APPLICATION OF THE POLICY 5

4. INTEPRETATION OF THE POLICY 5

4. PROVISIONS FOR REMUNERATION OF EMPLOYEES. 7

5. PROVISIONS FOR REMUNERATION OF MIDDLE MANAGERS AND SECTION 56/57 MANAGERS 7

6. PROVISIONS FOR REMUNERATION OF SHORT TERM/FIXED TERM CONTRACT EMPLOYEE, INTERNS AND EXPERIENTIAL TRAINEES 9

7. GENERAL PROVISIONS IN RESPECT OF REMUNERATION..... 9

8. PROVISIONS FOR RETENTIONAL REMUNERATION OF STAFF 11

9. REQUIREMENTS FOR PROVISION, MAINTENANCE AND MANAGEMENT OF A HITECH REMUNERATION SYSTEM 12

10. COMMENCEMENT 12

PREAMBLE

Having realized a need for the development and implementation of a Remuneration Policy the Agency hereby formulates a policy to be known as a "Remuneration Policy". This policy is intended to provide an operational framework and context in respect of remuneration of Agency employees and any person defined as an earner in this policy.

This will further create a legitimate framework for transacting all remuneration related activities in respect of earners. In so doing, the Agency will be providing a normative and value system within which earners will be remunerated by the Agency.

1. PURPOSE

- 1.1. To provide policy requirements for remuneration of all earners within the Agency.
- 1.2. To create an internal legitimate framework for remuneration practices within the Agency.
- 1.3. To formalize payment of basic salaries and benefits to all Agency Employees.
- 1.4. To create a holistic culture of consistency in the course of remunerating Employees.
- 1.5. To create a systemic mechanism for remunerating Employees according to their ranks within the Agency.
- 1.6. To convert all Fixed Term Contracts (FTC) to permanent employment contracts with company benefits on a personal-to-incumbent basis.
- 1.7. To eliminate a lack of uniformity in remuneration practices in respect of all Categories of Employees, Experiential Trainees.

2. LEGAL FRAMEWORK

The policy was developed and guided by the following:

- 2.1. This policy is premised on all relevant provisions of the Basic Conditions of Employment Act (75 of 1997) as may be amended and relevant Regulations and Notices issued by the Department of Labour from time to time.
- 2.2. It is further anchored on the legal provisions of the Labour Relations Act (66 Of 1995) in terms of sections 27 and 28.
- 2.3. This policy will also further provide provision and authority by the CEO to convert all Fixed Term Contracts (FTC) to permanent contracts of employment as personal-to-incumbent basis, which will also include all benefits as a strategy to retain and attract skilled employees.
- 2.4. This policy will be implemented in terms of the objects of other relevant sister policies within the Agency.

- 2.5. This policy shall be implemented in compliance with the requirements of the Collective Agreements concluded by the parties to the South African Local Government Bargaining Council, relevant employment contract, letter of appointment, performance contract and any applicable law.

3. APPLICATION OF THE POLICY

- 3.1. This policy will apply to all Employees.
- 3.2. This policy will apply to interns, experiential trainees and on-the-job-trainees.
- 3.3. This policy will also apply to both temporary and fixed contract employees of the Agency.
- 3.4. This policy will not apply to service and goods providers to the Agency and third parties.
- 3.5. This policy will not apply to any other person of which an act of remunerating him or her will constitute the breach of this policy and the law.

4. INTERPRETATION OF THE POLICY

- 4.1. Except to the extent to which the context may otherwise require, this Policy shall be construed in accordance with the following provisions of this sub-paragraph:
- 4.1.1. Any word or expression importing any gender shall include the other gender.
- 4.1.2. Words importing the singular also include the plural, and *vice versa*, where the context requires.
- 4.1.3. The following words shall have the meanings hereby assigned to them –
- 4.2. Any dispute on interpretation of this policy shall be declared in writing by any party concerned to the CEO.
- 4.3. The Chief Executive Officer shall give a final interpretation of this policy in the case of a written dispute.
- 4.4. If the party concerned is not satisfied with the interpretation, a dispute may be pursued with the South African Local Government Bargaining Council.

“Accounting Officer” The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated.

“CEO” shall mean the Chief Executive Officer of the Harry Gwala Development Agency (Pty) Ltd – used interchangeably with Accounting Officer

“CFO” shall mean the Chief Financial Officer of the Harry Gwala Development Agency (Pty) Ltd

“Critical Skill” means any skill classified as a critical skill for any post in terms of the Staff Retention Strategy.

“Department” means a structural unit within the Agency headed by a manager.

“Earner” means any person who is entitled to earn an income from the Agency in terms of and legal obligation to the Agency.

“HGDA” means the Harry Gwala Development Agency (Pty) Ltd, a company duly incorporated in terms of the laws of the Republic of South Africa with registration number: 2011/001221/07, in which the Harry Gwala District Municipality, as Parent Municipality, holds a sole interest.

“HGDM” means the Harry Gwala District Municipality, a Category C Municipality established in terms of Section 155(1)(c) of the Constitution of the Republic of South Africa, 1996 and in terms of Section 12(1) of the Municipal Structures Act, 32 of 2000 (as amended) and its successors in title. Includes duly authorised officials of the Municipality who have been delegated any powers, functions, and duties necessary to give effect to this Policy and decide upon and administer the matters referred to herein.

“Middle Manager” means any management position of the Agency falling within the post levels other than Section 56/57 managers.

“Official” In relation to a municipality or municipal entity, means:

1. An employee of a municipality or municipal entity.
2. A person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
3. A person contracted by a municipality or municipal entity otherwise than as an employee.

“Scarce Skill” means any skill classified as a critical skill for any post in terms of the Retention Strategy

5. PROVISIONS FOR REMUNERATION OF EMPLOYEES.

- 5.1. All employees shall be remunerated salaries and customary fringe benefits applicable in the local Government sector as follows:
- 5.1.1. Basic Salary
- 5.2. Payment of basic salaries must be transacted in terms of the applicable Wage and Salary Collective Agreement.
- 5.3. The salary notch increases shall be automatically payable inline with the Wage and Salary Collective Agreement.
- 5.4. The salary structure for the HGDA employees shall be implemented as determined by the South African Local Government Bargaining Council (SALGBC) on an annual basis.
- 5.5. The task grade of a post will be the sole determinant of the payable salary scale to the position filled by the Agency.
- 5.6. The Agency will pay salary scales based on alignment with Category 3, as determined by SALGA.
- 5.7. Change or departure from paying a particular salary notch will be an exclusive preserve of the CEO on the ultimate advice from the Corporate Services Department informed by a motivation from the respective Manager of the concerned Department.

6. PROVISIONS FOR REMUNERATION OF MIDDLE MANAGERS AND SECTION 56/57 MANAGERS

- 6.1. The middle managers shall be remunerated in terms of enhanced staff retention mechanism within the Agency with reference to the SALGBC salary structure.
- 6.2. Their remuneration shall be based on a clustered package of ranking system according to the level of responsibility and generic location of the position in the organizational charter.
- 6.3. The task grading for these posts shall be bench marked against the Parent Municipality with the relevant comparable factor- Category 3 and with reference to the prevailing South Local Government job evaluation system.

- 6.4. Jobs of the same and similar amount of responsibility shall be allocated the monetary value of remuneration with reference to the SALGBC salary structure.
- 6.5. The total remuneration packages which will be total cost to the employer and shall include the following components:
- 6.5.1. Basic salary
 - 6.5.2. Travelling Allowance
 - 6.5.3. Cell Phone Allowance
 - 6.5.4. Non-Mandatory Performance Bonus
- 6.6. Notwithstanding contents of clause No 6.8, an employee concerned may add or cut the basic components within the confines of a legally acceptable remuneration package covered by the Agency's remuneration system.
- 6.7. The basic salary shall be limited to a maximum of 70% of the remuneration package
- 6.8. The travelling allowance shall constitute an indispensable component of the total remuneration package policy with a threshold determined by the CEO of the total remuneration package.
- 6.9. It is at the discretion of the CEO to enter into negotiations with the incumbent in terms of salary packages prior to the assumption of duty and post duty on the basis of added responsibility that are above the employee's current post.
- 6.10. Market related annual salary increase shall be affected with reference to the average CPIX for a consecutive 12 month-period and the across-the-board annual salary increase for general employees in the South African Local Government undertaking.
- 6.11. Each employee will be required to submit a breakdown of her or his total remuneration package within seven calendar days upon assumption of duty or change of remuneration in case of newly appointed and existing employees respectively.
- 6.12. The payment of performance bonus for senior managers will be determined in terms of the Performance Management Policy and 2006 DPLG/COGTA regulations.
- 6.13. The payment of performance bonus will be determined in terms of the Performance Management Policy and 2006 DPLG/COGTA regulations.
- 6.14. The wage differentials amongst the five categories of management positions shall range between 10 to 25%.

Commented [SBD1]: Amend because with rising inflation, it may not always be the case

7. PROVISIONS FOR REMUNERATION OF SHORT-TERM/FIXED-TERM CONTRACT EMPLOYEE, INTERNS, AND EXPERIENTIAL TRAINEES

- 7.1. Employees contemplated in this section shall be remunerated not less than the prevailing monthly minimum wage within the South African Local Government sector.
- 7.2. All HGDA Employees as appointed in terms of task grades shall be remunerated the relevant and applicable basic salary based on the task grading of a Category 3 in alignment with the Parent Municipality.
- 7.3. Interns and Experiential trainees will be remunerated a monthly stipend in terms of the provisions of the relevant Agency policy affecting their appointment.
- 7.4. Fringe benefits will not be paid to this category of employees and experiential trainees due to their nature of employment and appointment respectively.
- 7.5. There will be no formal pay structure for this category of earners.

8. GENERAL PROVISIONS IN RESPECT OF REMUNERATION

- 8.1. There shall be no employee of the Agency who will be paid below minimum wage as decided upon by the SALGBC from time to time.
- 8.2. Payment of higher salary other than the one payable in relation to a particular position and the relevant salary notch may be transacted be within the structure of the salary scales after approval by the CEO.
- 8.3. Payment of a salary package with departure from the payable remuneration package for the positions of the same level or grade, will be done after extensive research on merits of such payment.
- 8.4. Employees earning such special package as contemplated in clause No 10.4. shall earn such income on a personal-to-incumbent basis.
- 8.5. All monies earned by any employee on personal-to- incumbent shall never be regarded as payable across the board except for any other emoluments (benefits/allowances falling outside the salary structure.
- 8.6. The payment of the remuneration shall be done on the basis of a valid letter of appointment or a contract of appointment.

- 8.7. No remuneration shall be transacted after the letter of appointment or contract of employment has lapsed unless any emolument or pay is due in terms of the expired letter of appointment and contract of employment.
- 8.8. All implementation of statutory deductions shall be implemented with prior notification of the employee for at least a period of fourteen (14) calendar days.
- 8.9. Non mandatory emoluments like over time, pay for work on Sunday and public holiday, standby allowance, subsistence and travelling reimbursement allowance, annual leave encashment request and shift allowance shall be paid upon submission of a duly approved claim to the Human Resources Division.
- 8.10. Annual leave pay shall be transacted in full compliance with the legal requirements.
- 8.11. A determination of daily rate of pay shall be calculated as follows:
- 8.11.1. Annual salary divided by twelve months=Y
 - 8.11.2. Y divided by 4.33 weeks=X
 - 8.11.3. X divided by 5 days=Z
 - 8.11.4. Z equals to a daily rate
- 8.12. A determination of daily rate of pay shall be calculated as follows All earners will be appraised in advance prior to effecting changes in their earnings in payroll in writing by the Human Resources Division.
- 8.13. An employee who has failed to serve a notice period in respect of termination of employment will forfeit his or her income or pro rata salary equivalent to the required length of notice period not served provided there is no agreement for a shorter term of notice/ no notice at all.
- 8.14. Leave days due to an employee who has resigned will be payable on the next payroll run a month after departure. Failure to return the Agency's tools of trade will be claimed from the employee leave days payout.
- 8.15. Leave encashment, refunds, claims additional or salary increase, and any other due emolument shall be paid through the payroll subject to meeting payroll inputs submission deadlines.
- 8.16. An employee who has failed to serve a notice period in respect of termination of employment will forfeit the monetary value of his or her income from her/his annual leave pay or pro rata salary or a combination of these emoluments equivalent to the

required length of notice period not served provided there is no agreement for a shorter term of notice/ no notice at all.

- 8.17. No salary advance shall be paid by the Agency to any earner.
- 8.18. No advance pro rata bonus shall be paid to any employee of the Agency.
- 8.19. No payment of any kind of earning shall be transacted without submission of duly signed necessary documentation of original nature.
- 8.20. Photocopies of payroll input shall only be accepted under exceptional circumstances and in case of input with financial implications, such photocopy must be accompanied by an affidavit signed by a Commissioner of Oath.
- 8.21. Each Department shall make annual budgetary provisions for filling posts as approved in terms of the organogram and Organisational Establishment and Job & Evaluation policy.
- 8.22. Any applicable backpay shall be deductible of all statutory requirements like tax, and UIF.
- 8.23. The structure of the total remuneration package will be valid for a period of 12 months subject to review within the same period should any change is affected on any of the elements of the structure.

9. PROVISIONS FOR RETENTIONAL REMUNERATION OF STAFF

- 9.1. Under exceptional circumstances, the CEO shall approve extra remuneration for a critical skill or scarce skilled employee as defined in the Human Capital Retention Strategy of the Agency.
- 9.2. Extra remuneration will be in the form of monthly scarce skills or critical skills allowance.
- 9.3. The scarce skills or critical skills allowance payable in terms of this policy shall not exceed 35% of the employee's basic salary.
- 9.4. For the purpose of payment of this allowance to a total remuneration package earning employee, 60% of his or her total remuneration package shall be deemed to constitute a basic salary.
- 9.5. All allowances payable in terms of this policy shall be non-pensionable but taxable in terms of the law.

10. REQUIREMENTS FOR PROVISION, MAINTENANCE AND MANAGEMENT OF A HITECH REMUNERATION SYSTEM

- 10.1. The Agency shall provide a new generation payroll management system.
- 10.2. This particular system shall be there to provide all payroll solutions in so far as modern payroll requirements are concerned.
- 10.3. The payroll management system shall be fully compliant with the requirements of the law in so far as they affect the remuneration of earners within the Agency.
- 10.4. Nothing illegal and unauthorised or not approved by a person who has the power to do so shall be transacted or performed in the payroll management system.
- 10.5. The technological payroll management system shall not be subjected to force pay means and mechanism in order to override the entrenched systems for payment of emoluments.
- 10.6. The payroll management system shall be used as the most reliable system for calculation of earnings.
- 10.7. The Corporate Services Department shall procure, provide, maintain and manage the payroll management system.
- 10.8. The Corporate Services Department shall make necessary budgetary allocations on an annual basis for the provision and maintenance of a modern and reliable payroll management system.

11. COMMENCEMENT

- 11.1. This Policy will come into effect on the date of adoption by the Board of Directors of the Harry Gwala Development Agency (Pty) Ltd.

APPROVED BY:

NAME	SIGNATURE	DESIGNATION	DATE
Mrs T.T. Thiyane-Magaqa		Acting Chief Executive Officer	22 May 2025