

MALUTI-A-PHOFUNG LOCAL MUNICIPALITY

SALARIES AND WAGES POLICY

1. OBJECTIVES

- To provide for attraction the best qualified people available to achieve the municipality's visions and mission;
- To provide for equitable and consistent remuneration to employees in accordance job levels, assigned duties and responsibilities;
- To motivate and stimulate employees to achieve a high level of performance;
- To encourage the retention and productivity of qualified personnel;
- To provide for basic parameters for setting wages, salaries and remuneration benefits for officials and councillors.

2. LEGISLATIVE REQUIREMENTS

In terms of section 65 of the Municipal Finance Act, Act 56 of 2003, the Municipal Manager as an Accounting officer of the Municipality is responsible for the management of the expenditure of the municipality and, for this purpose, must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds.

3. POLICY PRINCIPLES

- The municipality shall budget sufficiently for salaries, wages, allowances and other remuneration benefits in each budget year, and for this purpose, shall consider all the relevant factors which may have bearing on the determination of the municipality's salaries, wages, allowance and other remuneration benefits.
- Relevant factors to be considered shall include, but not limited to the South African Local Government Bargaining Council (SALGBC) collective agreements on Wages, Salaries and other basic conditions of services, the Ministerial annual determination of upper limits for remuneration of councillors, changes in the organizational structure of the municipality, etc.

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- Employees, other than the Municipal Manager and Managers accountable to the Municipal Manager, shall be remunerated according to a defined classification or banding structure which clusters jobs with similar levels of grading.
- This policy shall be communicated to and understood by official and councillors so as to assist the municipality in establishing equity among staff and also to assist in staff planning and resource allocation.
- The Municipal Manager or his delegate, shall on or before 31 October of each year, publicize in the media the salary scales and benefits applicable to posts of the municipal manager and every manager that is directly accountable to the municipal manager.

4. SALARIES AND WAGES DETERMINATION PROCESS

4.1 Allowances for Councillors

Salaries and remuneration benefits for councillors will be paid in line with the determination of upper limits of salaries, allowances and benefits of councillors as determined annually by the Minister of Cooperative Governance and Traditional Affairs. Payments of such salaries, allowances and benefits will be paid at the date as publicized by the Minister in the Government Gazette.

Except for travelling and subsistence allowance payable in terms of the Travelling and Subsistence Allowance Policy of the municipality, no councilors shall be entitled to or be compensated any remuneration payment outside the scope of the limits as determined by the Minister .

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The upper limits for councillors shall not be implemented unless the council has considered a report on the upper limits and has resolved on the levels of remuneration that will be applicable to Maluti-A-Phofung Local Municipality.

The consideration by council shall occur within the financial year within which the payments will have to be made, and must also take into account the affordability of the municipality.

As part of the mandatory consultation process, and before the actual implementation of the upper limits, the council shall consult with the Free State Provincial Member of the Executive Council (MEC) for Cooperative Governance and Traditional Affairs to motivate the affordability of the municipality, where the council has resolved to implement the upper limits, and also to demonstrate that the liability has been budgeted for in the budget of the financial year within which the payment will be made.

In cases where there was no budgetary provision made to implement the increased upper limits, the council shall nevertheless consider the determination and resolve specifically no to increase the remuneration payable.

4.2 The Municipal Manager and other Senior Managers

The Municipal Manager shall be remunerated in accordance with the employment contract negotiated and settled with the Executive Mayor and the remuneration payable in terms of such shall be the total cost to the municipality.

Senior Managers directly accountable to the Municipal Manager shall be remunerated in accordance with the employment contract negotiated and settled with the Municipal Manager and the remuneration payable in terms of such contract shall be the total cost to the municipality.

However, for the purpose of fairness, the municipality shall, through the Department of Corporate Support Services, undertake a market analysis of pay scales for similar jobs

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(Municipal Manager and / or Senior Managers) in other municipalities in the same grading as Maluti-A-Phofung Local Municipality.

The increase of the remuneration of the Municipal Manager and other Senior Managers shall be considered annually during the budgeting process and shall be based on the foundations established by the initial employment contract, the municipality's performance management systems, the budget guidelines adopted by the municipality in the financial year in question and must be specifically approved by council before implemented.

4.3 Other Employees of the municipality

Salaries, wages and other remuneration benefits shall be paid in line with the South African Local Government Association (SALGA) determinations of the Wage and Salary collective agreements of the South African Local Government Bargaining Council (SALGBC) as determined from time to time.

In determining the salaries and wages for the newly appointed employees, the municipality shall pay particular attention to the starting salary in each salary range to ensure equity across the organization.

5. PAYMENT OF SALARIES, WAGES, AND OTHER REMUNERATION BENEFITS

The municipality shall be liable to pay all employees and councillors at least once on a monthly basis.

Salaries shall be paid directly into designated bank accounts of each employee and each councillor, and the salaries paid shall be net of all the relevant deductions (statutory and non-statutory) applicable at the time of payment.

The due date for payment of salaries shall not be later than the 23rd of each month, and where such a date falls on a weekend or holiday, then the last working day prior to the

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23rd of that month. The December salaries shall be processed prior to the 20th, but not earlier than the 15th of the month.

Under no circumstances shall advancement against future salaries due shall be paid to either a councillor or an official as this constitutes forbidden activity in terms of section 164 of Municipal Finance Management Act.

The processing of overtime, standby and acting allowances will only be paid only if received, in good order (i.e duly signed, authorised and approved by the relevant authorities within the Maluti-A-Phofung administrative establishment, by the Payroll Section on or before the 15th of the month, failure which such payment due will be effected with the next salary run.

Reimburse travel and subsistence allowance will be paid in terms of the Subsistence and Travel Policy of the municipality.

6. BUDGETING FOR SALARIES AND WAGES

The municipality shall ensure that the annual salary budget as contained in each annual budget does not exceed a percentage set by the National Treasury of the total operating budget of the municipality (i.e the total operating budget before the salary liability itself).

The council shall for each financial year approve an annual budget for the municipality before the start of that financial year. In so doing, the council shall be deemed to have automatically approved the salary budget of the municipality as well.