



## REMUNERATION POLICY

<b>POLICY NUMBER</b>	
<b>POLICY TYPE</b>	<b>HUMAN RESOURCE POLICY</b>
<b>LAST APPROVAL DATE</b>	<b>19 JANUARY 2026</b>
<b>COMMENCEMENT DATE</b>	<b>19 JANUARY 2026</b>
<b>INITIAL APPROVAL DATE</b>	<b>19 JANUARY 2026</b>
<b>PREVIOUS REVIEWALS</b>	
<b>NEXT REVIEW DUE</b>	<b>19 JANUARY 2027</b>
<b>RESPONSIBLE MANAGER</b>	<b>HEAD: CORPORATE SERVICES</b>

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## 1. PREAMBLE

The Entity is committed to ensuring that equitable remuneration is paid to all the staff members to advance the strategic objective of attracting, recruiting, motivating, and retaining the best and most suitable staff members. While maintaining fiscal responsibility, the Entity is committed to remunerating staff in a manner that is fair, consistent, reflecting external market, and providing recognition for attaining individual goals, the Entity objectives, and professional competency.

## 2. PURPOSE

The purpose of this policy is to set out standard framework for determining remuneration levels, allowances and service benefits within the Entity. In addition, the ultimate goal is to achieve internal pay equity, external pay equity, increased performance and productivity, compliance with legislation, administrative efficiency, and to attract, recruit, motivate and retain staff members.

## 3. SCOPE OF APPLICATION

This policy applies to all managers and staff members of the Entity including Senior Managers.

## 4. LEGISLATIVE AND POLICY FRAMEWORK

- a) Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996)
- b) Municipal Systems Act, 2000 (Act No. 32 of 2000)
- c) Municipal Structures Act, 1998 (Act No. 117 of 1998)
- d) Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- e) Labour Relations Act, 1995 (Act No. 66 of 1995)
- f) Employment Equity, 1998 (Act No. 55 of 1998)
- g) Skills Development Act, (Act No. 97 of 1998)
- h) Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- i) Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- j) Minimum Wage Act, 2018 (Act No. 9 of 2018)
- k) South African Local Government Bargaining Board: Collective Agreements
- l) SALGBC Divisional Collective Agreement.
- m) Any other applicable legislation/prescripts

## 5. DEFINITIONS OF TERMS

5.1.1 **Job Evaluation** is a systematic process of defining the relative worth of jobs within an organisation in order to establish an equitable job grading structure.

5.1.2 **Entity** refers to Port St Johns Development Agency SOC Ltd

5.1.3 **Basic salary** is the amount of pay that constitutes the rate for the job. It refers to the cash component of monthly remuneration without benefits and prerequisites.

5.1.4 **Total cost of employment** refers to a combination of basic salary and employee benefits.

5.1.5 **Market rate analysis** is the process of identifying the rates of pay in the labour market for comparable jobs to inform decisions on levels of pay within the organisation.

5.1.6 **Employee benefits** include pension, travel allowance, housing allowance, medical aid etc.

5.1.7 **Performance management processes** define individual performance and contribution expectations; assess performance against those expectations; provide regular constructive feedback; and result in agreed plans for performance improvement, learning and personal development.

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

5.1.9 **CoGTA** refers to Cooperative Governance and Traditional Affairs.

5.1.10 **SALGBC** refers to South African Local Government Bargaining Council.

5.1.11 **Board of Directors** refers to PSJDA Board of Directors.

5.1.12 **CEO** refers to PSJDA Chief Executive Officer.

5.1.13 **CFO** refers to the Chief Financial Officer.

## 6. PROBLEM STATEMENT

Ill-defined management of remuneration of employees may lead to irregularities and inconsistencies in the manner in which the entity compensates employees. Such irregularities do not conjure up for a healthy working environment and may impact negatively on employee relations and productivity. This policy is thus formulated with the aim of addressing problems that may arise due to the absence of formalised remuneration measures, as well as alignment of employee remuneration with all the HR prescripts emanating from CoGTA, HR manual, SALGBC, Collective Agreement and municipal staff regulations.

## 7. POLICY PROVISIONS

### 7.1 *Guiding principles of the remuneration policy*

7.1.1 Remuneration policy shall be utilized to inform the remuneration strategy as part of integrated human resource management.

7.1.2 Remuneration shall support systems and procedures that ensure fair, efficient, effective and transparent human resources management and administration.

7.1.3 Remuneration policy shall advance the strategic objective of attracting, recruiting, motivating, and retaining the best and most suitable staff members, as well as staff members in the occupational categories classified as scarce skills.

### 7.2 *Remuneration scope*

The scope of remuneration within the Entity covers all the rewards earned by staff members in return for their labour, personal career achievements, and work-related expenses. These are categorised as follows:

### 7.3 *Remuneration of senior managers*

#### 7.3.1 Determining remuneration of senior managers

In determining remuneration packages of senior managers, the Board of Directors shall consider the following:

- (a) Determine performance contract in line with the performance management policy.
- (b) Determine the impact of the position towards Entity's objectives.
- (c) Ensure there is external pay equity (*through salary surveys*) on remuneration paid to similar positions in similarly graded entities.
- (d) Determine the minimum, median and maximum salary packages (salary notches) expressed as total cost to employer.
- (e) Identify the factors that may justify the employment of a senior manager on any of the proposed salary notches of the total salary package.
- (f) Ensure the salary packages conform to the upper limits of salaries of senior managers determined by the Minister; and
- (g) Publish in the media the salary scales and benefits applicable to posts of the CEO and every senior manager.

(h)

### **7.3.2 Remuneration on a Total Cost of Employment basis**

Remuneration of senior managers including their annual living cost of adjustments will be determined in the Government Gazette for upper limits of senior managers issued annually by the Minister of CoGTA on total remuneration packages according to different categories of Municipalities and shall be set out as follows:

- (a) Non-flexible portion not exceeding seventy percent (70%), being the net amount after subtracting employer's portion of pension fund and medical aid contributions.
- (b) Flexible portion of a minimum of thirty percent (30%), covering staff member's portion of pension fund and medical aid contributions, and motor vehicle / travel allowance. In addition:
- (c) All senior managers shall contribute to their chosen *Retirement Fund* and are obliged to submit proof of membership annually.

**7.3.3** All senior managers shall join and become members of their chosen *Medical Aid Scheme* and be subjected to the rules of the Scheme and are obliged to submit proof of membership annually. The Entity will pay a total remuneration package (total cost of employment) for all positions designated and occupied by managerial employees and contractual employees.

**7.3.4** Performance bonus, paid in terms of the Performance Management Policy, and after an annual performance appraisal that produced the rating score that falls within the categories earmarked for rewarding through performance bonus in that financial year.

### **7.4 Remuneration of staff members below level of senior managers**

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7.4.1 Remunerated items for staff members below the rank of senior manager shall be as per the applicable negotiated salary and wage agreement entered into the South African Local Government Bargaining Council (SALGBC).

7.4.2 Annual Cost of Living Adjustments for levels below senior managers will also be determined in the collective agreement entered into the SALGBC.

7.4.3 The Head Corporate Services and the CFO must ensure that provision for annual adjustment is factored in the budget.

**7.4 Total Cost of Employment (TCE) includes:**

- (i) Basic Salary
- (ii) Employer's contribution to retirement fund
- (iii) Employer's contribution to medical aid
- (iv) Night Shift Allowance
- (v) Un-Insurance Employment Fund
- (vi) 13<sup>th</sup> Cheque

**7.5 Remuneration tied to nature of work or essential tools of trade**

7.5.1 Essential tools are tied to the performance of the job in terms of the job description, the physical and psychological nature of work outlined in the job description and / or performance plan, as well as dictated upon by work processes and procedures.

7.5.2 Unless otherwise regulated by a collective agreement entered in the SALGBC, the Entity shall ensure that accessing or receiving these forms of remuneration or tools shall not be subjected to separate or additional application or approval processes as the appointment in the respective positions entitle incumbents to the tools.

**7.5.3 Essential tools of trade shall cover, but not limited to the following:**

- (a) Acquisition and /or maintenance of work tools such as computers and / or computing equipment, not limited to but including laptops / notebooks, tablets, and so on, as would be determined by the Board of Directors from time to time.
- (b) Mobile phone, data and airtime package on contract only, offered to senior managers and other staff members as expected by their job descriptions. The limits shall be the discretion of the relevant head of department, on a case-by-case basis.
- (c) Car or travel allowance, in terms of the applicable transport and travel policy.

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**7.6 Remuneration classified under staff member recognition and allowances.**

Allowances shall be paid according to the applicable negotiated agreement entered in the South African Local Government Bargaining Council (SALGBC).

**7.7 Remuneration based on professional development.**

**7.7.1** Unless otherwise regulated by a collective agreement entered in the SALGBC, the Entity shall reimburse a staff member for tuition and / or registration fees paid to a recognised tertiary or professional training institution or association for successful completion, or achievement of a professional or technical qualification, and / or accreditation.

**7.7.2** Reimbursement of tuition fees applies in cases where a staff member did not utilise the Entity's internal bursary or any other form of skills development assistance for the same qualification or training.

**7.8 Remuneration based on advances and reimbursable expenses.**

The Entity shall remunerate staff members for expenses incurred in carrying out their duties in their official capacity, as per the applicable advances and reimbursable expenses policy.

**7.9 Staff loans and salary advances**

The Entity shall not, under any circumstances, offer loans or salary advances to staff members.

**7.10 Payment of Monthly Remuneration**

**7.11.1** All submissions of memoranda from Human Resources Management to Payroll Section should be submitted on or before the 13<sup>th</sup> of each month to allow payroll staff to process them on time so that any errors are detected early during the salary trial run.

**7.11.2** Salaries are payable on the 15<sup>th</sup> of each month, if the 15<sup>th</sup> falls on weekend or public holiday salaries are payable on a working day preceding the weekend.

**7.12 Treatment of salary under/over payment**

**7.12.1.** In the event of underpayment to the employee is found on a payroll for a particular month/period, such under payment is reimbursed to the employee concerned/affected. The employee will be notified in writing of the underpayment. Such underpayment will be effected in the next salary payroll run.

**7.12.2** In the event of overpayment of remuneration to an employee, the Entity reserves the right to recover such overpayment. The recovery will be conducted in terms of Section 34 of the Basic Conditions of Employment Act 75 of 1997

**7.13 Maintenance of record keeping**

**7.13.1** All the remuneration management documentation, reports and payment thereof will be kept by Corporate Services

#### **7.14 Roles and responsibilities**

7.14.1 The CEO or his / her delegated assignee(s) accept overall responsibility for the implementation and monitoring of the policy. In the week before a staff member's salary pay day, the CEO or his or her delegate shall provide a staff member with the following information (payslip) in writing –

- (a) the Entity's name and address.
- (b) the staff member's name.
- (c) the staff member's job title and occupational category in terms of the systems of occupational stream and remuneration.
- (d) the staff member's salary notch.
- (e) any other form of compensation that the Entity pays directly to the staff member monthly.
- (f) the period for which payment is made.
- (g) the amount and purpose of any deductions; and
- (h) the actual amount paid to the staff member.

7.14.2 The financial implications related to implementing this policy shall be qualified and quantified by human resource management in consultation with the Chief Financial Officer.

7.14.3 In dealing with remuneration related information, a staff member of the Entity working with such information shall respect the staff member's right to privacy.

#### **8. POLICY MONITORING AND EVALUATION**

10.1 This policy shall be implemented and effective once recommended by the HRRC and approved by Board.


10.2 Head of Corporate Services shall carry out the monitoring and evaluation of the policy's implementation.

#### **9. PENALTIES**

Non-compliance on this policy will be regarded as misconduct, will be dealt with in terms of the Disciplinary code and procedure.

#### **10. DISPUTE RESOLUTION**

Internal dispute resolution processes must be followed in the event of any grievances and disputes arising out of the implementation of this policy. For all external candidates, the recognised labour relations mechanisms must be applied.

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### 11. POLICY REVIEW

This policy must be reviewed annually from its effective date to determine its effectiveness and appropriateness.

### 12. POLICY APPROVAL

This policy was formulated by the entity for approval by the Board.

### 13. APPROVAL AND SIGNATURES

Chief Executive Officer

  
\_\_\_\_\_  
Signature

19 January 2026  
Date

Board Chairperson

  
\_\_\_\_\_  
Signature

19/01/2026  
Date