



## Remuneration Policy



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## 1. PURPOSE

- 1.1 The purpose of this policy is to articulate and give effect to the SASSETA's directive on fair, responsible & transparent remuneration. The SASSETA is committed to creating a workplace that attracts, motivates, rewards and retains competent, talented and forward-thinking individuals to promote the achievement of SASSETA strategic objectives within the risk appetite of the SETA;
- 1.2 The purpose of this remuneration policy is to address, provide and to govern remuneration of the Employees of SASSETA based on Remuneration Management System (RMS). The main functions of the remuneration policy are:
- 1.2.1 Establish a salary structure based on broad banding and tax efficiency where applicable;
  - 1.2.2 Provide appropriate incentives linked to the performance management and career development systems;
  - 1.2.3 Ensure competitive remuneration packages to enable SASSETA to recruit, retain and motivate Employees;
  - 1.2.4 Optimally utilise human resources and ensure fair labour practices;
  - 1.2.5 To ensure compliance with relevant statutory requirements;
  - 1.2.6 To ensure that SASSETA pays market-related salaries for the industry it operates within, also taking into account complexity, size and nature of the business;
  - 1.2.7 Comparisons with external and internal benchmarks to ensure equity, fairness and defensibility;
  - 1.2.8 Remuneration should support SASSETA's strategy, and be consistent with its culture of fairness and equity;
  - 1.2.9 To motivate, drive deeper engagement, enable performance and allow for differentiation in rewarding high performers.

## 2. GOVERNING FRAMEWORK

SOURCE	KEY IMPERATIVES
2.1 Treasury Regulations	The Treasury Regulations require supervisors to confirm on the salary certificate provided by the structure responsible for remuneration management, whether or not Employees under their supervisions are entitled to a full month's salary.

<b>SOURCE</b>	<b>KEY IMPERATIVES</b>
2.2 Public Finance Management Act 1 of 1999	Regulates the recovery of debts from Employees arising as a result of the amount erroneously paid by SASSETA to the Employee.
2.3 Skills Development Act 97 of 1998	Regulates and promotes employer's obligation towards skills development and improvement of its Employees.
2.5 Basic Conditions of Employment Act 75 of 1997 (as amended)	Regulates payment of Employees' remuneration by employer, circumstances under which employer may lawfully deduct Employee's remuneration and promotes the right to fair labour practices.
2.6 Employment Equity Act 55 of 1998 (as amended)	Framework to eliminate discrepancy based on discrimination in workplace and further promotes equal opportunities for Employees in line with principle of equal pay for equal work value.

### **3. ACRONYMS AND TERMINOLOGY**

<b>TERMINOLOGY</b>	<b>DESCRIPTION</b>
3.1 Official Working Day	Refers to the days of the week excluding Saturdays, Sundays, and public holidays.
3.2 Annual Basic Salary	Refers to the Employee's basic salary paid monthly contractually over a period of a year. Excludes any benefits that may accrue to the Employee paid with the salary.
3.3 Performance Bonus Cycle	Refers to twelve (12) full calendar months aligned to the financial year.
3.4 Fixed-term contract Employee	Refers to an Employee appointed for a period less than the duration of staff employment contracts as approved by the Board.
3.5 Fixed term contract	Refers to a written contract of employment with SASSETA for a fixed or determinable period of time, stipulated as such in the contract which

TERMINOLOGY	DESCRIPTION
	may be renewable on agreement by both parties.
3.6 Guaranteed Package	Refers to Employee's basic salary including compulsory fringe benefits and allowances.
3.7 Long term Incentive	Refers to an incentive awarded to long term Employees to ensure sustained long-term loyalty and performance.
3.8 Basic Salary	Refers to an amount paid to the Employee monthly as contractually determined the contract of employment. It does not include fringe benefits that may be paid simultaneously with the salary.
3.9 Notch Increment	A scale used to measure the rates of pay for Employees working at each level of an organization. Notch increment is increase in pay an Employee gets when they spend a certain length of time at a particular level.
3.10 Long-term Employee	Refers to a person confirmed as a long-term Employee for the entire duration of a specific lifespan of SASSETA by a letter signed by the CEO or the Chairperson of the Board in the case of the CEO.
3.11 Salary Point	Refers to the basic salary payable to an Employee and a maximum salary applicable to an occupational band and specified salary level.
3.12 Termination of Service	<p>May take place as a result of the following events:</p> <ul style="list-style-type: none"> <li>- Death;</li> <li>- Medical Unfitness;</li> <li>- Resignation;</li> <li>- Discharge due to misconduct;</li> <li>- Retirement;</li> <li>- Severance package.</li> </ul>
3.13 Temporary Employee	Refers to an Employee who is appointed for a period not exceeding three months; as a substitute for an Employee who is temporarily



TERMINOLOGY	DESCRIPTION
	absent; or in a category of work or for a period that is determined as temporary in terms of any collective agreement or sectorial determination.

#### 4. SCOPE OF APPLICATION

This policy is applicable to all Employees of SASSETA.

#### 5. POLICY DETERMINATIONS

##### 5.1 **Governing Principles**

5.1.1 The following generic principles shall govern the application and interpretation of this Policy:

5.1.1.1 The remuneration of Employees shall conform to applicable legislation and regulations as well as any other relevant policy; and

5.1.1.2 Occupational levels shall exist within the applicable occupational bands.

5.1.2 The minimum and maximum salary package applicable to an occupational group or job shall be based on the following:

5.1.2.1 Job evaluation results;

5.1.2.2 Public, other SETA's and the private sector best practices based on national trend;

5.1.2.3 Available funding;

5.1.2.4 The need to recruit and retain Employees with appropriate competencies, unique and/ or scarce skills and/ or qualifications.

5.1.2.5 Remuneration of Employees shall be determined according to the job weight, Employee's performance and competency levels;

5.1.2.6 An Employee's total remuneration package shall comprise a basic salary, allowance(s) where applicable and benefits that may include cash and/ or non-cash incentives.

5.1.2.7 The remuneration framework and remuneration packages shall be reviewed annually to ensure that they are effective and compare



favourably with the Public Service, Public entities, private sector and other SETA's.

5.1.2.8 Salary adjustments for Employees will be based on the negotiations taking CPIX into consideration. Annual Increments will be effective from the 1<sup>st</sup> of April each year.

5.1.2.9 The Board will determine salary increases for Executive Managers where CPIX will also be taken into account. Increments will be effective from the 1<sup>st</sup> of April each year.

5.1.2.10 The salary band and allowances of the CEO are equivalent to that of a Director-General in the public service, and hence the salary increment of the CEO will be equivalent to the Director-General level as determined by the DPSA.

## **6. REMUNERATION AND REWARD OFFERING**

SASSETA's remuneration and rewards system comprises of the following monetary elements:

**6.1 Guaranteed Package:** Guaranteed package comprises of the Employee's basic salary plus benefits such as medical aid, retirement, housing allowance etc;

**6.2 Short-term Incentive:** rewards for managerial or executive officers based on attainment of financial, strategic, functional and personal performance objectives. The short-term incentive is performance based to drive the achievement of short-term targets which enhances growth and financial performance;

**6.3 Long-term Incentives:** The objective of the long-term incentive, is to retain, motivate and reward long service staff members that have been employed by SASSETA for long periods as stipulated in Paragraph 11;

**6.4 Staff Retention:** Refers to once-off payments or increases granted to roles or positions that represent a scarce skill or key talent for SASSETA. This applies to highly skilled Employee whose skills cannot easily be replaced. Staff Retention payments will be made in line with the Staff Retention Policy;

**6.5 Retirement fund:** SASSETA rewards it's Employees by contributing towards Employee's retirement fund.

## **7. REMUNERATION FRAMEWORK**

The remuneration framework of SASSETA shall be based on the approved occupational group/ bands.

### **7.1 Management Occupational Band**

The management occupational band, which includes the occupational groups of CEO, CFO, Executives and Managers shall comply with the following criteria:

- 7.1.1 Responsibility and accountability for the management and functions on a day-to-day basis;
- 7.1.2 Responsibility for the management of the functional tasks and personnel under his or her control within an organisational unit, with the emphasis on managing people;
- 7.1.3 Planning, organising and controlling, and reporting on an organisational unit to secure results through subordinates.

### **7.2 The approving authorities for the appointment of Employees within the Management band are:**

- 7.2.1 CEO and Executives, by the Board; and
- 7.2.2 Managers and all other Employees, by the CEO.

### **7.3 Practitioners**

The practitioner occupational band includes occupational groups that render core functional or support services of a professional nature and that have appropriate academic qualifications or proven abilities. Employees in the professional occupational band shall comply with the following criteria:

- 7.3.1 Guide and advise the core functions;
- 7.3.2 Identify research and development concept, technology and practices;
- 7.3.3 Apply professional skills in a complex and constantly changing environment; and
- 7.3.4 Have proven expertise in complex practices.

### **7.4 Administration Occupational Level**

The administration occupational level includes occupational groups that are responsible for rendering support services within the administrative or core functional components of SASSETA. Employees within the administration occupational level shall comply with the following criteria:

- 7.4.1 Work per instruction and/ or coordinate tasks; and

- 7.4.2 Perform respective and familiar tasks within a closely defined context and supervised environment.

## **7.5 Integrated Performance Management System**

The Integrated Performance Management System shall be utilised to determine the horizontal salary progression of Employees according to their performance as described in the performance management system as approved by the Board.

## **7.6 Date of salary Payment**

- 7.6.1 Salaries shall be paid on the 25<sup>th</sup> day of each month;
- 7.6.2 If the 25<sup>th</sup> day of a month falls on a weekend or public holiday, payment shall be made on the last day of work before the 25<sup>th</sup> of that month;
- 7.6.3 In December, salaries shall be paid on a date as determined by the CEO, a date which may not be later than date of salaries as per 7.6.1 above.

## **7.7 Salary Advice**

A salary advice shall be made available in hard copy or on the intranet to Employees, not later than the date of payment by the structure responsible for remuneration management, reflecting the following information:

- 7.7.1 Name and Address of the employer;
- 7.7.2 Employee's name;
- 7.7.3 Employee's salary;
- 7.7.4 Any other form of compensation that the SASSETA pays directly to the Employee on a monthly basis;
- 7.7.5 Period for which the payment is made;
- 7.7.6 Amount and description of any deduction; and
- 7.7.7 Actual amount paid to the Employee.

## **7.8 Payment of 13<sup>th</sup> Cheque**

- 7.8.1 A non-pensionable annual 13<sup>th</sup> cheque is payable each year to an Employee who has structured his/her salary to include it, and who has completed at least twelve (12) months of continuous service to SASSETA on the date of payment. An employee who has not completed 12 months' service shall be paid a pro-rata.
- 7.8.2 Where payable, the 13<sup>th</sup> cheque is equal to the Employees' monthly basic salary and is payable on or before the 15<sup>th</sup> of December.

- 7.8.3 An Employee, who has not completed twelve (12) months continuous services with the SASSETA-by the 30 November, shall receive a *pro rata* 13<sup>th</sup> cheque payment relative to the monthly basic salary and the completed calendar months of services, if they have structured their salary to include the 13<sup>th</sup> cheque.

## **7.9 Erroneously Paid Remuneration**

Debts incurred by SASSETA resulting from the employment relationship between an Employee and SASSETA shall be recovered without any interest. The following categories of debt however shall be levied with interest at a rate determined by the CEO in terms of section 80(1)(b) of the Public Finance Management Act:

- 7.9.1 Erroneously paid remuneration to a former Employee of SASSETA post termination of employment or erroneously paid as a result of any fraudulent action and consents to a repayment agreement voluntarily;
- 7.9.2 Any loss and/or damage which is incurred as a result of mala fide conduct (bad faith) by any Employee whether still employed or has left the employment of SASSETA; or
- 7.9.3 Breach of contract or any delictual claim relating to the contractual relationship; or
- 7.9.4 Any erroneous payment of salary, fringe benefit or allowance unduly paid to an Employee at the time of appointment, transfer, promotion or at any stage of employment shall be recovered from the Employee and same will be communicated with the Employee in writing, thirty (30) days prior to implementation with or without the consent of the Employee, regardless of whether the Employee was aware or unaware of the erroneous payment.

## **7.10 Deductions**

Circumstances under which an employee's remuneration may be deducted:

- 7.10.1 Deductions shall be made from an Employee's salary based on approved or agreed deduction and any mandatory deductions;
- 7.10.2 Employees shall be notified before a court order and/or any other deductions arising from misconduct, are affected;
- 7.10.3 Other deductions made from Employees which are not mandatory shall be done with the consent of the Employee.

### **7.11 Fixed-term contract Employee and Temporary Employee**

A fixed-term contract Employee, and Temporary Employee shall be rewarded according to a contractual agreement as provided for in the policy on recruitment, selection and appointment taking into account the provisions of the Basic Conditions of Employment Act (Act 75 of 1997).

### **7.12 Transfer within same occupational band**

7.12.1 Fringe benefits applicable to one occupational group shall not necessarily apply to another occupational group, and consequently, an Employee who is transferred from one occupational group or level to another, at his or her own request, may not claim any fringe benefits that were applicable to him or her prior to the new appointment;

7.12.2 In the case where an Employee is transferred within the same occupational band by SASSETA, but to a post on a lower level, the Employee will retain his or her job level (excluding cases resulting from misconduct).

## **8. REMUNERATION PACKAGE**

An Employee's total remuneration package shall comprise of a basic salary, allowance(s) and benefits that may include cash and/ or non-cash incentives and, where applicable, calculated on a pro-rata basis.

### **8.1 Annual review**

8.1.1 The following remuneration items shall be reviewed on an annual basis and implemented with effect from 1 April each year.

8.1.2 The HR Department shall be responsible for remuneration management and the conducting of research necessary for reviewing the remuneration packages that may be increased annually, subject to budgetary constraints following a national salary survey (market survey). This review shall be submitted to the Remuneration Committee annually, not later than the last day of February, for recommendation for approval by the Board.

### **8.2 Salary Progression**

Performance –based lateral salary progression shall occur annually following the application of the favourable assessment of the Integrated Performance Management System.

### **8.3 Basic salary**

The basic salary is calculated according to the job weight applicable to each occupational band and level: provided that the minimum salary point of the lowest level and the maximum salary point of the highest level within the SASSETA shall be utilised as guidelines for calculating basic salaries within the Remuneration Management of the SASSETA.

### **8.4 Entertainment Allowance**

Subject to Treasury Regulations and other directives issued by the National Treasury, the CEO, Executive Managers, Marketing Manager and any Employee may be granted permission or allowed an entertainment allowance as determined by the Board from time to time on recommendation by the CEO.

### **8.5 Acting Allowance**

An Employee who in writing, is appointed in an acting capacity shall be compensated in the manner set out in the Acting Policy.

### **8.6 Medical Aid Allowance**

8.6.1 SASSETA Employees have medical aid benefit as part of remuneration package. All employees are encouraged to belong to a medical aid.

8.6.2 SASSETA shall subsidize medical aid for all its Employees.

8.6.3 The executive management medical aid contribution will be determined by the Accounting Authority;

8.6.4 The following terms and conditions apply:

8.6.4.1 An Employee must belong to a medical aid scheme and produce proof to that effect;

8.6.4.2 SASSETA shall pay contributions directly to the scheme, not to the staff member;

8.6.4.3 The maximum number of dependants that SASSETA shall subsidize is four (4). Any Additional dependant(s) shall be funded by the Employee; and it is the responsibility of an Employee to make submission of his/her medical aid scheme details to the HR Department.

## **8.7 Subsistence and Travel Allowance**

Employees who are required to travel on business may claim travelling costs for using their private vehicles and claim other subsistence allowance(s) that may be due to them.

## **8.8 Overtime payment**

Overtime allowance will be paid to Employees that are approved for overtime work in line with the Overtime Policy.

## **8.9 Salary Offers for New Appointment and Internal Advancement**

8.9.1 Remunerations for new appointments should be positioned appropriately according to the respective grade and the applicable salary scale for the specific job grade. The salary scale shall be updated each year effective on 1<sup>st</sup> of April.

8.9.2 All appointees will be offered remuneration in the applicable remuneration band on the following basis:

8.9.2.1 Remuneration of the successful candidate will be based on the Employee's suitability for the role as per the inherent job requirements

8.9.2.2 Appointment offers will be made from the lower guide to the midpoint of the salary range as advertised, exceptions being positions filled through internal lateral transfers whereby Employees retain current salary;

8.9.2.3 No Employee will be offered a salary higher than the approved pay scale for that financial year; and

8.9.2.4 Successful candidates may be required to produce their latest payslip as proof of their income in line with the Recruitment and Selection Policy.

8.9.3 Should a seconded employee be required to perform duties of a grade different to his / hers, applicable remuneration will be stipulated in the secondment letter.

## **9. CALCULATION OF PRO-RATA PAYMENTS**

9.1 Pro-rata payments for all fixed remunerative benefits, excluding redemption of leave, leave without pay, long-service benefit and annual service bonus, shall be

calculated according to the total monthly remuneration package divided by the actual working days in the specific month multiplied by the number of actual working days an Employee is entitled to remuneration.

For example:

An Employee earns a total monthly remuneration package of R18 600.

Actual working days in a month = 21.67 days.

An Employee worked only 10 days in that particular month.

To determine the pro-rata amount, the calculations shall be as follows:

$R18\ 600 \times 10 \text{ days} / 21.67 \text{ days} = R8\ 563.29$  due to the Employee.

9.2 A pro-rata payment shall be made to a new appointee or where a current Employee is appointed/ promoted to a higher position, after the first (1) calendar day of a month;

9.3 A pro-rata payment shall be made to an Employee on termination of service prior to the last calendar day of a month;

9.4 A pro-rata payment shall be calculated on the basic salary of the last monthly salary of the last month in which pro-rata payments is due, divided by the working days in a specific year multiplied by the number of days actually worked. Working days and days actually worked include public holidays;

9.5 A pro-rata payment shall be made to an Employee who:

9.5.1 Has less than twelve (12) calendar months' pensionable service in SASSETA; or

9.5.2 On termination of service.

9.6 Pro-rata Deductions for Leave without Remuneration.

Leave without remuneration shall be calculated on the basic monthly salary divided by the actual working days in the specific month multiplied by the number of actual working days an Employee is not entitled to remuneration in the specific month.

## **10. REPORTING IRREGULARITIES AND SANCTIONS FOR NON-COMPLIANCE**

10.1 Irregularities such as fruitless expenditure and fraudulent behaviour, shall be reported to the Board Committee designated with compliance and/or fraud and corruption prevention mechanisms using appropriate channels, such as whistleblowing;

10.2 Any person that is aware of any irregularity as stated in 10.1 above, is compelled to report such irregularity to the Board Committee as stated in 10.1, Failure to report same shall be regarded as misconduct.

### 11. LONG SERVICE AWARDS

As part of staff retention strategy, staff members who have completed 5 years, 10 years, 15 years etc. shall have their long service recognised in the form of monetary award and associated certificate. Starting from R10 000.00 for the first completed 5 years, for every extra 5 years of service, an Employee will qualify for a previous amount plus an addition R5000.00 more. For example,

- 11.1 R10 000.00 for 5 years;
- 11.2 R15 000.00 for 10 years;
- 11.3 R20 000.00 for 15 years, etc.

### 12. IMPLEMENTATION ARRANGEMENTS

This policy shall become effective immediately after approval by the Board.

### 13. APPROVAL

<b>Document Name</b>	Remuneration Policy
<b>Year of Current Review</b>	2022/2023
<b>Year of Next Review</b>	2026/2027
<b>Review process championed by the Chief Executive Officer</b>	
Name of the CEO	Mr Thamsanqa Mdontswa
Signature: 	Date: 24/06/2022
<b>Document reviewed and recommended for approval by HR and Remuneration Committee</b>	
Name of the Chairperson	Mr Motlalepula Molefe
Signature: 	Date: 2022-06-24
<b>Approved by the Board</b>	
Name of the Chairperson	Mr Chris Mudau
Signature: 	Date: 24/06/2022