



UNIVERSITY OF VENDA

POLICY ON REMUNERATION

TITLE AND COPYRIGHT

Title Policy on Remuneration
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1. DEFINITIONS AND APPLICATION

Many South African organizations have moved to a total remuneration package approach in line with remuneration trends. The University of Venda is no exception to approach reality as it has to offer competitive salary packages in order to attract and retain high caliber staff. The institution therefore reserves the right to, at any time, in its sole discretion, revise and amend this policy from time to time.

1.1 DEFINITIONS

- 1.1.1 “External equity” means perceived fairness in pay relative to what other employers are paying for the same type of work.
- 1.1.2 “Internal equity” means perceived equity of pay system in an organization.
- 1.1.3 “Job evaluation” means systematic process of assessing job content and ranking of jobs according to job characteristics and worker traits.
- 1.1.4 “Job grading” means a form of job evaluation that assigns jobs to predetermined job classifications according to their relative worth to the organization.
- 1.1.5 “Performance increases” means a once off payment granted to the individual workers in recognition of their performance.
- 1.1.6 “Salary benefits” means a pay range for each job grade including a minimum, median and a maximum point.
- 1.1.7 “Ad Hominem” means a rate of pay higher than the contractual or formerly established rate for the job.
- 1.1.8 “Salary surveys” means studies made of salaries paid by other organizations within the employer’s labour market.

1.2 APPLICATION

This policy applies to employees appointed on permanent and fixed term contract excluding Part-Time and employees appointed on donor funded projects.

2. PURPOSE

The purpose of this policy is to provide a framework for the remuneration package based on total cost to employer which reward people fairly and consistently according to their roles and individual worth. The policy also provides guidelines for the implementation of job evaluation and job grading system at the University of Venda to ensure that staff are paid market related competitive remuneration packages.

3. POLICY STATEMENT

The policy is necessary to enable the University to attract, motivate and retain quality staff and to ensure that staff are rewarded in a fair and equitable manner.

4. POLICY GUIDELINES

4.1 THE UNIVEN REMUNERATION SYSTEM

The following are the core elements of the remuneration system that will be used to attract and retain the right skills:

4.1.1 Market related salary packages and benefits – a total cost to employer salary packages provides staff with more flexibility to tailor their packages around individual needs.

4.2 INCENTIVES

4.2.1 Performance Related Incentive – Bonuses which are also used to promote performance and encourage long term commitment.

4.2.2 Recognition awards

4.3 DETERMINING SALARY

Salary levels at organizational level will be influenced by means of salary bands which are adjusted to be in line with other market six months through our salary

review cycle. The following factors will be taken into account and when determining the salary of individual staff. The salary bands applicable to the position's grade are:

- 4.3.1 The individual's performance.
- 4.3.2 Market rates for similar jobs.
- 4.3.3 Affordability.

4.4 BENCHMARKING

The University of Venda will use HESA and Remchannel salary surveys to benchmark salaries on an annual basis. In exceptional cases where there is scarcity of skills and where the institution can afford it, positions will be benchmarked at a higher level e.g. 75%. This is a strategic decision which will contribute to University creating a competitive advantage in the market and will be reviewed by the Remuneration Committee of Council on an annual basis on the recommendation of Management.

The market midpoint should be used to develop a competitive pay line for all salary grades. Salary bands should include a minimum, midpoint and a maximum per grade.

4.5 JOB EVALUATION AND REMUNERATION

In the interests of a fair and equitable reward system the following criteria will be the basis for determining remuneration within the University:

- 4.5.1 The University will use the Calibr8 and job evaluation system as a basis for determining remuneration within the institution;
- 4.5.2 Salary scales will be developed using the median of the total cost to company figures taken from the Remchannel Peromnes Circle Survey.
- 4.5.3 The salary scales stated above are not applicable to part-time or temporary staff.

Newly appointed employees of the University of Venda may ideally be appointed to the median of the salary scale for their grade. However, when determining the starting salary, the previous salary of the new employee will be taken into

account. Employees that do not possess the prerequisite experience or qualifications for the job must be appointed below the median and as they gain experience or requisite qualifications they will move towards the median based on performance. Employees will only be appointed above the median if they possess exceptional or scarce skills. This must be authorized by the Director Human Resources in consultation with the Dean / Director / Registrar / DVC / VC.

On promotion to a higher grade, employees should receive an increase that moves their salary to at least the mid-point because the person is able to do the job and avoid falling behind the market of the salary scale for that grade, however, salaries need to be negotiated with the individual concerned.

A single salary scale for University shall apply, based on the desired market position as discussed above. Where it is found that market is paying in excess of the median to certain categories of employees, a non-pensionable allowance will be paid to cater for these specialist jobs. In order to offer such an allowance the approval of the Remuneration Committee of Council must approve the payment.

Salaries shall be reviewed annually on 01 July each year and new salary scales shall be applied accordingly. No annual salary increases shall be guaranteed but shall be awarded following the collective bargaining process within budgetary constraints.

Interim increases may be made in exceptional circumstances where there have been consequential changes in the employee's position that results from the regrading of their position or promotion to a higher grade following a job evaluation exercise. An increase will not be granted in the case of a horizontal move to a position with a similar grade within the University.

4.6 SALARIES AND PACKAGE STRUCTURING

The University's remuneration for all employees will be based on a total cost to employer from which salary and benefits are funded. This will allow the employees flexibility to restructure their salaries within certain broad parameters and current tax legislation.

Total cost of employment is based on “cost to the institution” – (this cost includes the basic annual salary, the variable pay based on individual performance, retirement fund contributions plus non-cash fringe benefits) which are determined in relation to the employee’s job and grade within the organization.

The University will ensure that the total cost to employment which must be taken into account when determining the remuneration package may include:

- Basic salary;
- 13th cheque;
- Retirement fund contributions;
- Group life insurance;
- Medical Aid and Health Insurance contributions;
- Car Allowance / Travel Allowance (if applicable, this is taxable in terms of SARS regulations);
- Housing Allowance (if applicable, this is taxable in terms of SARS regulations);
- Any allowance approved by Council from time to time (if applicable)

Arrangements which provide for tax-effective structuring within the constraints of relevant tax legislation will be made available to employees from time to time.

Salary payments plus any other allowances or payments are made at the end of each month on the 27th day. Should the 27th fall on a Saturday, Sunday or public holiday, salaries are paid on the day before the weekend or public holiday. Salaries are paid by electronic fund transfer to an employee’s personal bank accounts. When an employee does not work for a full month, the salary is calculated based on 1/260th of annual total remuneration for each day worked.

Tax and other deductions shall be made from employee’s remuneration and any other statutory deductions as required from time to time. It is the employee’s responsibility to provide the institution with the necessary tax details as required in terms of SARS regulations.

4.7 MEMBERSHIP TO MEDICAL AID IS COMPULSORY

Medical benefit will form part of the total cost to employment. As a result membership to medical aid scheme is compulsory and individual members of

staff will be given a choice of medical schemes to which they may belong. Existing employees will receive an amount equivalent to their current level of subsidization to medical aid as part of their total cost to employment and will have a choice of whether or not to belong to one of the schemes offered by the University. New employees may elect to join, or not to join, one of the medical aid options provided by the institution.

Should there be any amendments to medical aid legislation in terms of national medical funds, the funding of this would come from the total cost to package of the employee whether the employee is a member of the University scheme or not.

Medical Aid contributions may be taken as tax relief in terms of SARS regulations.

4.7.1 RETIREMENT FUNDING

All employees are obliged to become members of the University retirement fund. This fund will be a defined contribution fund and contributions will be taken from the employees. Retirement funding includes other insured benefits such as Group Life and spouse's benefits.

4.7.2 TAXATION

The University will make deductions in line with the guidelines laid down by the SARS as amended from time to time.

4.7 THIRTEENTH CHEQUE

The thirteenth cheque will form part of an employee's basic salary and each employee has the right to elect to take that component as a monthly amount or as a lump sum in November of each year. In the first year of service the thirteenth cheque will be prorated in terms of service.

4.8 PAYMENT OF SCARCITY ALLOWANCE

The scarcity allowance will be paid as non pensionable allowance in the positions that are classified as scarce skills. A framework that will be used to determine as to whether the position is scarce or not will be developed for evaluation by the HOD, Dean and the Director Human Resources before an allowance is paid.

The following are factors that will be considered in determining which positions are considered scarce.

- 4.8.1 Continued recruitment efforts in key positions were unsuccessful and the position remains vacant.
- 4.8.2 The job offers within the salary scales, are not accepted by suitable candidates due to the remuneration package that is offered.
- 4.8.3 Staff in key positions are resigning from Univen as a result of higher paid jobs within the market.
- 4.8.4 The position is regarded by Management as key within the strategic focus of the organization.
- 4.8.5 Salary surveys reveal these positions as being scarce within the market place.

5. RELATED POLICIES AND DOCUMENTATIONS

- 5.1 Recruitment and Selection Policy
- 5.2 Employment Equity Policy
- 5.3 Termination of Employment Policy
- 5.4 Policy on Delegation of Authority

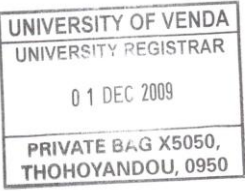

6. REGULATORY FRAMEWORK

- 6.1 Labour Relations Act
- 6.2 Income Tax Act

7. REVIEW DATE

The policy will be reviewed after three years or as and when the need arises.

8. RECORD OF CHANGES

DATE OF APPROVAL BY COUNCIL	AUTHOR(S)	DATE OF REVIEW
27 November 2009	Mr T J Manenzhe	27 November 2012
 <p>Date stamp and signature by the Secretary of Council</p> 		

9. LIST OF ABBREVIATIONS AND ACRONYMS

- HR.....Human Resources
 WWW.....World Wide Web
 UNIVEN.....University of Venda



01 December 2009

 Vice Chancellor & Principal

 Date