

CHEMICAL INDUSTRIES EDUCATION AND TRAINING AUTHORITY (CHIETA)

Remuneration and Benefits Policy

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1. PURPOSE

- 1.1 This document sets out the General Remuneration and Benefits Policy for Chemical Industries Education and Training Authority (the CHIETA).
- 1.2 The CHIETA believes that reward for services rendered by members of staff should be fair and comparable to that of the market.
- 1.3 The Remuneration and Benefits Policy's aim is to reward employees fairly, equitably, and consistently in accordance with their performance and value add to the CHIETA.
- 1.4 Compensation at the CHIETA is designed in such a way that it will attract, retain, and motivate good employees while complying with government legislation.
- 1.5 External salary surveys will determine the "going rate" in the labor market and will ensure that good candidates are attracted. Job grading will ensure that the CHIETA employees perceive remuneration as equitable and good employees will be retained.
- 1.6 Employees will be motivated through providing performance bonuses that incentivize good performance.
- 1.7 This is the integrated CHIETA remuneration policy that captures all the recognised remuneration instruments for the CHIETA staff.
- 1.8 The ultimate purpose of CHIETA Remuneration and Benefits Policy is to:
 - 1.8.1 to communicate commitments and expectations regarding remuneration reiteratively to staff.
 - 1.8.2 to strengthen CHIETA's institutional culture and core values.
 - 1.8.3 to focus and facilitate CHIETA's implementation plan regarding remuneration.
 - 1.8.4 to describe how CHIETA manages remuneration at organisational level to achieve fairness and consistency; and
 - 1.8.5 to serve as criterion for evaluating the implementation of CHIETA's remuneration policy and strategy.

2. OBJECTIVE

The main objectives of the Remuneration and Benefits Policy are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry,

motivates management to achieve the CHIETA's business objectives and encourage high level of performance and aligns the interests of management with the interests of stakeholders.

3. SCOPE

The Remuneration and Benefits Policy applies to all CHIETA employees whose contracts are aligned with the NSDP period. Independent contractors, temporary employees and interns are excluded from the Remunerations and Benefits Policy.

4. DEFINITIONS AND TERMS

Benefits refer to the receipt of those benefits that are standard to the organisation such as Car Benefits, Leave, Medical Aid, etc.

Board refers to CHIETA Governing Board.

CHIETA is defined as "Chemical Industries Education and Training Authority (CHIETA)" including all its business units.

Executive refers to all employees on the CHIETA Executive Management Team (MANCO).

External equity refers to the competitiveness of the level of remuneration assigned to each grade and is based on the need to compete in a free market for skills.

Employee means any person, excluding an independent contractor, who works for another person or for the State and who receives, or is entitled to receive, any remuneration; and "any other person who in any manner assists in carrying on or conducting the business of CHIETA.

CHIETA CATEGORY EMPLOYEES

- Executive Managers to CEO are employed on fixed term contract up to 31 March 2025.
- Cleaners to Managers are employed for the duration of the NSDP up to 31 March 2030.
- Temporary Employees are employed for a specific project or a short period and termination occurs through the effluxion of time on the specified date indicated in the contract of employment
- Interns who are employed for a period of 24 months and the termination occurs at the end of that period.

DG – Director-General

DPSA – Department of Public Service and Administration

Internal equity refers to the relative grade assigned to different jobs within the organisation. In addition, internal equity assesses how reasonable these grades are. Internal equity can be examined on two levels, namely horizontally, (i.e., between departments) and vertically (i.e., within one department).

Job Evaluation refers to the systematic and objective process of determining the relative worth of a job in the organisation utilising a structured process. The result of this process would be accurate job grades.

Management Team is defined as the CHIETA Management Team (Broad Based MANCO).

NSDP – National Skills Development Plan

Probationary Period - is a phase during which new or existing employees receive extra supervision and coaching, to familiarise themselves to a new job. The duration of the probationary period is three months.

Remuneration quartiles are defined as follows:

Lower Quartile (LQ) 75% of the sample earns more and 25% earns less than this salary level.

Median 50% of the sample earns more and 50% earns less than this salary level.

Upper Quartile (UQ) 25% of the sample earns more and 75% earns less than this salary level.

Stakeholders - The stakeholder can be defined in a very broad sense as a term including citizens, government, employees, suppliers, financiers, media, business sector, labour, the community and the general public.

Stakeholder returns - Stakeholder returns refer to increased benefits to all stakeholders as a result of achieving the business goals.

Overnight Allowance - daily allowance of a specific amount of money that the CHIETA gives an individual, often an employee, per day to cover living expenses when traveling for work purposes.

The CHIETA Staff refers to both Fixed Term and Permanent Employees.

Total Guaranteed Package (also referred to as “Total Cost to Company” or “Total Package”) is the total annual guaranteed cost to a company of employing an incumbent. The cost includes the total annual salary (base salary), plus non-cash fringe benefits and fixed allowances. Typically, these include allowances such as vehicle benefit; company pension or provident fund and

medical aid contributions; company assistance or subsidies; and any other recreational or other related benefits.

The Total Cost to Company package for the Chief Executive Officer excludes the additional 10% non-pensionable allowance as well as the allowance for a mobile device.

The Total Cost to Company package for the executive managers excludes the allowance for a mobile device.

5. POLICY STATEMENT

To ensure that the remuneration system of CHIETA has integrity and is legitimate, the development and implementation of related policies, programmes, practices, and decisions are guided by the core remuneration principles set out in CHIETA's Remuneration Strategy. This strategy consists of principles, values, and points of departure about remuneration within the CHIETA.

5.1 The CHIETA's remuneration philosophy aims to:

- 5.1.1 to communicate commitments and expectations regarding remuneration reiteratively to staff.
- 5.1.2 to strengthen CHIETA's institutional culture and core values.
- 5.1.3 to focus and facilitate CHIETA's implementation plan regarding remuneration.
- 5.1.4 to describe how CHIETA manages remuneration at organisational level to achieve fairness and consistency; and
- 5.1.5 to serve as criterion for evaluating the implementation of CHIETA's remuneration policy and strategy.

5.2 The CHIETA's remuneration strategy is based on the following five core principles:

5.2.1 Transparent communication:

All information necessary to take considered decisions about remuneration must be communicated clearly as well as reiteratively without compromising the confidentiality of staff members' personal remuneration details. This will produce decisions of sound quality, promote openness and honesty, and ensure that staff take ownership and accountability.

5.2.2 Non-discriminatory practices:

All policy guidelines and practices regarding remuneration must be free of unfair distinctions, because CHIETA rejects unfair discrimination based on race, gender, maternity, marital status, family responsibilities, ethnic or social origins, sexual orientation, age, disability, religion, HIV status, conscience, moral convictions, political persuasions, culture, language and birth. Fair distinction based on sustained performance, scarcity factors and competencies will, however, be applied.

5.2.3 Internal equity:

CHIETA strives towards remunerating all staff members fairly and consistently according to their functions and personal value. Consistent application of the remuneration principles, throughout the organisation, is non-negotiable.

5.2.4 External parity and competitiveness

CHIETA constantly watches sectoral and national remuneration tendencies in order to position the institution strategically in such a way that competitive total remuneration may be ensured as far as the parameters of affordability would allow for it to be attainable and sustainable.

5.2.5 Performance-driven remuneration

CHIETA strives towards strengthening the link between remuneration and performance by means of performance management systems that facilitate distinguishing between excellent, average, and below average performances.

6. REMUNERATION

6.1 Cash Remuneration

6.1.1 Total Cost to Company (CTC)

- a) The CHIETA staff will be compensated on an actual Total Cost to Company basis.
- b) The Total actual cost to employ an employee is usually made up of the cash payment and benefits.
- c) The cash payment is the portion of remuneration that is left over once the Total Cost to Company has been structured.
- d) The Cost to Company package is structured according to the employee's choice and the tax rules. The cash payment will be paid on a monthly basis.

- e) The cost of benefits is part of the total remuneration package amount (total cost of employment) is accordingly deducted there from in order to compute the amount of cash remuneration to be paid as a salary.

6.1.2 Determining of monthly salary.

- a) The monthly salary to be paid to an employee is the amount of the annual remuneration package determined for and agreed to by them, as reduced in terms of the principles underpinning the Total Cost to Company salary, divided by 12 or 13, depending on employee options chosen.
- b) In the case of new employees, the annual remuneration package amount is reduced to an amount computed by multiplying the annual amount by the number of months worked during the financial year divided by twelve, where after the reduced package amount after having been further reduced by the estimated cost of benefits selected, is divided by the number of months to be worked in the financial year.

6.1.3. Salary Ranges

- a) Determining salary ranges
- i. To ensure internal fairness and external equity the CHIETA must, after grading each job, determine the salary range for each level.
 - ii. The salary range will be determined on an annual basis through considering the following:
 - ✓ Independent, general, benchmarking market salary survey to establish market remuneration levels within South Africa generally and the SETA related sector specifically.
 - ✓ Consumer Price Index.
 - ✓ Salaries at the CHIETA shall be placed in line with the market median, subject to competence, when determining salary ranges.
 - ✓ The CHIETA will authorize the application of specific salary ranges and allowances (where applicable) to the jobs in the approved establishment of the CHIETA.

- ✓ Salaries will be budgeted for during the Strategic Planning Process that is initiated in July of every year.
- ✓ The revised salary ranges will be effective the 1st of April.
- ✓ The CEO may recommend a revision at any point, if deemed necessary.
- ✓ Executive Managers earning nearly/within the Director-General (DG) salary scale will not be eligible for annual salary increments. These employees will be entitled to a once-off lump sum payment which is aligned to the approved wage mandate.

6.2 New appointments

- 6.2.1 New appointments must, as far as possible, be appointed at the entry level of the band.
- 6.2.2 New appointees and internal promotions will be put into a probationary period for six months of their employ. A review of performance as well as organisational fitness will be conducted to assess competency to fill the role. The CHIETA reserves its right not to appoint the probationer on a permanent basis if the probationary period is not concluded satisfactorily. The probation shall be dealt with in line with Schedule 8 item 8 (1) of the LRA (Code of Good Practice).
- 6.2.3 Where an appointment is made at the entry level, a Division Manager may, after the first performance review and, based on above average performance, recommend that the employee's salary be increased to the median. Such a recommendation must be submitted to and approved by the CEO.
- 6.2.4 Where an appointment is made above the entry level, a Division Manager may, after the first performance review and, based on above average performance, recommend that the employee's salary be increased as per the contract of employment. Such a recommendation must be submitted to and approved by the CEO.

6.3. New Appointment of experienced outside applicants

- 6.3.1 The Division Manager may recommend that an applicant be appointed at the median, based on a structured interview, or documented work history or experience.
- 6.3.2 Such a recommendation must be submitted to and approved by the CEO.

6.4 Transfers

6.4.1. An appointment is regarded as a transfer where an employee is appointed in a new position that is at the same job grade.

6.4.2 In this case an employee's salary will remain unchanged.

6.5 Scarce Skills

6.5.1 The identification of "skills shortages" will be done by the Division Manager and HR Manager and must be approved by the CEO.

6.5.2 The level at which these new appointments will be appointed will be determined by the current internal equity of staff with similar skills as well as the level which has been identified through an external salary survey.

6.5.3 This level can exceed the entry level, median and may even be at the upper quartile.

6.5.4 Certain key skill positions may be placed at the upper quartile, subject to individual competence and development through training.

6.5.6 The salaries of top and senior management at the CHIETA shall be placed between the median and the Upper Quartile.

6.6 Salary range progression (moving from one salary range to the next)

6.6.1 An employee shall be eligible for salary range progression only if:

- a) They have the competencies required to perform the additional duties.
- b) The evaluated weight of the job increases to equate to a higher salary range in the salary scale.
- c) They have consistently received an above normal Performance rating over a period of time.
- d) That supply and demand dictates that the specific resource is not readily available in the market.

6.7 Remuneration cycle

6.7.1 The remuneration cycle shall operate from the first day of April of each year to the 31st of March of the following year.

6.8 Salary Advances

- 6.8.1 The Human Resource Manager (HR Manager) may in exceptional cases or in unforeseen circumstances, recommend salary advances.
- 6.8.2 Staff requesting a salary advance must substantiate the request by furnishing a reason and attach supporting documents.
- 6.8.3 Salary advances may only be approved for dire situations such as death of a family member or colleague. Salary advance may also be paid for situations such as, school fees, home insurance, repossession of vehicle, etc. However, these could be motivated (with evidence) by the employee for possible consideration
- 6.8.4 Should a salary advance be authorized:
- ✓ The amount granted shall not exceed 50% of the net salary due to the applicant in the month in which the advance is requested.
 - ✓ The amount granted shall be deducted in full in the same month in which the advance was granted (e.g., a salary advance granted during the month of July will be deducted in full at the month of July); exception will only be allowed on approval motivated to the CEO.
 - ✓ The CHIETA will not stand surety for loans to staff members by private or public.

7. STRUCTURED BENEFITS

7.1 Provident Fund

- 7.1.1 Membership of and contribution to the CHIETA-approved Provident fund is compulsory for all fixed term and permanent employees of the CHIETA. Eligible employees will contribute according to the rules of the Provident Fund.
- 7.1.2 Details of employee and employer contributions are described in the rules of the fund. Copies of the rules shall be available on request to all employees and be in keeping with the SARS guidelines.
- 7.1.3 The administering of the fund will be regulated by the rules of the approved fund (currently Alexander Forbes).

7.2 Medical Aid

- 7.2.1 Staff members are required to make provision for Medical Aid and the Human Resource Unit will assist in the on boarding process on getting employees on a choice of existing Medical Aid providers.
- 7.2.2 Membership of and contribution to any Medical Aid scheme, that covers hospital expenses and dreaded disease, is compulsory for all full-time employees of the CHIETA. Proof of such membership must be submitted to the HR Department.
- 7.2.3 The CHIETA currently has four options that administer medical aids for employees, (Discovery, Momentum, Medi – Help, and Bonitas).

7.3 Unemployment Insurance Fund (UIF)

- 7.3.1 All employees of the CHIETA will contribute 1% of their cost to company salary, to a maximum of the Department of Employment and Labour regulated threshold, towards the Unemployment Insurance Fund (UIF).
- 7.3.2 Deductions will be made on a monthly basis from the employee's salary.

8. ALLOWANCES

8.1 Acting in Higher Positions – Acting Allowance

- 8.1.1 Acting allowances will only be paid where an employee acts in a higher position.
- 8.1.2 The CHIETA may also compensate an employee for acting in a post which is vacant temporarily due to the actual incumbent of the post acting in a higher vacant post, provided that no more than two employees may at any time be compensated because of a single vacancy.
- 8.1.3 An employee shall not act in a higher vacant post for longer than 6 months, unless approved by the Governing Board for the CEO position, CEO approval for executive positions in consultation with the Chairperson of the Board and CEO approval for management or lower positions in consultation with MANCO.
- 8.1.4 The Governing Board approves the acting appointment of the CEO and the CEO approves the acting appointment of all the CHIETA staff.
- 8.1.5 No acting in a higher position by an employee will be recognized by the CHIETA unless such acting in a position has the prior approval of the Chief Executive Officer in writing.

8.1.6 In determining the amount of acting allowance to be paid, the following should be considered:

- ✓ An acting allowance will only be paid for a minimum acting duration of four weeks.
- ✓ An acting allowance shall be paid from the first day to the last day of the acting appointment, including public holidays.
- ✓ Salary equal to 10% of the higher position's total monthly package shall be paid on each payday falling within the acting period.

8.2 Mobile Device as Tools of Trade

8.2.1 The Chief Executive Officer will attract a mobile device for calls and data usage capped at R 2 500 per month,

8.2.4 The Executive Managers will attract a mobile device for calls and data usage capped at R 2200 per month.

8.3 CEO Non-Pensionable Allowance

The CEO will be entitled to **an additional annual non-pensionable allowance** which is calculated as 10% of the total guaranteed/annual all-inclusive remuneration package.

9. BONUSES

9.1 Performance Bonus

9.1.1 The CHIETA performance bonus offers employees the opportunity to earn up to a maximum of 22%; and the CEO has an opportunity to earn up to a maximum of 25%. This percentage bonus paid to an employee will be dependent on their performance against performance targets which amongst other things include keeping and maintaining an unqualified audit status, as per the CHIETA Performance Management Policy.

9.1.2 Employee still serving probation will not be eligible for a performance bonus, only after successful completion of probation depending on the period worked, the performance bonus will be pro-rated.

9.1.3 The performance bonus may be paid upon conclusion and/or confirmation of the organisational performance by the Auditor General of South Africa. This will be paid as a cash payment (with only tax deducted from the amount) and any terminations/

appointments will be remunerated on a pro-rata basis on condition that a staff member is and was at least three months in service within a particular performance year/cycle.

- 9.1.4 Performance bonuses are not guaranteed and are subject to performance and availability of funds. The percentage bonus payable to an employee shall be based on the performance appraisal score achieved by the staff members up to a maximum of 22% of employee's annual salary, and 25% for the CEO.
- 9.1.5 The bonus payable will be calculated by dividing the actual score achieved by the total score.
- 9.1.6 This will provide a linear percentage performance score that will inform potential bonus payment.
- 9.1.7 Payment of a performance bonus will be subject to affordability at the 10.5% limit in terms of the administration budget.
- 9.1.8 All remuneration matters would be subjected to the CHIETA performance management system with pre-determined target settings.
- 9.1.9 Performance bonus of employees who are placed on suspension during a financial year may be paid pro-rata for the period which they were active at work.
- 9.1.10 Employees are required to obtain a minimum performance score of 3.25 to qualify for a minimum performance bonus of 10% (of their annual CTC)

10. FAREWELL FUNCTIONS

Upon retirement, employees will be awarded a farewell gift to an amount of R3 000.00 (Three thousand rands).

11. FRINGE BENEFITS (EDUCATIONAL SUBSIDY FOR DEPENDENTS)

- 11.1 The education subsidy is targeted at students who are children or legally adopted children of CHIETA employees.
- 11.2 The educational subsidy will be paid in accordance with the CHIETA Procedure for Education Subsidy for Dependents as a fringe benefit.
- 11.3 Education subsidy will only be granted for a maximum amount not exceeding R12 000.00 per annum for Grade R, R36 000 pa for basic education (Grade 1-12) and R46 000.00 pa for tertiary education, limited to a maximum period of 04 years.
- 11.4 The tertiary education subsidy will apply to Public or Private Institutions of Higher Learning accredited and registered with the Council of Higher Education or the Department of Education.
- 11.5 CHIETA reserves the discretion to grant or deny education subsidy applications based on the availability of funds and the maximum provision specified in paragraph 11.3.

12. MONITORING, EVALUATION AND REVIEW

The HR Department is responsible for implementation, evaluating and communicating the provisions of this policy to all managers and employees. The HR Department is also responsible for monitoring thereof and reporting to MANCO. This policy will be reviewed annually OR as and when required due to operational requirements, unless an agreement which overrides this policy informs otherwise.

13. ASSOCIATED POLICIES

This policy will be read in conjunction with the following Policies:

- 13.1 CHIETA Disciplinary Policy and Procedure.
- 13.2 CHIETA Grievance Policy and Procedure
- 13.3 CHIETA Conditions of Service Policy
- 13.4 CHIETA Performance Management Policy and Procedure

14. EFFECTIVE DATE, DATE OF APPROVAL VERSION CONTROL AND QUALITY

ASSURANCE

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| Approved by CHIETA Governing Board on: |
| 14 June 2024 |
| Effective Date: |
| 1 July 2024 |
| Next Review Date: |
| 30 June 2025 |
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