

# UMSOBOMVU

MUNICIPALITY



# BONUS POLICY

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**Summary of policy**

<b>Name of policy</b>	<b>Bonus policy</b>
<b>Classification</b>	<b>Human Resources</b>
<b>Purpose</b>	<b>To provide a guideline for granting a bonus</b>
<b>Areas</b>	<b>Management responsibility Employee responsibility Procedure and requirements</b>
<b>Key words</b>	<b>Bonus When payable Deductions Birthday Rights Counter-performance Legislative framework Administration of bonus Tax</b>

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### **APPROVAL**

## **DEFINING KEY CONCEPTS**

### **Employee**

*Shall mean a Public Holiday as determine in the Public Holidays Act, 1994 (Act 36 of 1994) and any other day designated as such by the employer*

### **Bonus**

*Shall mean every day on which an employee is required to work according to the service requirements applicable to the post*

### **Annually**

*Annually refers to a cycle of twelve (12) months employment with the same employer*

### **Tax**

*Payable on all income as prescribed by the Receiver of Income*

## 1. INTRODUCTION

Umsobomvu Municipality acknowledges the importance of its staff to be financially rewarded for services rendered. It is important for Umsobomvu Municipality that their workers once a year (annually) have the opportunity to earn more than their regular income, putting them in an improved financial position and simultaneously show employees that the Council cares about their well-being financially.

## 2. MANAGEMENT RESPONSIBILITY

Management has the following responsibilities regarding this policy:

- 2.1 Applying the policy as agreed by SALGA.
- 2.2 Accurate and sound administration of the policy.
- 2.3 To inform employees regarding in any changes in the policy.
- 2.4 To keep employees informed about any decisions made by SALGA or any other institution with the necessary authority regarding bonus benefits.

## 3. EMPLOYEES RESPONSIBILITY

Employees have the following responsibilities:

- 3.1 To perceive the benefit as a privilege and token of reward from Council.
- 3.2 Assist Council and management operationally to put Council in a position to be able to reward workers by means of responsible behaviour, saving operational costs, limited absence at work and support the goals and objectives of Council.

#### 4 LEGISLATIVE FRAMEWORK

- The procedures were guided by the Labour Relations Act (1995).
- Collective agreement on conditions of service between The South African Local Government Association (SALGA) and the Independent Municipal and Allied Trade Union (IMATU) and South African Municipal Workers Union (SAMWU).

#### 5 GUIDELINE AND PROCEDURE

- 5.1 Any permanent employee shall qualify annually for a bonus.
- 5.2 This bonus will be equal to one month's salary.
- 5.3 This bonus will be paid out in the month of birth (birthday) of the employee.
- 5.4 A pro-rata bonus will be paid out if a full annual cycle is not yet reached.
- 5.5 The bonus is taxable and will be taxed on that specific month's pay slip (tax is not monthly deductible prior to the bonus).
- 5.6 The Municipal Manager and Section 57 Managers bonus forms part of the contract and will be handled as such.
- 5.7 Temporary workers will not qualify for a bonus.

Council	For approval
Management	For execution
Human Resources	Administration
Unions	Input, notification and discussion with members
Employees	Notification and clarification

**Recommended:** Municipal Manager: .....

Date: .....

**Supported:** Union: .....

Date: .....

Union: .....

Date: .....

**Approved:** Council

Signature Mayor: .....

Date: .....