

# MORETELE LOCAL MUNICIPALITY



## RETIREMENT POLICY

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## **1. POLICY STATEMENT/PREAMBLE**

- ✓ Section 187(2)(b) of the Labour Relations Act 66 of 1995 provides that a dismissal based on age is fair if the employee has reached normal or agreed retirement age for persons employed in that capacity. An organization may therefore determine a normal or agreed retirement age. The Moretele local Municipality has adopted a normal retirement age of 60 years for all employees but recognizes the need to retain certain exceptional, highly skilled and productive staff, particularly those in scarce skill disciplines, beyond the age of sixty. It accordingly permits extensions beyond retirement subject to the rules of the applicable retirement funds where an employee is a member. Moretele local Municipality therefore acknowledges that at some point it will have employees retiring and as such those employees should be treated fairly on the basis of this policy on adoption by Council.

## **2. PURPOSE**

- ✓ The purpose of this policy is to establish the normal age of retirement in lieu of the proposed national age according to the Labour Relations Act, Act 66 of 1995 and the principles for a fair and consistent assessment of applications for extension beyond retirement.

## **3. AIM**

- ✓ The Moretele local Municipality aims to deal with employees in a professional manner void of any subjectivity in terms of human resource management through this policy when it comes to retirement age.
- ✓ The objective of this policy is to have a smooth exit or extension of a contract on a non-partisan, bias, subjective form to employees reaching the retirement age.

## **4. DEFINITIONS**

- ✓ Moretele local Municipality refers to The Employer in this document.
- ✓ Councillors refers to the Politicians in the Council
- ✓ Contract Staff members are those members who have a fixed contract with the Council
- ✓ Section 57 employees are the managers whose employment is determined by the Councillors in terms of the applicable law.
- ✓ Council refers to the Moretele local Municipality
- ✓ Management Committee is a non-statutory committee elected by the municipal manager to assist him/her in decision making process

## **5. LEGAL FRAMEWORK**

- This policy is underpinned by the following pieces of legislation:
  - The South African Constitution Act 108 of 1996
  - The Labour Relations Act 66 of 1995
  - Basic Conditions of Employment Act, Act 75 of 1997

## **6. APPLICABILITY**

The policy applies to all staff employed by the Moretele local Municipality. The policy excludes contract staff members as these are catered for in terms of the contract agreement signed with the employer. The policy further excludes the section 57 positions and Councillors of the Municipality.

## **7. POLICY PROVISIONS**

### **7.1 PRINCIPLES**

- Staff who are retiring shall be given a notice, of the decision to grant extension beyond retirement, in order to facilitate planning for the post of the incumbent.
- There shall be fairness, consistency and transparency in the criteria and procedures for granting extensions beyond retirement.
- All assessment panels or committees shall provide detailed reasons for recommendations or decisions taken at any sitting of such committee.
- Applicants for extension beyond retirement shall be treated with sensitivity but no extension beyond retirement shall be granted purely on compassionate grounds.
- Except in exceptional circumstances, staff members beyond normal retirement age shall not occupy leadership roles such as Strategic Executive Manager or The Municipal Manager as these positions are sections 57 positions and are dealt with differently from this policy. This is to ensure capacity building, equal opportunity and transformation.
- All applications for extension beyond retirement shall be considered by a duly appointed sub-committee of the Management Committee, which shall make the final decision.
- There shall be no appeals with respect to the decision of the Retirement Sub-Committee of the Management Committee.
- Reviews based solely on procedural irregularity shall be entertained but not the decision of the Retirement Sub-Committee.

## **8. POLICY PROVISIONS**

### **8.1 Normal Retirement**

- The Moretele local Municipality values the contributions made by all staff regardless of age. It nevertheless recognizes that some level of staff turnover is essential in order to introduce new skills and approaches or to re-focus activities that impact on the success of the Council as a whole. Staff turnover is imperative if the Council is to achieve its transformation goals.
- The normal age of retirement for all staff shall accordingly be sixty years of age and shall take effect at the end of the year in which the staff member reaches the age of sixty years.

- All contracts of employment of staff who are members of the Council's retirement fund, shall unless otherwise determined in terms of this policy, automatically terminate at the end of the year in which the staff member reaches the age of sixty years.

### 8.2 Early Retirement

- Subject to the rules of the relevant retirement fund, staff at the age of fifty five years and older may apply to retire before their normal retirement age.

### 8.3 Extensions beyond Normal Retirement Age

- The Municipality recognizes the need to retain certain exceptional, highly skilled and productive staff beyond the normal age of retirement. Accordingly, the Moretele local Municipality may, subject to the rules of applicable retirement fund, grant an extension beyond normal retirement to a staff member who has reached normal retirement age, for a period of up to a year, in the first instance, with the possibility of a further extension for up to three years. Notwithstanding the period of extension granted, a staff member on extension beyond normal retirement age must meet or exceed the expectations for their post in the annual performance assessment process. Should their performance fall below expectation in any year of assessment, their contract may be terminated. Extensions beyond retirement shall not be automatic and shall depend on:

- ✓ Assessment of options for filling the post prior to assessing a potential retiree for an extension beyond retirement, the relevant senior managers shall consider:
  - the strategic and operational priorities of the division to determine if resources should be allocated to the post;
  - the need to use the post to enhance transformation, in terms of achieving employment equity goals of the division;
  - the likelihood of filling the post taking into account any specialized skills required for the post as well as likely availability of a replacement given prevailing market trends.
- ✓ If after assessing options for the post, it is confirmed that an extension beyond retirement is possible, the staff member shall have to be assessed in terms of criteria contained in below:
  - Assessment of staff member
- ✓ Minimum Requirements:
  - a sustained high level of performance by the staff member. This assessment shall be based largely on the annual performance reviews of the staff member once the Performance Management system has been implemented.
- ✓ The duly elected Retirement Sub-Committee shall conduct the review and extension of the contract with the concerned employee.
- ✓ Possession of specialized or scarce skills and qualifications that is difficult to replace through normal recruitment due to prevailing market factors.

- ✓ Key level of involvement in a major Council project where continuity is imperative for success.
- ✓ Evidence of continuing professional development and adaptability to new trends and developments in his/her field.
- ✓ Evidence of leadership within the operational unit
- ✓ Evidence of innovation and customer orientation in performing duties

#### 8.4 Duration of Extension

- ✓ The duration of the extension shall be determined taking into account:
  - major projects in which the employee has a key role and where continuity is essential;
  - The maximum duration of the first extension beyond retirement is one year. Thereafter a new application is made for a further period of up to three years.

### 9. Terms of Appointment

#### 9.1 Remuneration

- ✓ Where there is no change in the workload and level of responsibility, the staff member shall retain his/her salary as at normal retirement date and shall remain on pensionable service subject to rules of the relevant retirement fund.
- ✓ Staff members who have previously retired from a retirement fund and have been re-appointed may not be reinstated onto The Council's retirement fund. They shall however be granted an allowance equal to ten percent of fund or basic salary from the effective date of this policy, for the balance of their post retirement contract period.
- ✓ Dependent on the specific needs of the Section, it may be decided that the staff member be extended on a reduced workload basis. In such cases the salary shall be determined on a fractional basis, taking into account the recommendations of the Municipal Manager of Council.

### 10. RESPONSIBILITY FRAMEWORK

#### 10.1 DEVELOPMENT AND REVIEW

The Corporate Services Department will be responsible for the development and review of this policy on an annual basis except where circumstances dictate otherwise in terms of earlier review. Any changes to the policy shall be made by the Full Council

#### 10.2 IMPLEMENTATION OF THE POLICY

- ✓ All staff members who are part of this policy in terms of its applicability above, managers and Councillors will have to uphold the principles of this policy in terms of oversight and administration thereof.
- ✓ Line Managers are responsible for managing their staff be on the alert for staff members who are reaching retirement age within the institution.

#### **11. MONITORING**

- ✓ All Managers are responsible for monitoring this policy in their respective departments.

#### **12. ENFORCEMENTS**

- ✓ All Heads of Departments and Line Managers and supervisors must ensure that these provisions are strictly complied with and it is also the duty of the employees themselves to see to it that the policy is adhered to and that any irregularity in terms of the procedure of this policy is brought to the attention of the Management.