



**COLLECTIVE AGREEMENT ON PAY PROGRESSION**

Concluded between

**TRANSNET SOC LTD**

and

**SOUTH AFRICAN TRANSPORT AND ALLIED WORKERS UNION  
("SATAWU")**

and

**UNITED NATIONAL TRANSPORT UNION  
("UNTU")**

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## PURPOSE

1. The purpose of this *Agreement* is to:
  - 1.1 Introduce a pay progression methodology linked to individual and business performance and informed by the *Transnet* Performance Management Policy for Bargaining Unit *Employees*;
  - 1.2 Cultivate and drive a culture of high performance in *Transnet*;
  - 1.3 Establish a mechanism for pay progression of employees within a *grade level*;
  - 1.4 Establish a mechanism for recognising *Employees* who are remunerated above the maximum pay of the *grade level*; and
  - 1.5 Record the terms and conditions that will inform pay progression for bargaining unit *Employees*, who fall within the scope of this *Agreement*.

## SCOPE

2. Subject to clause 3, this *agreement* applies to and is binding on:
  - 2.1 all Transnet bargaining unit *Employees*, at *grade levels* L- H who are employed on indefinite contracts (permanent employees) and who are members of a trade union party to this agreement; and
  - 2.2 all Transnet bargaining unit *Employees*, at *grade levels* L- H who are employed on indefinite contracts (permanent employees) and who are not members of a trade union party to the agreement, whether or not they are members of any other trade union.
3. This *agreement* does not apply to:
  - 3.1 *Employees* who are covered by the Train Movement Agreement, the Artisan Agreement, or the First Line Managers, Specialists and Technicians Agreement (*grade level* G); and
  - 3.2 bargaining unit *Employees*, employed on indefinite contracts (permanent



*employees*) in Transnet Port Terminals ("TPT") and Transnet National Port Authority ("TNPA") are excluded from the scope of this *Agreement*.

## DEFINITIONS

4. **"Agreement"** means this *Agreement*.
5. **"Employee"** means an employee who falls within the scope of this agreement in terms of clause 2 read with clause 3.
6. **"Ex-gratia payment"** means a once-off lump sum amount that is payable to the *Employee*.
7. **"Final Performance Score"** has the meaning set out in the *Performance Management Policy*.
8. **"Grade level"** means the *Transnet Grade levels L-H*, reflected in the table at Annexure A to this agreement.
9. **"Lateral Transfer"** means an internal staff appointment or movement where the *grade level* of the *employee* remains unchanged.
10. **"Operating Division"** means the Corporate Office (including *Transnet Foundation, Transnet Property and Transnet Corporate Centre*), *Transnet Pipelines (TPL), Transnet Freight Rail (TFR); Transnet Capital Unit and Advanced Manufacturing*.
11. **"Parties"** means *Transnet SOC Limited, the South African Transport and Allied Workers Union ("SATAWU") and the United National Transport Union ("UNTU")*.
12. **"Payment Date"** means the date on which a *progression payment* is made to *Employees*, which will usually be on the pay date at the end of October annually.



13. **"Pay scale width"** means the percentage difference between the minimum and maximum of the pay scale.
14. **"Performance Management Policy"** means the *Transnet* Performance Management Policy for Bargaining Unit Employees, as amended from time to time.
15. **"Performance Period"** means the relevant financial year to which a progression payment relates, i.e. from 1 April to 31 March of the following year.
16. **"Progression payment"** means an adjustment to an *Employee's* remuneration.
17. **"Promotion"** means an internal staff appointment from one grade level to a higher grade level.
18. **"Transnet"** means *Transnet* SOC Limited and includes its *Operating Divisions*.

#### **PAY SCALES PER GRADE LEVEL**

19. Each *grade level* has a pay scale consisting of a minimum and maximum annual salary for the grade level, as per the *pay scale width*. The pay scales are set out in Annexure A of this *Agreement*, as relevant for the specific financial year.
20. The pay scales will be adjusted annually, in line with such wage increases as may be agreed at the *Transnet* Bargaining Council from time to time.

#### **PROGRESSION**

21. *Transnet* will implement performance management for employees in terms of the *Performance Management Policy* for bargaining unit employees.
- 21.1 Performance management will be informed by objective criteria and performance measurements will be aligned to operational performance



requirements.

- 21.2 These performance measures will change as operational requirements change with the purpose of ensuring alignment with *Transnet's* operational requirements.
22. An *annual performance score* for the relevant financial year will be determined in the first quarter of the new financial year. The *annual performance score* takes the *Employee's* performance for the full *period* in the position into account and the achievement of the required *targets* as at the end of the financial year.
23. *Employees* must be in service for the full *Performance Period* and must still be in service on the *payment date* to be eligible for a *pay progression adjustment*.
24. Any *Employee* whose basic salary falls within the relevant pay scale is eligible for a *pay progression adjustment* subject to the following:
- 24.1 The *employee's final performance score* will be based on the relevant *performance management period*;
- 24.2 The maximum pay progression rand-value is determined as follows, where:  
***A= Minimum; B= Maximum***
- $B - A = C$  (difference between the maximum and minimum Rand Value, pa)  
 $C \div 5 = D$  (the rand value of progression payments, pa; before performance assessment moderation)



**Example for an employee on grade level L achieving a performance score of between 80 and 100:**

*A= R 85 393 (Minimum)*

*B= R 93 078 (Maximum)*

$B - A = C$  (R 7 685, pa)

$C$  (R 7 685)  $\div$  5 = D rand-value (R 1 537, pa)

The table extract below reflects the respective rand-values for the relevant performance score that the employee obtains for the specific performance period

Grade Level	Entry Level	Maximum	80 to 100 points	70 to 79 points	60 to 69 points	50 to 59 points	Below 50 points
L1	85,393	93,078	1,537	1,153	1,014	769	0

24.3

**Table 1: Pay Progression Potential for *Employees* Earning within the Pay Scale**

Grade Level	Individual Final Performance Score				
	80 to 100 points	70 to 79 points	60 to 69 points	50 to 59 points	Below 50 points
L1	1.8%	1.4%	1.2%	0.9%	0.0%
L2	1.8%	1.4%	1.2%	0.9%	0.0%
K1	2.1%	1.6%	1.4%	1.1%	0.0%
K2	1.8%	1.4%	1.2%	0.9%	0.0%
J1	2.4%	1.8%	1.6%	1.2%	0.0%
J2	1.8%	1.4%	1.2%	0.9%	0.0%
I1X	1.4%	1.1%	0.9%	0.7%	0.0%
I2X	1.2%	0.9%	0.8%	0.6%	0.0%
H1X	1.2%	0.9%	0.8%	0.6%	0.0%
H2X	1.2%	0.9%	0.8%	0.6%	0.0%

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- 24.3.1 **Annexure B** sets out the rand-value amount of the *progression payment* for the 2016/17 performance period, based on the pay scale applicable at the time of the progression payment; which will be payable during or about October following the measurement period.

The amount of a *progression payment* will be added to an employee's annual basic salary, and will be payable monthly, provided that the employee is earning within the pay scale.

- 24.4 If the progression payment causes the basic salary of an *employee* to exceed the maximum of the relevant pay scale, the basic salary will be increased up to the maximum of the relevant pay scale and the rand-value of the progression payment. Fifty (50%) percent of the amount in excess of the maximum of the pay scale will be paid to the *employee* as a once off *ex-gratia payment*.

#### **Progression if *Employee is Promoted during the performance period***

- 24.5 If an *employee* is *promoted* during the *performance period* the following will apply:

- 24.5.1 The *employee's* progression payment will be calculated based on the *employee's final performance score* achieved in the promotional position and based on the number of months that the *employee* has occupied the promotional position during the *performance period*.

- 24.5.2 If an *employee* has been in the promotional position for less than four (4) months during the *performance period*, the *employee* will **not** be eligible for a *progression payment* for that *performance period*.



### **Progression if *Employee* has *Lateral Transfer* during the *performance period***

- 24.6 If an *employee* has a lateral transfer during the *performance period* the following rules in terms of pay progression will apply:
- 24.6.1 The *employee's progression payment* will be calculated on the *employee's final performance score* achieved in the position that the *employee* occupies at the end of the *performance period*, subject to 24.6.2.
- 24.6.2 If an *employee* has been in the new lateral position for less than four (4) months, the *employee's final performance score* in the previous position will apply.

### **Progression if *Employee* is remunerated above the maximum of the relevant pay scale**

- 24.7 If an *employee's* remuneration is above the maximum of the relevant pay scale:
- 24.7.1 The *employee* will not be eligible for a pay progression adjustment, but will be eligible for an *ex-gratia payment*, determined by reference to the *employee's final performance score*.
- 24.7.2 The amount of the *ex-gratia payment* will be calculated using half of the pay progression percentages set out in Table 1 above.
- 24.7.2.1 **Annexure C** sets out the *ex-gratia amounts* that will be payable for the *final performance score* obtained for the 2016/17 performance period.

### **IMPLEMENTATION**

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25. The process of compiling individual performance scorecards, based on the principles set out in this *Agreement* and in line with the provisions of the Performance Management Approach for bargaining unit *employees* (Refer to the policy on Performance Management for Bargaining Unit *Employees*) will commence following the conclusion of this *agreement*.
26. The compilation of the individual performance scorecards will be facilitated by the Human Resources Departments in the respective *Operating Divisions*.

### **DISPUTE RESOLUTION**

27. Any dispute regarding the interpretation or application of any of the clauses in this *Agreement* shall be dealt with under the dispute resolution mechanism of the *Transnet* Bargaining Council.

### **STATUS AND VARIATION**

28. This *Agreement* supersedes all previous local, regional and national *Agreements* on any issues covered by this *Agreement*, as it relates to *employees* in scope, including those dealing with scarcity, pay progression, job reservation, pay levels and notch increases.
29. This *Agreement* will commence on the signing of this *Agreement*, and will remain in force until either party gives sixty days (60) days' written notice to the other of termination of the *Agreement*;
30. Any changes to this *Agreement* will be by written notice to the other *Parties* and any amendments must be in writing and signed by the *Parties*.
31. No relaxation or indulgence which *Transnet* or the Unions may grant to the other party will constitute a waiver by any of them of any of their rights under this *Agreement*;



SIGNED AND DATED AT JOHANNESBURG on 8<sup>th</sup> JULY 2016.

**WITNESSES:**

- 1. [Signature] [Signature]
- 2. I. PILLAY [Signature]  
Name of Person Signing for *Transnet* For and on behalf of **TRANSNET**

SIGNED AND DATED AT JOHANNESBURG on 8<sup>th</sup> JULY 2016.

**WITNESSES:**

- 3. [Signature]
- 4. Zacharia Mosothoane [Signature]  
Name of Person Signing for SATAWU For and on behalf of **SATAWU**

SIGNED AND DATED AT JOHANNESBURG on 8<sup>th</sup> JULY 2016.

**WITNESSES:**

- 5. [Signature]
- 6. [Signature] [Signature]  
Name of Person Signing for *Transnet* For and on behalf of **UNTU**

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## ANNEXURE A1: PAYSCALES 1 APRIL 2016 – 31 MARCH 2017

The pay scale (minimum and maximum) for each grade level is set out in the table below, effective from 1 April 2016.

<b>Grade Level</b>	<b>JE Manager Cut-off Points</b>	<b>Entry Level (Minimum)</b>	<b>Maximum</b>
L1	1 – 11	85,393	93,078
L2	12 – 30	93,598	102,022
K1	31 – 41	109,509	121,222
K2	42 – 50	128,126	139,658
J1	51 – 60	149,907	167,924
J2	61 – 70	191,881	209,150
I1X	71 – 78	224,501	240,216
I2X	79 – 86	258,175	273,666
H1X	87 – 104	289,157	306,506
H2X	105 – 114	328,192	347,884

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**ANNEXURE A2: PAYSCALES 1 APRIL 2017 – 31 MARCH 2018**

The pay scale (minimum and maximum) for each grade level is set out in the table below, effective from 1 April 2017.

<b>Grade Level</b>	<b>JE Manager Cut-off Points</b>	<b>Entry Level (Minimum)</b>	<b>Maximum</b>
L1	1 – 11	92,438	100,757
L2	12 – 30	101,320	110,439
K1	31 – 41	118,544	131,223
K2	42 – 50	138,696	151,179
J1	51 – 60	162,274	181,777
J2	61 – 70	207,711	226,405
I1X	71 – 78	243,022	260,034
I2X	79 – 86	279,475	296,243
H1X	87 – 104	313,012	331,793
H2X	105 – 114	355,268	376,584

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## ANNEXURE B

PROGRESSION RAND VALUES FOR THOSE *EMPLOYEES* WITHIN Payscale

**PAYABLE OCTOBER 2017 (based on final performance score for the financial period 1 April 2016 to 31 March 2017)**

The table below reflects the pay progression adjustment that an *employee* in a specific *grade level*, who is remunerated within the pay scale, may be eligible for, based on *final performance score*.

## Effective October 2017

Grade Level	Rand-Value Progression Increase per Individual Performance Category (per Annum)				
	80 to 100	70 to 79	60 to 69	50 to 59	below 50
L1	1,664	1,248	1,098	832	0
L2	1,824	1,368	1,204	912	0
K1	2,536	1,902	1,674	1,268	0
K2	2,497	1,872	1,648	1,248	0
J1	3,901	2,926	2,574	1,950	0
J2	3,739	2,804	2,468	1,869	0
I1X	3,402	2,552	2,246	1,701	0
I2X	3,354	2,515	2,213	1,677	0
H1X	3,756	2,817	2,479	1,878	0
H2X	4,263	3,197	2,814	2,132	0

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## ANNEXURE C

### PROGRESSION RAND VALUES FOR THOSE *EMPLOYEES* EARNING ABOVE THE MAXIMUM OF THE PAYSCALE (*EX-GRATIA*)

**PAYABLE OCTOBER 2017 (based on final performance score for the financial  
period 1 April 2016 to 31 March 2017)**

The table below reflects the *ex-gratia amount* that an *employee* at each relevant *grade level* who is remunerated above the maximum of the pay scale, may be eligible for, based on *final performance score*.

#### Effective October 2017

Grade Level	Rand-Value Progression Increase per Individual Performance Category (per Annum)				
	80 to 100	70 to 79	60 to 69	50 to 59	below 50
L1	832	624	549	416	0
L2	912	684	602	456	0
K1	1,268	951	837	634	0
K2	1,248	936	824	624	0
J1	1,950	1,463	1,287	975	0
J2	1,869	1,402	1,234	935	0
I1X	1,701	1,276	1,123	851	0
I2X	1,677	1,258	1,107	838	0
H1X	1,878	1,409	1,240	939	0
H2X	2,132	1,599	1,407	1,066	0

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