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# **EMPLOYMENT EQUITY ACT & IMPACT PAYROLL**

# PURPOSE OF THE EEA IN RELATION TO PAYROLL

- Purpose of the Act is to achieve equity in the workplace by promoting **equal opportunity** and fair treatment in employment through the **elimination of unfair discrimination (including pay equity)** and **implementing affirmative action measures** to redress the disadvantages in employment experienced by designated groups to ensure their **equitable representation in the workplace.**
- Employment Equity is about promotion of diversity in the workplace.
- Diverse working environment means people from different races, age, gender etc.

# Duties of designated employers

- achieve employment equity through Affirmative Action measures
- consult with all employees
- conduct analysis
- prepare employment equity plan
- report to DOL on progress in terms of plan



# Designated employers

- more than 50 employees
- fewer than 50, but certain annual turnover
- municipality
- organ of state
- collective agreement

# REQUIREMENTS FOR REPORTING

- EEA2 report requires the companies to report on current workforce in line with EEA9.
- Report includes information for the last 12 months i.e. staff movement: recruitment, promotions, termination and reasons for termination.
- Accurate records are critical as reports can be date sensitive.

# REQUIREMENTS FOR REPORTING

- EEA4 (income differential report) requires the companies to report on salaries current workforce are salary disparities an explanation is required.
- Section 27 of the EEA require companies to benchmark salary norms and eliminate income disparities.
- New proposed bill will put emphasis on the above.

Occupational levels		MALE				FEMALE				FOREIGN NATIONALS		Total
		A	C	I	W	A	C	I	W	M	F	
Top Management	Number of workers											
	Remuneration											
Senior Management	Number of workers											
	Remuneration											
Professionally qualified and experienced specialists and mid-management	Number of workers											
	Remuneration											
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Number of workers											
	Remuneration											
Semi-skilled and discretionary decision making	Number of workers											
	Remuneration											
Unskilled and defined decision making	Number of workers											
	Remuneration											
TOTAL PERMANENT	Number of workers											
	Remuneration											
Temporary employees	Number of workers											
	Remuneration											
TOTAL	Number of workers											
	Remuneration											

# IMPACT OF THE PROPOSED BILL OF EQUAL PAY FOR EQUAL OR SIMILAR WORK

- Unjustified pay difference in terms and benefits of the same employer performing the same or similar functions could be viewed as unfair discrimination.
- Companies have to invest in programmes that will be able to help them to have benchmarks/ grading system to ensure fairness.
- Payroll practitioners often are required to classify occupational levels in the absence of proper systems.



# OCCUPATIONAL LEVELS

Semantic Scale	Paterson		Peromnes	Hay	Castellion		
Top Management	F	F	1++ 1+		14		
Senior Management	E	E UPPER	1 2	1	13		
		E LOWER	3	2			
Professionally qualified, experienced specialists and mid-management	D	D UPPER	4 5	3	12 11		
		D LOWER	6	4	13		
Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents	C	C UPPER	7 8 9	5 6 6A	9		
			C LOWER	10 11 12	7 8	8	
		Semi-skilled and discretionary decision making	B	B UPPER	13 14	9 10	7 6
					B LOWER	15 16	11
Unskilled and defined decision making	A			A		17 18 19	12 13

## what are the traps?

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- EEA2 & EEA4 are pre-requirements for BEE points for EE element
- EMP201 and percentage payroll to be paid to SARS and WSP reports to the SETA – this links to EEA4 report.
- The rating agencies require payroll information to verify that the individuals are reported in levels for BEE points are indeed remunerated accordingly and fairly

# EMPLOYMENT EQUITY

Element	Indicator	Weighting points	Interim Target (Years 0-5)	Compliance Target (Years 6-10)
<b>EMPLOYMENT EQUITY</b>	Black employees of the Measured Entity who are <b>Disabled Employees</b> as a percentage of all employees adjusted using the Gender Recognition Factor	2	2 %	3%
	Black employees of the Measured Entity who are in the Measurement Category of <b>Senior Management</b> as a percentage of all employees in that Measurement Category adjusted using the Gender Recognition Factor	5	43%	60%
	Black employees of the Measured Entity who are in the Measurement Category of <b>Middle Management</b> as a percentage of all employees in that Measurement Category adjusted using the Gender Recognition Factor	4	63%	75%
	Black employees of the Measured Entity who are in the Measurement Category of <b>Junior Management</b> as a percentage of all employees in that Measurement Category adjusted using the Gender Recognition Factor	4	68 %	80 %
<b>Total Points = 15</b>	NOTE: Bonus for meeting or exceeding the EAP targets in each of the above categories	3		

# SKILLS DEVELOPMENT

Element	Category	Indicator	Weighting points	Interim Target (Years 0-5)	Compliance Target (Years 6-10)
<b>SKILLS DEVELOPMENT</b>	Skills Development Spend on Learning Programmes	<b>Skills development spend</b> on learning programmes specified in the matrix for black employees as a percentage of leviabale amount using the adjusted recognition for gender	6		3 %
		<b>Skills development spend</b> on learning programmes specified in the matrix for black employees with disabilities as a percentage of leviabale amount using the adjusted recognition for gender	3		0.3%
	In-service Training Programmes	<b>Number of black employees participating in Learnerships or Category B, C and D programmes</b> as a percentage of total employees using the adjusted recognition for gender	6		5%
<b>Total Points = 15</b>					

# EMPLOYMENT EQUITY & PAYROLL FUNCTION

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- Sophisticated programmes can write your EEA2 and EEA4 report. However, it is of utmost importance that information captured has to be accurate.
- EEA I declaration forms have to form part of your new recruits starter pack.



# EMPLOYMENT EQUITY & PAYROLL FUNCTION

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- This takes away the guessing games when it comes to race, gender etc.
- DoL is busy with substantive compliance audit in some regions. Part of this substantive audit is to analyse payroll.....
- How do you think your company will fair up on these?

# THE END THANK YOU

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