

Contents:

- [HR Requirements Changing Dramatically](#)
- [SARA Internship Programme](#)
- [Tax Deduction Issues Surrounding Share Incentives](#)
- [Research Findings – Employment Equity](#)
- [Global Survey of Total Rewards](#)
- [SARA Conference 2006](#)
- [SARA Banquet 2006](#)
- [SARA Events 2006](#)
- [Global Certificates in Remuneration](#)
- [GRP Programme 2006](#)
- [EMG Events 2006](#)
- [Employment Opportunity](#)
- [Website Postings](#)
- [Live Membership Database](#)
- [WorldatWork Course](#)
- [Upcoming Events](#)
- [New Members](#)
- [Editor's Note](#)

Requirements of HR Changing Dramatically

A new report from Deloitte Consulting LLP indicates that the role of senior HR leaders in national and global companies is changing as human resources and talent issues command a prominent role in headlines. Chief Human Resources Officers (CHROs) are increasingly required to act as strategists and stewards: leaders who not only manage the HR function and operations team, but also collaborate directly with the CEO and board of directors on a range of critical business issues.

“The requirements and perceptions of HR are changing dramatically as this function’s leadership is now expected to play a central role in building and shaping – not just staffing – the enterprise strategy,” explains Jeff Schwartz, principal and national co-leader of Deloitte Consulting’s CHRO Services.

Deloitte Consulting’s new framework describes the CHRO’s roles and responsibilities in terms of four major categories:

- **Workforce Strategist.** - Business strategy and overall performance are increasingly tasks of a company’s workforce. In addition to supporting and implementing overall workforce strategy, CHROs must play a key role in

developing and informing that strategy, helping the CEO and other leaders craft strategies that make sense in light of global labour trends, available talent and next-generation leadership and workers.

- **Organisational and Performance Conductor** - Every company wants to maximise the performance of its workforce. Companies face an overwhelming number of choices from departments operating across geographic boundaries, virtual teams, contingent workforces, teleworking and job-sharing to flexible hours, workforce diversity and more. CHROs must help navigate those options as a change master and as an organisational structure and rewards program architect.
- **HR Service Delivery Owner** - Although CHROs are becoming increasingly more focused on business issues, they still need to provide day-to-day HR administration and operations in a cost-effective way. However, CHROs must spend less time overseeing their HR operations systems and processes and more time juggling a complex mix of in-house resources, employees and managers, as well as self-service and external vendors – seamlessly integrating internal and external services.
- **Compliance and Governance Regulator** - CHROs must work directly with the board on workforce issues that directly relate to the critical areas of risk management, regulatory compliance, ethics and integrity. They must also assist with a wide-range of board-related issues, from member selection and orientation to executive compensation and succession planning.

Read more at: [WorldatWork](#)

[go to top](#)

SARA Internship Programme 2006

SARA's Remuneration Internship Programme has been sponsored by **Rand Water** and **Impala Platinum** and aims to develop the remuneration skills of previously disadvantaged individuals within the reward profession. The R55 000 investment made by the sponsors goes towards covering the costs of the interns for the period of the internship. The sponsors have the option of placing the interns in their organisations at the end of the internship period.

The three SARA interns - Deborah Lehaha, Lucette Muila and Tebogo Liale - started their 9-month internship experience on 3 March 2006. It is nearly the end of their second month already and their schedule has been jam-packed with learning opportunities.

They had a very informative and interesting time with **LMO** where the focus was on job evaluations and salary surveys. In addition, the trio gained some great international exposure through the Watson Wyatt connection.

The interns' stint at **FNB** was particularly useful, providing them with hands-on experience in areas such as job evaluation, broad-banding and remuneration practice.

There is a chance of visiting **FNB** once more to experience further discussions around the implementation of remunerations systems.

Thank you to both **LMO** and **FNB** for the effort that went into providing the SARA interns with these invaluable learning opportunities.

Next on the agenda, is spending a week with Mark Bussin from **21st Century Business and Pay Solutions**. He will go through different systems of job evaluation with the interns and expose them to an incentive scheme design course – which his company is offering to the public. In addition, he has some of his own client visits lined up, and has secured a slot with a global multinational for a few hours.

The first two weeks of May will see the SARA interns heading off to the **Hay Group South Africa** where they be gaining practical experience in job evaluation and salary structuring.

Please let Mark Bussin know if there is anything happening in your organisation that the SARA interns could attend e.g. induction programmes, training courses, bosberaads, a lunch in your canteen... any corporate experience would be great.

Email: mbussin@21century.co.za

[go to top](#)

Tax Deduction Issues - Share Incentives

By Brigitte Keirby-Smith, Tax Director at Ernst & Young KZN

As noted in one of my previous articles, new legislation aimed at encouraging broad-based ownership, allows companies to deduct the market value of equity shares issued to employees in terms of a broad-based share plan. The deduction is, however, limited to R3 000 for each employee in any one tax year.

This raises the question as to whether a company can secure a similar tax deduction where it remunerates its employees through the issue of its own shares outside of a broad-based plan.

In a recent tax case, the Court held in favour of the taxpayer when it concluded that the company had in fact incurred expenditure when it issued shares in exchange for a trademark it had purchased. The principle applied by the Court was that as the company had contracted to purchase the trademark, the fact that it chose to settle this obligation through the issue of shares did not change the fact that it had incurred this expense. It is debatable whether this principle could be extended to the issue of shares by a company to its employees in exchange for services rendered where arguably there is no underlying contract of purchase from which to establish an expense.

In other words, it is not the mere issue of shares that gives rise to an expense, but rather the underlying contract of purchase whereby the company incurs a liability which it then settles through the issue of shares.

For companies, share incentives have historically not impacted on reported earnings, with the result that their only consequence was a dilution in shareholders' value. New accounting standards now require the recognition, through a charge to reported earnings, of the fair value of services that are rewarded through share-based payments. This involves an estimate of the future expected value of the shares to be delivered, where the amount is then expensed over the vesting period.

This potential disparity between the tax and accounting treatment, presents a challenge to companies in ensuring that their share schemes are properly structured to achieve their overriding objectives whilst at the same time ensuring that they are tax effective and result in a limited dilution of reported after tax earnings.

For additional information, please contact Brigitte Keirby-Smith on (031) 576 8000 or email her at brigitte.keirbysmith@za.ey.com

This article is part of a series that aims to highlight the increased tax complexities and current trends in the design of share incentive schemes. If you would like SARA to arrange a workshop to deal with this matter, please send Gillian le Cordeur at SARA an email: Gillian@vdw.co.za

[go to top](#)

Research Findings – Employment Equity

The Employment Equity Act no 55 of 1998 clearly states that designated employers must have a detailed employment equity plan to address the inequities of the past. These statutory requirements and the limited skills pool, especially at managerial level, have influenced remuneration and employment trends since 1998. It remains to be seen whether organisations have implemented formal programmes to facilitate the regulatory requirements as set out in the act.

Recent research, undertaken by [Remchannel](#) indicated that only 26% of the 31 organisations surveyed have implemented a formal policy to attract and retain designated group employees. It is encouraging to note that these strategies have been aimed at retaining Professionally Qualified and Experienced Specialists, Senior Management and Top Management staff.

Of further significance is the finding that 52% of the participants link the formal retention policies to performance. Of concern was the fact that there was insufficient data for meaningful analysis for female employees who are earmarked for promotion. In the light of the current skills shortages for designated groups in South Africa, current practices in South African organisations need to take cognisance of the challenge in this regard.

The research indicates that South African organisations do not have formal policies in place to manage the broader employment equity challenges. Formalised empowerment initiatives are a requirement if we are to see “real” transformation taking place in South Africa.

[go to top](#)

Global Survey of Total Rewards

WorldatWork is attempting to better serve its members around the world with a global survey of total rewards. By completing the survey about common compensation and total rewards practices in your country, you will help to build a professional body of knowledge, assist other practitioners and help WorldatWork to better understand and serve your needs.

Please take 10-15 minutes to assist us in developing this resource for our practitioners by completing the survey below by 19 May 2006. The link here will take you to the online survey: [WorldatWork Survey Link](#)

All participants will receive an advanced complimentary copy of the survey results. This survey is confidential. Only aggregated data will be reported; neither you nor your company will be identified in the final report.

Thank you for your participation in this important project. WorldatWork is committed to excellence in the profession and to your professional development. If you have any questions regarding the survey, please contact Kathryn Cohen at: surveypanel@worldatwork.org

[go to top](#)

SARA Conference 2006

The SARA Conference will be held from 9-10 November 2006 at the **Indaba Hotel Auditorium** in Johannesburg. John Rubino, a favourite speaker, will be presenting at the conference. Rubino has over 20 years experience designing and implementing HR programmes for a wide variety of organisations. He is the author of two compensation books and is a WorldatWork faculty member. Anyone interested in speaking at the conference should please contact Gillian at: gillian@vdw.co.za

[go to top](#)

SARA Banquet 2006

The SARA Banquet will be held on 11 November 2006 at the **Indaba Hotel** in Johannesburg. This prestigious event is the highlight of the South African reward professional year. During the course of the evening, SARA and Remchannel will announce the **Reward Strategist** and **Reward Practitioner** for 2006.

[go to top](#)

SARA Events Schedule 2006

| SARA Meetings & Function Schedule 2006 | | | |
|--|--|-----------------------------------|---------------|
| Date | Function | Venue | Time |
| 2 May | Committee Meeting | Randburg | 16:00 - 18:00 |
| 3 May | The Impact of Legal, Tax & Governance on Remuneration (Martin Hopkins) | Fairlawns Hotel & Spa Morningside | 07:00 |
| 11 May | Remuneration and Benefits Benchmarking Workshop & Presentation | Country Club Johannesburg | 07:30 - 12:30 |
| 16 May | Building Blocks Workshop | Johannesburg | All Day |
| 17 May | The Impact of Legal, Tax & Governance on Remuneration (Martin Hopkins) | Cape Town | TBA |
| 19 May | Building Blocks Workshop | Durban | All Day |
| 24 May | Building Blocks Workshop | Cape Town | All Day |
| 7 June | WorldatWork Cocktail Party | | |
| 30 June | EMG: Medical and Political Function | Barloworld | |
| 16 July | WorldatWork Feedback Function | TBC | |
| 3 August | Rem Committee Panel Function | TBC | |
| 15 August | Committee Meeting | Randburg | 16:00 - 18:00 |
| 6 September | EMG: Retention Function | Business Connexion | |
| 20 September | Masters Students Function | TBC | 07:30 - 10:00 |
| 6 October | SARA AGM & Function | TBC | |
| 25 October | SARA EMG Function | TBC | |
| 9/10 November | SARA Conference | Indaba Hotel | |
| 11 November | SARA Banquet | Indaba Hotel | |
| 14 November | Committee Meeting | Randburg | 16:00 - 18:00 |

[go to top](#)

Global Certificates in Remuneration

With companies continually working across international borders, **WorldatWork's** highly respected educational program has expanded its global offerings to provide the most benefit to members of the total rewards profession. WorldatWork now offers two certificates applying to total rewards on the global level: the **Certificate in Global Remuneration** and the **Certificate in Global Remuneration Administration**.

The association's certificate programs consist of courses in a specific area of compensation, benefits or total rewards, thus showing a practitioner has an expertise in that particular area. The Global Remuneration and Global Remuneration Administration certificates will provide total rewards professionals around the globe the opportunity to show their expertise in dealing with remuneration topics abroad.

The requirements to obtain these Global Certificates are outlined below.

Certificate in Global Remuneration

GR1: Total Rewards Management
GR7: International Total Remuneration
GR8: International Benefits

Certificate in Global Remuneration Administration

GR3: Job Analysis, Documentation and Evaluation|
GR4: Base Pay Management
plus one of the following courses
GR5: Performance Management: Strategy, Design and Implementation
GR6: Variable Pay - Incentives, Recognition and Bonuses

Please note these certificates have to be requested from WorldatWork. They are not automatically generated. For more information on the certification programs email:

certification@worldatworksociety.org

[go to top](#)

GRP 3 and 4

Cape Town GRP Seminars

The GRP 3 and 4 seminars covering Methods Job Analysis and Base Pay Management are scheduled for 29-31 May and 1-3 June 2006 at the Greenways Hotel in Cape Town. **Dianne Auld** will be facilitating the Cape Town seminars. For directions to the Greenway Hotel, go to: [Directions](#)

Johannesburg GRP Seminars

The GRP 3 and 4 seminars covering Methods Job Analysis and Base Pay Management are scheduled for 5-7 June and 8-10 June 2006 at the House of Pharaohs in Johannesburg. **Peet Kruger** will be presenting the Johannesburg modules.

[go to top](#)

GRP Programme 2006

The GRP Seminars for 2006 are outlined in the table below.

| Date | City | Course | Module |
|--------------|--------------|--------|------------------------|
| 29-31 May | Cape Town | GR3 | Methods Job Analysis |
| 1-3 June | Cape Town | GR4 | Base Pay Management |
| 5-7 June | Johannesburg | GR3 | Methods Job Analysis |
| 8-10 June | Johannesburg | GR4 | Base Pay Management |
| 14-16 August | Cape Town | GR5 | Performance Management |
| 17-19 August | Cape Town | GR6 | Variable Pay |
| 21-23 August | Johannesburg | GR5 | Performance Management |
| 24-26 August | Johannesburg | GR6 | Variable Pay |

| | | | |
|----------------|--------------|-----|----------------------------------|
| 13-15 November | Johannesburg | GR7 | International Total Remuneration |
| 16-18 November | Johannesburg | GR8 | International Benefits |
| 20-22 November | Cape Town | GR7 | International Total Remuneration |
| 23-25 November | Cape Town | GR8 | International Benefits |

For more information, go to: [GRP](#)

The registration form is available at: [GRP Registration Form 2006](#)

Should you require further details please contact Gillian at: Gillian@vdw.co.za

[go to top](#)

EMG Events 2006

| EMG Meetings & Function Schedule 2006 | | | |
|---------------------------------------|--|---------------------------|--------------|
| Date | Function | Venue | Time |
| 11 May | Remuneration and Benefits Benchmarking Workshop and Presentation | Country Club Johannesburg | 07:30 -12:30 |
| 30 June | EMG: Medical and Political Function | Barloworld | |
| 6 September | EMG: Retention Function | Business Connexion | |
| 25 October | EMG Function | TBC | |

[go to top](#)

Employment Opportunity

The University of Pretoria wishes to invite applications for the position of **Remuneration Specialist**. Some of the duties include:

- Develop and maintain the Remuneration Strategy for the University in conjunction with all involved parties
- Continuously evaluate the Remuneration Strategy against legislation
- Continuous evaluation of remuneration in terms of fixed and variable components
- Annually evaluate if remuneration is in line with job evaluation levels
- Play a key role in the implementation and maintenance of the link between remuneration and performance management
- Prepare remuneration data for salary survey purposes
- Verify the validation report and amend as needed on an annual basis
- Analyse data and identify movements within the applicable market;

The minimum requirements for the position are:

- A Bachelors degree in one of the following fields: Human Resources Management, Industrial Psychology, Economics or Accountancy
- At least five years experience in remuneration management within a medium to large organisation

- Corporate experience with specific reference to: job categories, personnel policies, appointment practices, salary analysis, and tax legislation
- Skilled in the use of MS Office with advanced skills in MS Excel
- Knowledge of the Peromnes Job grading principles
- Registered with the South African Reward Association (SARA)

For more comprehensive details on this position go to: [Employment Opportunity](#)
The closing date for applications is 5 May 2006.

[go to top](#)

Website Postings

Remchannel's newsletter for the first quarter of 2006 is available on the website at: [Library](#)

Budget Update 2006: The SARA Tax Update presentation is on the website, as are the tax calculators and electronic copies of the supplementary documentation. To view, go to: [Budget Update](#)

[go to top](#)

Live Membership Database

SARA members are able to access the SARA membership database on the website and can edit their personal details on line as it becomes necessary. To make use of this new facility, go to: [My Membership](#)

[go to top](#)

WorldatWork Course

WorldatWork is offering the following internet course. If you are interested in registering for this course, please contact the Secretariat at Tel: (011) 789 1384 for the password and then go to: [WorldatWork](#)

B3: Health Care and Insurance Plans - Design and Management

This intermediate-level course provides an overview of the decision and management of health and welfare benefits. It covers legal requirements, including recent legislative changes, as well as developing issues and trends. **16 – 25 May 2006**

[go to top](#)

Upcoming Events

The **WorldatWork Total Rewards Conference & Exhibition** is being held from **7 to 10 May 2006** in Anaheim, California, USA. Participants will have the opportunity to learn best practices, network and share information with fellow colleagues from around the world at the International Reception. Tour the Exhibit Hall featuring more than 160 exhibitors; attend pre-conference education classes; and enhance your career with professional development sessions. Learn how to engage employees and drive business performance at workshops covering topics designed especially for reward professionals. For full program details and to register, go to: www.worldatwork.org/anaheim2006

The **e-Reward Management Update Conference 2006** is being held on 22 June 2006 in London. It will keep you current with all the key trends in reward and provide analysis, advice and insight into issues likely to crop up over the coming year. Aimed at the busy pay practitioner, this new annual event promises to inform you of all the essential facts, trends and developments in one intensive day. The conference will be chaired and led by Michael Armstrong, Britain's leading reward management author, with best-selling titles on paying for contribution, job evaluation, pay structures and performance management. For more details, go to: [e-reward](#)

[go to top](#)

New Members

New Corporate Members

- BWH Nicholls – Sun International

New Associate and Member Representatives

- Jackie Mayimela – Roche Products

[go to top](#)

Editor's Note

Dear Readers

I welcome input from readers of the SARA Bulletin and encourage you to forward any information or announcements that you would like to see published in the bulletin. Contributions need to be forwarded to me by the 20th of every month and SARA reserves the right to edit content for clarity and/or brevity.

Please note that the views expressed in this newsletter are not necessarily those of the South African Reward Association.

Kind regards

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[go to top](#)

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