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**HRTorQue** (Pty) Ltd  
Outsourcing



## The HRTorQue REPORTER

### Season's Greetings!



2011 was a year filled with both challenges and opportunities and as it draws to a close, we are reminded of the many people who have helped us along the way.

We'd like to thank you for your ongoing support and hope that together we can brave the exciting prospect of 2012!

We wish you and your family a wonderful, relaxing festive season filled with laughter, love and memories to last a lifetime. May your days be warm, your drinks chilled and your telephone silent (or at least out of reach)!

From Karen, Melany and all the staff here at HRTorQue, it's been a pleasure working with you this year. Here's to an exceptional 2012!

### Festive Season Shut Down Dates

**The offices of HRTorQue Outsourcing will be closed from 22 December 2011 and will re-open on 9 January 2012.**

*We are aware that some clients will not be closing and will make special arrangements for these clients.*

If you require assistance during this period please contact:

**Payroll:** Karen van den Bergh: 082 891 1722

**HR / IR:** Melany Bydawell: 083 441 5618

**Happy holidays!**

### The HRTorQue Team

**Phone:** 031 564 1155

**Fax:** 031 564 1228

**Website:** [www.hrtorque.co.za](http://www.hrtorque.co.za)

**Sales:** Melany Bydawell:

031 582 7425 or 083 441 5618

**Payroll & HR Administration**

Karen van den Bergh:

031 582 7413 or 082 891 1722

Karl van der Merwe: 031 582 7407

**Human Resources / Employee**

**Relations:** Melany Bydawell:

031 582 7425 or 083 441 5618

Nicky Hardwick: 031 582 7418

**Employment Equity & Skills**

**Development**

Melany Bydawell: 031 582 7425

Nicky Hardwick: 031 582 7418

**BEE Consulting:** Shirlee Caffyn-

Parsons: 082 326 8054

**Tax:** Dave Beattie: 031 582 7410

**Accounts**

Kacey Chetty: 031 582 7409

Cheryl Naidoo: 031 582 7408

**Dispatch**

Karl van der Merwe: 031 582 7407

- **Can you make it policy to request a medical certificate on Mondays / Fridays or before / after Public Holidays?**
- **Reduce your sick leave by at least 50% in six months!**

The BCOE Act Section, relating to medical certificates, states that an employer may request a medical certificate where the employee has been off for more than 2 consecutive days or on more than 2 occasions in an eight week period.

Some variations that have been agreed for Bargaining councils allow for a medical certificate to be requested on all occasions irrespective of the duration. However, if an employer does not fall under any of these 'variations' and is obliged to comply with BCOE Act conditions, this section may not be varied. By doing this, an employer is enforcing an employee to go to a doctor for each and every 1 day absence. This incurs unnecessary cost for the employee and does not allow for those instances where only one or two days is taken for sick leave and a visit to the doctor is not necessary, or where the employee prefers to go to their traditional healer who may not be a registered medical practitioner.

In my experience, these policies do not deter employees from taking excessive sick leave in any event. In these instances, management of these individuals via a process in keeping with the Labour Relations Act is necessary. The process is objective, non-confrontational and successful!

**This is a proven process that has been implemented in many large companies where financial savings of up to 69% have been realised within a year.**

## The Cost of Conflict

By Lole Matthews

Unmanaged employee conflict is perhaps the largest reducible cost in organisations today - and one of the least recognised. Our experience shows that the majority of performance related problems within organisations result from strained relationships which are then manifested in low employee morale and motivation. International research shows that up to 30% of a typical manager's time is spent dealing with conflict. In addition to lost work time, conflict costs through the loss of skilled employees, increased stress and absenteeism, sabotage and reduced decision quality. Organisations can't easily afford these losses!

*Try this quick questionnaire to estimate what conflict really costs your organisation:*

### **How much time is lost every week dealing with internal interpersonal conflicts?**

Discussions about conflicts result in downtime and have a time cost. Hours spent debating the issues and the individuals are unproductive hours.

### **How many times have decisions been influenced by an existing conflict?**

Decisions made in anger, resentment and with a desire for payback are poor quality decisions. When decisions are made around personal feelings rather than organisational effectiveness the impact is generally negative.

### **How often have you not had the information you needed to make good decisions?**

People in conflict with each other tend to distort or withhold information which might benefit the other party. This can affect manager's ability to make good decisions or reduce a team's ability to perform effectively.

### **Do you ever have to keep certain people away from each other?**

Having to use staff selectively to avoid conflicts increases the cost of these employees as well as decreasing organisational efficiency.

### **Have you noticed a decrease in performance amongst staff in conflict situations?**

Unresolved or poorly managed conflicts in the workplace have a severe impact on staff morale, decreasing motivation and impacting on the bottom line.

### **What impact does absenteeism have on your organisation?**

Conflict is stressful and in an increasingly pressured environment it can often be measured through absenteeism, which in turn reduces productivity.

How teams handle conflicts can be a key contributor to their overall success or failure - can you afford not to develop your conflict resolving skills and create effective dispute resolving processes within your organisation.

**For more information on consulting and workshops, please contact Melany Bydawell: [melany@hrtorque.co.za](mailto:melany@hrtorque.co.za)**

## **Inspectors from the Department of Labour - Inspection 'Blitzes'**

*By Melany Bydawell*

### **130 000 inspections have been planned by the end of 2012!**

Recently the Department of Labour announced a plan to conduct inspections of 'high risk' sectors, identified as construction, chemicals, iron & steel, as well as agriculture.

In addition to the above, Inspectors are undertaking countless inspections within all sectors (including employers of domestic workers) and we are frequently asked for assistance where employers are found to be non-compliant. Areas of non-compliance vary from contracts of employment to Employment Equity reporting etc.

According to the Department, "The crackdown will have a multi-pronged objective, to ensure promotion of good labour practices and to apply compliance with labour laws".

## **Self-standing Group Life & Disability Policies**

*By Karen van den Bergh*

Recent changes have been made to legislation that impacts on the taxation of key man policies, deferred compensation schemes, self-standing (unapproved) group life benefits, disability lump sum benefits and disability income benefits.

HRTorQue Outsourcing as a client of Momentum has liaised with their legal advisors to obtain clarity on these legislative changes and how they impact on the funds administered by them. Momentum has provided us with their interpretation of this legislation, but also suggested that companies using other insurers get their individual interpretation of these matters. These tax changes will have a fringe benefit implication in many cases, and it is imperative that you identify how this will impact on your payroll.

In cases where there is an income replacement policy in the name of the employer, paying a monthly income to a disabled member, the premium will need to be added to the employee's remuneration, as a fringe benefit, and taxed accordingly.

National Treasury has indicated that the intention is that section 23(m)(iii) of the Income Tax Act will be amended to allow the employee to get a tax deduction in terms of section 11(a) of the Income Tax Act for the 'employer' paid premium that has been added to their taxable income. However, the Act still has to be amended before the employee can claim the deduction. It is hoped that these deductions can be processed in bulk, by the employers through the payroll systems, so that there is no financial impact on the employees. It is important to note, however, that a final decision has yet to be made by Treasury in this regard.

In the case of a long term insurance policy in the name of the employer, the employer can only claim a deduction for contributions made if the amount is included in the taxable income of the relevant employee. The premiums made by the employer must be taxed as a fringe benefit in the employee's hands.

In the case of an "Unapproved" Disability Lump Sum benefit or Death Benefit, the beneficiary under the policy is the employee, or their dependents, respectively. Premium contributions made by the employer to the fund are then added to the employee's remuneration as a fringe benefit and taxed accordingly. The payout to the employee or beneficiaries would then be tax-free.

It is important that you obtain clarity from your broker / insurer as soon as possible regarding this issue, so that the necessary changes can be implemented into your payroll. If contributions to any of these risk benefits constitute a taxable fringe benefit, they now will need to be loaded as a fringe benefit.

**Should you require any further assistance in this regard, HRTorQue Outsourcing can consult with your broker / insurer on your behalf. Contact Dave Beattie on 031 582 7410 should you require assistance.**

- **Submit EE Reports by 15 January 2012!**
- **Failure to comply could result in a fine of up to R900 000!**

Employment Equity is a legislative requirement for all companies deemed to be designated employers.

### **A designated employer means:**

- a. A person who employs 50 or more employees
- b. A person who employs fewer than 50 employees but has a total turnover that is equal to or above the applicable annual turnover of a small business in terms of Schedule 4 of this Act.

If you have more than 150 employees your organisation is deemed to be a designated employer and is therefore required to comply with the Employment Equity Act.

### **As designated employers, you are required to comply with the following in terms of the Employment Equity Act:**

1. Submit Employment Equity Reports and Income Differential statement, manually by 1 October, or submit electronically by 15 January 2012
2. Assign a Senior Manager
3. Establish a Consultative Forum
4. Prepare an Employment Equity Plan

**Contact Nicky for assistance: [nicky@hrtorque.co.za](mailto:nicky@hrtorque.co.za)**

## Employment Equity - Interesting Fact

By Nicky Hardwick

### **Are you a classified employer under the Act if you do not employ people?**

A person becomes a designated employer if they employ more than 49 employees or employ less than 50, but have a turnover that is equal to or greater than the turnover detailed in Schedule 4 of the Act.

In a situation where you have a company that does not employ anyone but meets the criteria from a turnover perspective, does this company become a designated employer?

**No, it does not.** The definition above clearly states that you can only be designated when you employ people and are therefore classified as an EMPLOYER.

## BEE

By Shirlee Caffyn-Parsons

### **Nearly five years after the inception of the BEE Codes of Good Practice and companies are still not receiving the BEE scores which they should.**

The reason for this is not that companies are not complying! The most common reasons for this are that companies are not fully aware of HOW they can score and what documentation is required to prove such compliance. Verification agencies are not allowed to "assist" or "advise" their clients in this regard – to do so would be to jeopardise their own accreditation – and so companies submit files for verification and are disappointed by the scores that they achieve. Changing requirements are also a challenge because, as the industry matures and companies become more knowing in regard to BEE, certain loopholes have been exposed and so verification agencies have been forced to tighten up their requirements and, as this is not always communicated to the entities being measured, this can be problematic.

Employment Equity and Skills Development are two significant pillars of BEE and yet they are also not fully understood. The correct categorisation of staff (EE) is vital if companies are to earn their BEE points. Many companies feel that the targets for Skills Development are excessive and hence choose not to focus on this element of BEE.

This is not always correct – there are ways in which it is possible to achieve a positive score for Skills Development – however, this does involve sound recording and collation of documentation.

BEE and the achievement of a positive rating are not nearly as onerous as it seems. What is important is to de-mystify the process and ensure that recording of relevant information is in place. With the gazetting of the amended Preferential Procurement Policy Framework Act, it is imperative that companies have a valid BEE certificate to offer to their clients if they wish to remain competitive.

For more information on consulting and support services please contact Melany: [melany@hrtorque.co.za](mailto:melany@hrtorque.co.za)

## Managing Different Generations in the Workplace

By Marietjie Geldenhuys

February 9, 2011 - By Rieva Lesonsky <http://smallbiztrends.com>

If you're like many small business owners today, your workplace includes three generations of employees: boomers, Gen X and Gen Y/Millennials. ZDNet recently took a look at the challenges of managing multigenerational workforces and how some companies handle this issue. Although the examples used were large companies, there's a lot that all businesses can learn. *First, here are some characteristics of each age group:*

- **Boomers are extremely job-focused.** They value security and stability, and appreciate clearly stated goals and tasks. They prefer to communicate through in-person meetings and emails.
- **Gen X (born roughly between 1965 and 1981) values work-life balance and independence.** They are adaptable and resourceful, and most have learned to use digital technology and communicate with the latest tech tools.
- **Gen Y/Millennials (born roughly between 1982 and 2001) are described by one expert in ZDNet's article as "Gen X on steroids."** They value work-life balance and flexibility even more than Gen X. They also seek freedom and want to be treated as equals from their first day on the job. This generation doesn't fear authority, and seeks challenging and meaningful work. They're the most tech-savvy of the three groups, preferring to communicate quickly via texting and IM.

Each generation has unique strengths, clearly - but their strengths may also be perceived as weaknesses by the other age groups. How can you keep your three generations of employees working harmoniously as a team? Take a page from these big-company strategies:

### Consider individual needs.

At IBM, a Generational Diversity program assesses employees' career "life cycles" and the different needs a person may have at all stages of their career. As a small business owner, you're in an even better position to learn what each employee values, wants and needs to be most productive. For instance, Boomers will probably relish being put in charge of a project; a Gen-Xer will appreciate the autonomy to complete a task her way; and a Millennial will enjoy sharing ideas with a creative team working together.

### Strive to keep older workers engaged.

When an older employee leaves the company because he or she no longer feels valued, your business loses valuable institutional knowledge. Make sure your older staffers don't feel like they're being pushed aside for younger team members. Make extra efforts to keep them engaged and show that their contributions are valued.

### Tap into diverse age groups to innovate.

Fire up meetings or brainstorming sessions by including employees from all age levels. A diverse group means more viewpoints and more creativity. Having staff members from different generations gives your business an advantage, so use it!

### Honour each person's contribution.

Especially in a group setting such as a team project or meeting, make sure that you show how much you appreciate what each worker brings to the team. Encourage workers to share their knowledge, whether it's an entry-level Millennial showing a Boomer manager how to use social media or a Boomer employee explaining the history of a long-term client to a Gen X salesperson.

### Emphasize commonality.

It's easy for employees to become adversarial when they focus on their differences. Continually remind your team of its common goals - winning new business, growing sales or whatever your company is working to achieve. Pulling together will help overcome generational differences and build tighter bonds.

On 25 October 2011 Finance Minister, Pravin Gordhan, tabled the Medium Term Budget Policy Statement (MTBPS) at a sitting of the National Assembly. The MTBPS broadly outlines Government's proposed spending plans for the next three years. It also provides an opportunity for Government to make adjustments to this year's budget to cater for changes in expenditure and provide for unanticipated expenses. Here are some of the highlights.

**GROWTH:** The economic growth forecast for 2011 is cut to 3.1%, rising to 3.4% in 2012, 4.1% in 2013 and 4.3% in 2014.

**INFLATION:** The headline consumer price index (CPI) is expected to average 5% in 2011 and remain below 6% over the next three years, within government's 3% to 6% target range.

**CURRENT ACCOUNT:** The current account deficit is seen widening over the next three years from 3.4% of gross domestic product (GDP) in 2011 to 3.8% next year and 4.2% in 2014 as import growth outpaces export growth.

**BUDGET DEFICIT:** The Treasury plans to trim the budget deficit to 3.3% in the 2014/15 financial year from 5.5% in 2011/12.

**DEBT:** National government net loan debt is projected to rise from just over R1 trillion at the end of 2011/12 to more than R1.5 trillion by 2014/15.

**TAXES:** Total government revenue, as a percentage of GDP, is seen falling slightly from an estimated 27.3% in 2011/12 to 27.0% in 2012/13 before reaching 27.7% in 2014/15.

**SPENDING:** Total government expenditure as a percentage of GDP is seen declining gradually over three years, from an estimated 32.9% in 2011/12 to 32.2% in 2012/13 and 31.0% in 2014/15. The budget framework provides for a 5% annual cost of living adjustment for public sector employees.

**REVENUE:** Tax revenue projection for 2011/12 is cut by R13bn to R728bn from R741bn - mainly on VAT receipt revisions - before recovering to R812bn in 2012/13.

**TAX:** The government says it will consider policy measures to raise tax revenue if the economy fails to recover as predicted.

**JOB CREATION:** Government will provide R25bn over the next six years to boost industrial development zones, assist job creation and support transition to a green economy.

**HEALTH:** Treasury backs 10 pilots of the proposed national health insurance scheme, with further funding details expected in February 2012.

**CLIMATE:** South Africa is to strengthen climate change policies and seek global and private sector funding for green interventions over the next three years.

## TO CONCLUDE

- With the Government having committed to spend money on many of the issues listed above SARS is going to be put under enormous pressure to increase tax collection.
- This will be done by upping their enforcement activities, most probably in the form of more integrated field audits.
- We have already seen more PAYE/UIF/SDL audits being conducted and are now expecting Company Income Tax to come under the spotlight.
- With many companies under significant financial pressure because of the economic downturn, additional pressure from SARS will make the administering of a business significantly more difficult.
- SARS will ratchet up the pressure on companies to ensure compliance and show far less leniency when uncovering tax irregularities.
- It is certainly advisable to keep firm control on compliance issues and to take no chances with intricate, 'innovative' tax planning schemes. These tax planning schemes will be investigated and punishment metered out if they prove to be illegal.

*There are certainly tough times ahead. Spare a particular thought for Minister Gordhan...*