
CONTENTS • INHOUD

No.

Page
No. Gazette
No.**GOVERNMENT NOTICE****Cooperative Governance, Department of***Government Notice*

225 Local Government: Municipal Systems Act (32/2000): Upper limit of total remuneration package payable to municipal managers and managers directly accountable to municipal managers 2 37500

GOVERNMENT NOTICE

DEPARTMENT OF COOPERATIVE GOVERNANCE**No. 225****29 March 2014****LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000
(ACT NO. 32 OF 2000)****UPPER LIMIT OF TOTAL REMUNERATION PACKAGE PAYABLE TO
MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE
TO MUNICIPAL MANAGERS**

Under the powers vested in me by section 72(2A) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), I, Solomon Lechesa Tsenoli, Minister for Cooperative Governance and Traditional Affairs, hereby-

- (a) after consultation with the Minister of Finance, the Minister for Public Service and Administration, the MECs responsible for local government, and organised local government; and
- (b) after taking into consideration the matters in Regulation 35 of the Local Government: Regulations on Appointment and Conditions of employment of Senior Managers,

determine the upper limit of the total remuneration package payable to municipal managers and managers directly accountable to municipal managers as set out in the Schedule with effect from 1 July 2014.


LECHESA TSENOLI, MP**MINISTER FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

SCHEDULE

PREAMBLE

After having satisfied the relevant provisions in the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers (hereafter referred to as "the Regulations"), the upper limit of the total remuneration package of senior managers is as set out in items 7 and 8 of this Government Notice.

Definitions

1. In this Schedule, unless the context otherwise indicates, a word or phrase to which a meaning has been assigned in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (hereafter referred to as "the Act") has that meaning and -

"competence" means having the necessary higher education qualification, work experience and knowledge to obtain at least a competent level of achievement;

"competency framework" means the Local Government: Competency Framework for Senior Managers as set out in annexure A of the Regulations;

"employment contract" means a contract as contemplated in section 57 of the Act;

"financial year" means the financial year of a municipality commencing on 1 July each year and ending on 30 June of the following year;

"categorisation of municipality" means the categorisation of a municipality as determined in terms of item 6;

"local government equitable share" means the equitable share of revenue that will be provided to municipalities for the 2013 / 2014 financial year in terms of section 227(1) of the Constitution of the Republic of South Africa, 1996 to enable it to provide basic services and perform the functions allocated to it;

"market premium allowance" means an allowance that is paid to attract and retain a suitably qualified and competent senior manager into a municipality where the approved pay range is not sufficient to attract and retain such a person, and is paid in addition to the total remuneration package;

"Mayor" means the mayor or executive mayor of a municipality as elected in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"senior manager" means a municipal manager or acting municipal manager, appointed in terms of section 54A of the Act, and includes a manager directly accountable to a municipal manager appointed in terms of section 56 of the Act;

"salary and wage bill" refers to the total salary, allowances and benefits expenditure costs of employees for the previous financial year;

"total municipal income" means the gross income in respect of a metropolitan, local or district municipality as stated in the audited financial statements of that municipality for the 2012 / 2013 financial year. The gross income for the municipality will include the following:

- rates on property;
- fees for services rendered by the municipality, or on its behalf by a municipal entity;
- surcharges;
- other authorised taxes;
- levies and duties;

- income from fines for traffic offences and contravention of municipal by-laws or legislation assigned to the local sphere of government;
- regional services council replacement grant for district municipalities;
- interest earned on invested funds other than national and provincial conditional grants;
- rental for the use of municipal movable or immovable property; and
- amounts received as agent for other spheres of government.

The gross income will exclude the following:

- transfers and / or grants from the national fiscus;
- all income derived from the sale of capital assets; and
- all value added tax (VAT) refunds.

“**total remuneration package**” means the total cost of a senior manager’s remuneration to a municipality and includes the salary, pension contributions, medical aid contributions and other forms of payment or benefit.

2. Scope of application

This Government Notice is applicable to all newly appointed senior managers and senior managers whose employment contracts are either renewed or extended, and who have complied with Chapter 3 of the Regulations.

Allocation of number of points for total municipal income

3. The number of points allocated for the total municipal income of a municipality, is as follows:

TOTAL MUNICIPAL INCOME			NUMBER OF POINTS
Less than R14,226,000			1
R14,226,001	-	R18,671,000	2
R18,671,001	-	R22,409,000	3
R22,409,001	-	R27,784,000	4
R27,784,001	-	R30,078,000	5
R30,078,001	-	R32,505,000	6
R32,505,001	-	R35,163,000	7
R35,163,001	-	R38,023,000	8
R38,023,001	-	R40,360,000	9
R40,360,001	-	R41,166,000	10
R41,166,001	-	R43,482,000	11
R43,482,001	-	R44,839,000	12
R44,839,001	-	R49,908,000	13
R49,908,001	-	R54,350,000	14
R54,350,001	-	R58,626,000	15
R58,626,001	-	R62,302,000	16
R62,302,001	-	R65,056,000	17
R65,056,001	-	R71,169,000	18
R71,169,001	-	R74,139,000	19
R74,139,001	-	R76,942,000	20
R76,942,001	-	R79,700,000	21
R79,700,001	-	R81,179,000	22
R81,179,001	-	R85,828,000	23
R85,828,001	-	R90,886,000	24
R90,886,001	-	R96,720,000	25
R96,720,001	-	R104,340,000	26
R104,340,001	-	R109,389,000	27
R109,389,001	-	R112,361,000	28
R112,361,001	-	R119,380,000	29
R119,380,001	-	R125,590,000	30
R125,590,001	-	R129,340,000	31

TOTAL MUNICIPAL INCOME			NUMBER OF POINTS
R129,340,001	-	R132,928,000	32
R132,928,001	-	R141,125,000	33
R141,125,001	-	R148,502,000	34
R148,502,001	-	R154,365,000	35
R154,365,001	-	R159,231,000	36
R159,231,001	-	R171,110,000	37
R171,110,001	-	R183,657,000	38
R183,657,001	-	R203,386,000	39
R203,386,001	-	R217,352,000	40
R217,352,001	-	R226,098,000	41
R226,098,001	-	R241,841,000	42
R241,841,001	-	R256,055,000	43
R256,055,001	-	R262,854,000	44
R262,854,001	-	R279,916,000	45
R279,916,001	-	R293,370,000	46
R293,370,001	-	R302,070,000	47
R302,070,001	-	R328,425,000	48
R328,425,001	-	R358,384,000	49
R358,384,001	-	R394,271,000	50
R394,271,001	-	R426,508,000	51
R426,508,001	-	R440,986,000	52
R440,986,001	-	R500,961,000	53
R500,961,001	-	R601,248,000	54
R601,248,001	-	R742,707,000	55
R742,707,001	-	R967,205,000	56
R967,205,001	-	R1,597,851,000	57
R1,597,851,001	-	R3,145,169,000	58
R3,145,169,001	-	R5,256,394,000	59
More than R5,256,394,000			60

Allocation of number of points for total salary and wage bill

4. The number of points allocated for the total salary and wage bill of a municipality, is as follows:

TOTAL SALARY AND WAGE BILL			NUMBER OF POINTS
Less than R8,902,000			1
R8,902,001	-	R12,716,000	2
R12,716,001	-	R16,190,000	3
R16,190,001	-	R18,566,000	4
R18,566,001	-	R21,446,000	5
R21,446,001	-	R24,755,000	6
R24,755,001	-	R27,970,000	7
R27,970,001	-	R30,708,000	8
R30,708,001	-	R35,069,000	9
R35,069,001	-	R38,539,000	10
R38,539,001	-	R42,667,000	11
R42,667,001	-	R46,901,000	12
R46,901,001	-	R51,405,000	13
R51,405,001	-	R56,704,000	14
R56,704,001	-	R65,389,000	15
R65,389,001	-	R73,305,000	16
R73,305,001	-	R86,144,000	17
R86,144,001	-	R100,632,000	18
R100,632,001	-	R125,555,000	19
R125,555,001	-	R178,866,000	20
R178,866,001	-	R281,530,000	21
R281,530,001	-	R405,958,000	22
R405,958,001	-	R841,697,000	23
R841,697,001	-	R1,671,089,000	24
More than R1,671,089,001			25

Allocation of number of points for total local government equitable share

5. The number of points allocated for the local government equitable share of a municipality, is as follows:

TOTAL LOCAL GOVERNMENT EQUITABLE SHARE			NUMBER OF POINTS
R0 to R15,851,930			1
R15,851,931	-	R23,375,000	2
R23,375,001	-	R30,859,063	3
R30,859,064	-	R40,557,640	4
R40,557,641	-	R53,512,565	5
R53,512,566	-	R69,999,952	6
R69,999,953	-	R89,722,848	7
R89,722,849	-	R112,441,540	8
R112,441,541	-	R159,109,517	9
R159,109,518	-	R221,044,418	10
R221,044,419	-	R314,311,341	11
R314,311,342	-	R476,439,190	12
R476,439,191	-	R1,275,325,595	13
R1,275,325,596	-	R2,125,542,660	14
More than R2,125,542,660			15

Determination of categorisation of municipality

6. The sum of the number of points allocated to a municipality, in terms of items 3, 4 and 5 respectively, determines the categorisation of such municipality, in accordance with the following table:

CATEGORISATION OF MUNICIPALITY	POINTS
1	1 to 33
2	34 to 56
3	57 to 72
4	73 to 82
5	83 to 89
6	90 to 92
7	93 to 95
8	96 and above

Upper limits of the annual total remuneration packages of municipal managers

7. (1) The upper limit of the annual total remuneration package that is payable to municipal managers is as follows:

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE MINIMUM	TOTAL REMUNERATION PACKAGE MIDPOINT	TOTAL REMUNERATION PACKAGE MAXIMUM
8	R1,868,410	R2,335,510	R2,802,610
7	R1,517,160	R1,838,980	R2,160,810
6	R1,281,260	R1,507,360	R1,733,470
5	R1,071,290	R1,260,340	R1,449,390
4	R926 720	R1,059,110	R1,191,500
3	R765 880	R875,300	R984,710
2	R661 990	R735,540	R809,100
1	R575 930	R639,920	R703,910

Upper limits of the annual total remuneration packages of managers directly accountable to municipal managers

8. (1) The upper limit of the annual total remuneration package that is payable to managers directly accountable to senior managers is as follows:

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE MINIMUM	TOTAL REMUNERATION PACKAGE MIDPOINT	TOTAL REMUNERATION PACKAGE MAXIMUM
8	R1,102 490	R1,378,120	R1,653,740
7	R965,970	R1,170,870	R1,375,780
6	R854,280	R1,005,040	R1,155,800
5	R736,450	R866,410	R996,380
4	R662,690	R757,360	R852,020
3	R581,810	R664,930	R748,050
2	R529,590	R588,430	R647,280
1	R466,040	R517,820	R569,600

Offer of remuneration at appointment

9. The offer of remuneration at appointment for a senior manager will be determined by competence and current earnings, read together with the guidelines as set out below -

TOTAL REMUNERATION PACKAGE	CRITERIA
MINIMUM TO MIDPOINT	<ul style="list-style-type: none"> • Relevant qualification. • Only meets the minimum qualification and experience requirements. • Applicable to new appointments or promotions from within the municipality, and who have demonstrated the potential to acquire competencies for the full scope of the job as measured against the competency framework.
MIDPOINT	<ul style="list-style-type: none"> • Relevant qualification. • 5 to 10 years local government or related experience. • Considered competent as measured against the competency framework.
MIDPOINT TO MAXIMUM	<ul style="list-style-type: none"> • Relevant qualification. • More than 10 years local government or related experience. • Demonstrated evidence of advanced competency as measured against the competency framework.

Payment of market premium allowance

10. (1) The payment of a market premium allowance is aimed at attracting and retaining suitably qualified and competent senior managers into municipalities where the approved pay range is not sufficient to attract and retain such.

(2) Where a municipality finds it difficult to attract suitably qualified and competent candidates to fill a position of a senior manager such municipality may offer and pay a market premium allowance to a suitably qualified and competent person.

(3) Market premium allowances may be paid to senior managers in the following instances –

- (i) Scarcity of skills in the local pay-market due to the geographical location of the position;
- (ii) Scarcity of skills in the national pay-market with reference to the National Scarce Skills List as determined by the Minister of Higher Education and Training;

- (iii) Turn-around strategy requirements where a specific person will enable the achievement of highly improved outputs;
 - (iv) Network requirements where the individual senior manager is employed specifically for the network bought into the municipality in terms of a specific event or purpose where such network will enable the achievement of specific objectives; and
 - (v) Equity where the municipality wants to achieve a specific equity objective and those skills are scarce in the local market in terms of the specific equity targets to be achieved.
- (4) A market premium allowance of not more than 20% of the total annual remuneration package attached to a specific senior management position may be offered and paid.
- (5) The percentage of the market premium allowance must be determined by the municipality through an assessment of the market, and the municipal council must satisfy itself that the market assessment is reflective of a sufficient sample and that the various market factors are considered sufficiently.
- (6) Any market premium allowance will be terminated if –
- (i) The current term of the employment contract of the relevant senior manager ends. A market premium allowance is not automatically carried over should the incumbent of the position successfully be re-appointed for a further period in that position; and
 - (ii) The senior manager vacates the position for any reason before the date of expiry of the employment contract including but not limited to transfer, promotion, dismissal for misconduct, incapacity, operational requirements and retirement.
- (7) The market premium allowance is paid as a non-pensionable allowance.

11. Transitional provisions

- (1) The provisions in this Government Notice do not affect the validity of an existing employment contract for a senior manager.
- (2) A municipality may, in exceptional circumstances and on good cause shown, and after consultation with the MEC for local government, apply in writing to the Minister to waive any of the prescribed requirements set out in this Government Notice. The Minister will consider each application on merit, based on the circumstances and motivation that will be provided.

Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001

Publications: Tel: (012) 748 6052, 748 6053, 748 6058

Advertisements: Tel: (012) 748 6205, 748 6208, 748 6209, 748 6210, 748 6211

Subscriptions: Tel: (012) 748 6054, 748 6055, 748 6057

Gedruk deur en verkrygbaar by die Staatsdrukker, Bosmanstraat, Privaatsak X85, Pretoria, 0001

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