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## GOVERNMENT NOTICE

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### DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

No. 348

25 April 2015

### DEPARTMENT OF COOPERATIVE GOVERNANCE

### DRAFT NOTICE

#### LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT NO. 32 OF 2000)

#### LOCAL GOVERNMENT REMUNERATION FRAMEWORK - PACKAGES 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, P J Gordhan, 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,

determines the local government remuneration framework for remuneration packages payable to municipal managers and managers directly accountable to municipal managers as set out in the Schedule with effect from 1 July 2015.



**MR P J GORDHAN, 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 Minister publishes the Local Government Remuneration Framework - Packages payable to Senior Managers considering various factors and elements as set out in the Notice.

The intent of the first Notice is hereby further enhanced in this Notice and complements initiatives to establish resilient administrative institutions staffed by suitably qualified, competent and appropriately remunerated senior managers. Future Notices will also include factors taking into consideration service delivery elements.

The remuneration philosophy strives to position local government as an employer that attracts, retains and motivates a high performing and skilled workforce by offering a remuneration package that satisfies the following key criteria, namely: fairness, equity, consistency, transparency, reasonableness, affordability and practicality, including service delivery imperatives.

The Notice improves the categorisation of municipalities so that they can be compared to each other based on the respective duties, powers, functions and responsibilities of municipalities. This categorisation was based on sound and verifiable data on total municipal income, salary and wage bill and local government equitable share.

The Notice was designed in accordance with acceptable international remuneration principles. The pay scales are based on a comparable and validated market survey. It also takes inflation trends into account.

The elements considered in determining the pay scales are experience, qualifications, skills and competencies. Performance does not form part of this Notice as it is regulated in the Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers.

### 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 2014 / 2015 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 scales are 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 2013 / 2014 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 2013 / 2014 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; 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 the application**

This Government Notice is applicable to all senior managers considered for appointment and who meet the requirements as prescribed in 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 R15 079 561			1
R 15 079 561	-	R 19 791 260	2
R 19 791 261	-	R 23 753 540	3
R 23 753 541	-	R 29 451 040	4
R 29 451 041	-	R 31 882 680	5
R 31 882 681	-	R 34 455 300	6
R 34 455 301	-	R 37 272 780	7
R 37 272 781	-	R 40 304 380	8
R 40 304 381	-	R 42 781 600	9
R 42 781 601	-	R 43 635 960	10
R 43 635 961	-	R 46 090 920	11
R 46 090 921	-	R 47 529 340	12
R 47 529 341	-	R 52 902 480	13
R 52 902 481	-	R 57 611 000	14
R 57 611 001	-	R 62 143 560	15
R 62 143 561	-	R 66 040 120	16
R 66 040 121	-	R 68 959 360	17
R 68 959 361	-	R 75 439 140	18
R 75 439 141	-	R 78 587 340	19
R 78 587 341	-	R 81 558 520	20
R 81 558 521	-	R 84 482 000	21
R 84 482 001	-	R 86 049 740	22
R 86 049 741	-	R 90 977 680	23
R 90 977 681	-	R 96 339 160	24
R 96 339 161	-	R 102 523 200	25
R 102 523 201	-	R 110 600 400	26
R 110 600 401	-	R 115 952 340	27
R 115 952 341	-	R 119 102 660	28
R 119 102 661	-	R 126 542 800	29
R 126 542 801	-	R 133 125 400	30
R 133 125 401	-	R 137 100 400	31
R 137 100 401	-	R 140 903 680	32

TOTAL MUNICIPAL INCOME			NUMBER OF POINTS
R 140 903 681	-	R 149 592 500	33
R 149 592 501	-	R 157 412 120	34
R 157 412 121	-	R 163 626 900	35
R 163 626 901	-	R 168 784 860	36
R 168 784 861	-	R 181 376 600	37
R 181 376 601	-	R 194 676 420	38
R 194 676 421	-	R 215 589 160	39
R 215 589 161	-	R 230 393 120	40
R 230 393 121	-	R 239 663 880	41
R 239 663 881	-	R 256 351 460	42
R 256 351 461	-	R 271 418 300	43
R 271 418 301	-	R 278 625 240	44
R 278 625 241	-	R 296 710 960	45
R 296 710 961	-	R 310 972 200	46
R 310 972 201	-	R 320 194 200	47
R 320 194 201	-	R 348 130 500	48
R 348 130 501	-	R 379 887 040	49
R 379 887 041	-	R 417 927 260	50
R 417 927 261	-	R 452 098 480	51
R 452 098 481	-	R 467 445 160	52
R 467 445 161	-	R 531 018 660	53
R 531 018 661	-	R 637 322 880	54
R 637 322 881	-	R 787 269 420	55
R 787 269 421	-	R 1 025 237 300	56
R 1 025 237 301	-	R 1 693 722 060	57
R 1 693 722 061	-	R 4 280 000 000	58
R 4 280 000 001	-	R 16 050 000 000	59
More than R 16 050 000 000			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 R9 436 121			1
R 9 436 121	-	R 13 478 960	2
R 13 478 961	-	R 17 161 400	3
R 17 161 401	-	R 19 679 960	4
R 19 679 961	-	R 22 732 760	5
R 22 732 761	-	R 26 240 300	6
R 26 240 301	-	R 29 648 200	7
R 29 648 201	-	R 32 550 480	8
R 32 550 481	-	R 37 173 140	9
R 37 173 141	-	R 40 851 340	10
R 40 851 341	-	R 45 227 020	11
R 45 227 021	-	R 49 715 060	12
R 49 715 061	-	R 54 489 300	13
R 54 489 301	-	R 60 106 240	14
R 60 106 241	-	R 69 312 340	15
R 69 312 341	-	R 77 703 300	16
R 77 703 301	-	R 91 312 640	17
R 91 312 641	-	R 106 669 920	18
R 106 669 921	-	R 133 088 300	19
R 133 088 301	-	R 189 597 960	20
R 189 597 961	-	R 298 421 800	21
R 298 421 801	-	R 430 315 480	22

<b>TOTAL SALARY AND WAGE BILL</b>	<b>NUMBER OF POINTS</b>
<b>Less than R9 436 121</b>	<b>1</b>
R 430 315 481 - R 1 284 000 000	23
R 1 284 000 001 - R 3 210 000 000	24
More than R 3 210 000 000	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:

<b>TOTAL LOCAL GOVERNMENT EQUITABLE SHARE</b>	<b>NUMBER OF POINTS</b>
<b>Less than R16 612 824</b>	<b>1</b>
R 16 612 824 - R 24 497 000	2
R 24 497 001 - R 32 340 298	3
R 32 340 299 - R 42 504 407	4
R 42 504 408 - R 56 081 168	5
R 56 081 169 - R 73 359 950	6
R 73 359 951 - R 94 029 545	7
R 94 029 546 - R 117 838 734	8
R 117 838 735 - R 166 746 774	9
R 166 746 775 - R 231 654 550	10
R 231 654 551 - R 329 398 285	11
R 329 398 286 - R 499 308 271	12
R 499 308 272 - R 1 336 541 224	13
R 1 336 541 225 - R 2 227 568 708	14
More than R2 227 568 708	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 26
2	27 to 47
3	48 to 63
4	64 to 75
5	76 to 84
6	85 to 90
7	91 to 94
8	95 to 97
9	98 to 99
10	100

**Change to categorisation of a municipality**

7. If a municipality's categorisation as determined in accordance with item 6 falls within a specific category, such change may only take effect if the points allocated to such a municipality have remained unchanged for a period of three consecutive years.

**Total annual remuneration packages of municipal managers**

8. The upper limit of the annual total remuneration package that is payable to a municipal manager is as follows:

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE MINIMUM	TOTAL REMUNERATION PACKAGE MIDPOINT	TOTAL REMUNERATION PACKAGE MAXIMUM
10	R 2 171 102	R 2 748 231	R 3 325 359
9	R 1 863 207	R 2 329 009	R 2 794 811
8	R 1 608 595	R 1 973 737	R 2 338 878
7	R 1 391 737	R 1 686 954	R 1 982 171
6	R 1 203 938	R 1 441 841	R 1 679 745
5	R 1 050 307	R 1 242 967	R 1 435 627
4	R 929 523	R 1 080 841	R 1 232 158
3	R 817 679	R 939 861	R 1 062 043
2	R 727 371	R 817 271	R 907 171
1	R 645 214	R 716 904	R 788 595



### Total annual remuneration packages of managers directly accountable to municipal managers

9. The annual total remuneration package that is payable to managers directly accountable to municipal managers is as follows:

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE MINIMUM	TOTAL REMUNERATION PACKAGE MIDPOINT	TOTAL REMUNERATION PACKAGE MAXIMUM
10	R 1 736 882	R 2 198 585	R 2 660 288
9	R 1 490 566	R 1 863 207	R 2 235 849
8	R 1 286 876	R 1 578 989	R 1 871 102
7	R 1 113 390	R 1 349 564	R 1 585 737
6	R 977 270	R 1 163 417	R 1 349 564
5	R 859 917	R 1 011 667	R 1 163 417
4	R 760 949	R 879 710	R 998 471
3	R 669 345	R 764 965	R 860 586
2	R 592 017	R 665 187	R 738 358
1	R 525 148	R 583 498	R 641 847

### Offer of remuneration at appointment

10. (1) 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	<ul style="list-style-type: none"> <li>Relevant qualification.</li> <li>Only meets the minimum qualification and experience requirements.</li> <li>Applicable to new appointments or promotions from within the municipality, and persons who have demonstrated the potential to acquire competencies for the full scope of the job as measured against the competency framework.</li> </ul>
MIDPOINT	<ul style="list-style-type: none"> <li>Relevant qualification.</li> <li>5 to 10 years local government or related experience.</li> <li>Applicable to persons who are considered competent as measured against the competency framework.</li> </ul>
MAXIMUM	<ul style="list-style-type: none"> <li>Relevant qualification.</li> <li>Applicable to persons who are more than 10 years local government or related experience.</li> <li>Demonstrated evidence of advanced competency as measured against the competency framework.</li> </ul>

(2) The remuneration of a senior manager appointed from 1 July 2014 to 30 June 2015 and who is currently earning below the relevant pay scales in items 8 and 9, may be adjusted to the relevant pay scale, subject to compliance with competency requirements as prescribed in item 10 and Government Notice No. 37245 of 17 January 2014.

(3) Notwithstanding item 10(1), if a municipality is unable to afford the relevant pay scales a lesser offer may be made on appointment.

#### **Payment of market premium allowance**

11. (1) The payment of a market premium allowance is aimed at attracting and retaining suitably qualified and competent senior managers in municipalities where the approved pay scales are 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) A market premium allowance may be paid to senior manager only in the following circumstances:

- (a) Scarcity of skills in the local pay-market due to the geographical location of the position;
- (b) 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;
- (c) Turn-around strategy requirements where a specific person will enable the achievement of highly improved outputs;
- (d) Network requirements (Specific Events hosted by the municipality requiring specialised expertise for instance, Olympics, Commonwealth Games etc.) 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
- (e) 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 not exceeding 20% of the total annual remuneration package attached to a specific senior management position may be offered and paid, subject to concurrence by the MEC.

(5) The percentage of the market premium allowance must be approved by the municipal council provided that the municipal council must satisfy itself that the premium is justified and in compliance with criteria set out in this Notice.

(6) Any market premium allowance will be terminated if –

- (a) 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.
- (b) 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.

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**Information to be submitted to the Minister**

12. (1) Every municipality must by 30 September of each financial year, submit the information listed in sub-item (2) to the Minister on an official letterhead of the municipality and signed by the municipal manager. A copy thereof must be submitted to the MEC.

(2) Information to be submitted:

- (a) Total Municipal Income.
- (b) Total salary and wage bill.
- (c) Total equitable share.
- (d) Name, designation, actual remuneration, contract type, if a fixed term contract then date of expiry of contract of each senior manager as at 1 July 2015.
- (e) Vacant positions as at 1 July 2015.
- (f) A senior manager receiving a market premium allowance and the percentage applicable.

(3) The information referred to in sub-item (2) must also be submitted electronically to the following address: [remuneration4sm@cogta.gov.za](mailto:remuneration4sm@cogta.gov.za)

**13. Transitional provisions**

(1) The provisions in this Notice do not affect the validity of an existing employment contract of a senior manager.

(2) A municipality may, in exceptional circumstances and in consultation with the MEC for local government in the province, 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 provided by the municipality.

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