
GENERAL NOTICE

NOTICE 578 OF 2015

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

LOCAL GOVERNMENT: TOTAL REMUNERATION 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 as set out in Regulation 35 of the Local Government: Regulations on Appointment and Conditions of employment of Senior Managers,

determines the total 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 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers (hereafter referred to as "the Regulations") issued in terms of Government Notice No. 21 as published under Government Gazette No. 37245 of 17 January 2014 and considered various factors and elements, the Minister hereby publishes the Local Government: Total Remuneration Packages payable to Senior Managers as set out in the Notice.

The intent of the first Notice is 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: fairness, equity, consistency, transparency, reasonableness, affordability and practicality, including service delivery imperatives.

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

The Notice is further designed in accordance with acceptable international remuneration principles. The pay scales are based on a comparable and validated market survey and also take into account the inflation trends.

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 terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers issued in terms of Government Notice No. 805 as published under Government Gazette No.29089 of 1 August 2006.

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") and the Local Government: Regulations on Appointment and Conditions of Employment for Senior Managers has that meaning, and -

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

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

"out of pocket expenses" means actual necessary expenses incurred by a senior manager which have been specifically authorised or provided in terms of a municipality's policy;

"performance bonus" means a bonus as provided in regulation 32 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers issued in terms of Government Notice No. 805 as published under Government Gazette No.29089 of 1 August 2006;

“Regulations” means the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers issued in terms of Government Notice No. 21 as published under Government Gazette No. 37245 of 17 January 2014;

“rural allowance” means a non-pensionable allowance paid by a municipality to attract a suitably qualified and competent senior manager to a geographically remote area or small town with relatively small population and significant proportion of urban population with no large town as a core where the approved pay scales are not sufficient to attract such a senior manager;

“scarce skills allowance” means a non-pensionable allowance that is aimed at attracting a suitably qualified and competent senior manager with scarce skills as determined by the Minister of Higher Education and Training in the National Scarce Skills List where the approved pay scales are not sufficient to attract such a senior manager;

“total municipal equitable share” means the equitable share of revenue that is 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;

“total municipal income” means the gross income in respect of a metropolitan, local or district municipality based on actual income as stated in the audited financial statements of that municipality for the 2013/14 financial year. The gross income for the municipality includes 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 excludes the following:

- transfers and / or grants from the national fiscus and provincial fiscus; and
- all value added tax (VAT) refunds.

“total salary and wage bill” refers to the total salary, allowances and benefits expenditure costs of employees for the 2013 / 2014 financial year.

Allocation of number of points for total municipal income

2. 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 |
| R 140 903 681 | - | R 149 592 500 | 33 |

| TOTAL MUNICIPAL INCOME | | | NUMBER OF POINTS |
|----------------------------|---|------------------|------------------|
| 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

3. 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 |
| 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 municipal equitable share

4. The number of points allocated for the total municipal equitable share of a municipality, is as follows:

| TOTAL MUNICIPAL EQUITABLE SHARE | NUMBER OF POINTS |
|-----------------------------------|------------------|
| Less than R16 612 824 | 1 |
| 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

5. The total number of points allocated to a municipality, in terms of items 2, 3, and 4 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

6. (1) If the categorisation of a municipality determined in terms of this Notice, is higher than the categorisation of the previous financial year, the municipality may implement such new categorisation subject to concurrence by the MEC.

(2) In making the decision contemplated in item (1), the following principles must be considered by the MEC:

- (a) Confirm the actual values and points of the factors in items 2, 3 and 4 of the Notice;
- (b) Establish the sustainability of the driving forces that have led to the higher categorisation of the municipality than the categorisation of the previous financial year;
- (c) Determine the affordability of the Notice by the municipality; and
- (d) Determine any other risks.

(3) If the categorisation of a municipality determined in terms of this Notice, is lower than the categorisation of the previous financial year, the municipality will retain the higher categorisation.

Total annual remuneration packages of municipal managers

7. 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 954,421 | R 1,109,792 | R 1,265,163 |
| 3 | R 877,744 | R 1,008,902 | R 1,140,059 |
| 2 | R 835,277 | R 938,513 | R 1,041,750 |
| 1 | R 804,440 | R 893,822 | R 983,204 |

Total annual remuneration packages of managers directly accountable to municipal managers

8. 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 867,460 | R 1,020,541 | R 1,173,622 |
| 4 | R 788,186 | R 911,197 | R 1,034,209 |
| 3 | R 724,816 | R 828,361 | R 931,906 |

| | | | |
|---|-----------|-----------|-----------|
| 2 | R 685,806 | R 770,569 | R 855,331 |
| 1 | R 660,487 | R 733,875 | R 807,262 |

Offer of remuneration on appointment

9. (1) The offer of remuneration on appointment to a senior manager will be determined by the competences, qualifications, experience and knowledge of the candidate to be appointed.

(2) A municipality must apply the guidelines as set out below to determine the offer of remuneration on appointment:

| TOTAL REMUNERATION PACKAGE | CRITERIA |
|----------------------------|--|
| MINIMUM | <ul style="list-style-type: none"> • Relevant qualification. • Applicable to persons who have the relevant 5 years' experience as provided in the Regulations. • Applicable to persons who have acquired competent achievement level as measured against the competency framework. |
| MIDPOINT | <ul style="list-style-type: none"> • Relevant qualification. • Applicable to persons who have 5 to 10 years' experience as provided in the Regulations. • Applicable to persons who have acquired advanced competency achievement level as measured against the competency framework. |
| MAXIMUM | <ul style="list-style-type: none"> • Relevant qualification. • Applicable to persons who have more than 10 years' experience as provided in the Regulations. • Applicable to persons who have acquired demonstrated evidence of superior competency as measured against the competency framework. |

(3) The remuneration of a senior manager appointed between 1 July 2014 to 30 June 2015 and whose current salary is below the relevant pay scales as set out in items 7 and 8, such remuneration may be adjusted to the relevant pay scale, subject to compliance with the competency requirements as prescribed in sub-item (2) of this Notice and the Regulations.

(4) Notwithstanding sub-item (1), if a municipality is unable to offer the relevant pay scales or afford to pay the remuneration as determined in this Notice, a lesser offer may be made by such municipality on appointment.

Payment of scarce skills or rural allowance

10. (1) If a municipality is unable to attract suitably qualified and competent candidates to fill a vacant senior manager position due to scarcity of skills or the geographic remoteness of the municipality, such municipality may offer and pay a scarce skills or rural allowance to a suitably qualified and competent person.

(2) A senior manager post is regarded as scarce skills or geographic remote area position if it meets the following criteria:

- (a) Scarce skills
 - (i) The relevant senior manager skills are in short supply in the labour market resulting in a municipality not competing equitably within a particular category of jobs.
 - (ii) The senior manager post is classified as scarce skills in the pay-market in terms of the National Scarce Skills List as determined by the Minister of Higher Education and Training.
 - (b) Geographically remote area
 - (i) The municipality is a small town with relatively small population and significant proportion of urban population with no large town as a core.
 - (ii) A municipality is mainly rural with communal tenure and with, at most one or two small towns in its area.
 - (iii) A municipality is located in an economically deprived or depressed area and has difficulty in attracting and retaining skilled senior managers.
 - (iv) The municipality has unsuccessfully advertised the relevant senior manager posts in terms of the Regulations.
- (3) A municipality may offer a scarce skills or rural allowance not exceeding 10% of the total annual remuneration package attached to a specific senior management position.
- (4) The percentage of the scarce skills or rural allowance must be approved by the municipal council provided that the municipal council satisfies itself that the allowance is justified and affordable, subject to compliance with criteria as set out in this Notice and concurrence with the MEC for local government.
- (5) Any scarce skills or rural allowance will be terminated if –
- (a) The current term of the employment contract of the relevant senior manager comes to an end.
 - (b) A 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.

Information to be submitted to the Minister

11. (1) In terms of section 107 of the Municipal Systems Act, every municipality must by not later than 30 September 2015, submit a report containing the information listed in sub-item (2) to the MEC responsible for local government on an official letterhead of the municipality signed by the municipal manager.

(2) If the municipal manager fails to submit the report contemplated in sub-item (1) within the prescribed timeframe or the municipal manager submit fraudulent information to mislead the MEC or the Minister, such municipal manager will be deemed to be in breach of the Code of Conduct for Municipal Staff.

(3) The MEC for local government must, within fourteen days of receipt of the report in sub-item (1) submit to the Minister a consolidated report in a prescribed format reflecting the following particulars:

- (a) Name of municipality.
- (b) Total municipal income.
- (c) Total salary and wage bill.

- (d) Total municipal equitable share.
- (e) Categorisation for the 2014/15 financial year.
- (f) Name, designation, actual remuneration, contract type, if a senior manager is appointed on fixed term contract, the date of expiry of contract of each senior manager as at 1 July 2015.
- (g) Vacant positions as at 1 July 2015, where applicable.
- (h) The amount of market premium allowance as at 30 June 2015 and the percentage, where applicable.

(4) The information to the Minister must be in writing, on an official letterhead of the MEC and signed by the MEC, as well as electronically.

(5) The electronic version must be submitted to: remuneration4sm@cogta.gov.za

12. Transitional provisions

(1) This Notice does not affect the validity of an existing employment contract of a senior manager appointed before 1 July 2014.

(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 Notice.