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**GENERAL NOTICES • ALGEMENE KENNISGEWINGS**

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**DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS****NOTICE 287 OF 2016**

**Gazette 39991 of 17 May 2016, is hereby withdrawn, and replaced with the following Gazette:**

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

**UPPER LIMIT OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL  
MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL  
MANAGERS FOR PUBLIC COMMENT**

Under the powers vested in me by section 72(2A) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), I, David Douglas Des van Rooyen, 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, issued in terms of Government Notice No. 21 as published under Government Gazette No. 37245 of 17 January 2014,

determine the upper limits of the total remuneration packages payable to senior managers as set out in the Schedule for public comment.

**MR DES VAN ROOYEN, MP****MINISTER FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

## SCHEDULE

### Preamble

Having regard to the upper limits of salaries of municipal managers and managers directly accountable to municipal managers (senior managers) as set out below, the need to prioritise service delivery to communities and to sustain viable local government, the fiscal capacity of different categories of municipalities, this Notice provides a strategic framework for remuneration of senior managers, ensures that the remuneration of senior managers is aligned to municipal goals and objectives and allows for consistent and equitable application of remuneration practices within all municipalities.

The upper limits constitutes an integral part of the human resource value chain in building resilient administrative institutions by ensuring that municipalities attract, employ and retain suitable and competent personnel necessary for effective performance of their functions.

In order to strengthen the capacity of municipalities, this Notice reinforces the statutory obligation binding on municipalities to appoint senior managers who meet the minimum prescribed experience, higher education qualifications and who have attained a competent achievement level as measured against the Local Government: Competency Framework.

### 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"** means categorisation of a municipality as determined in terms of item 5 of the Notice;

**"competence"** means having the necessary higher education qualification, work experience and knowledge to attain 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 contemplated in section 57 of the Act;

**"financial year"** has the same meaning assigned to it in section 1 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**"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;

**"remoteness index"** means the remoteness index for all local municipalities in South Africa developed by the Council for Scientific and Industrial Research and provides a relative weight in terms of the remoteness of an area in relation to other areas measured in terms of access to a range of functions and services (public and private) as well as livelihood opportunities;

**"rural allowance"** means a non-pensionable allowance payable 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;

**“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;

**“total municipal equitable share”** means the equitable share of revenue that is provided to a metropolitan, local or district municipality for the 2015/ 2016 financial year in terms of section 227(1) of the Constitution of the Republic of South Africa, 1996 to enable the municipality 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 three consecutive years or more, and where applicable, the unaudited financial statements for the 2014/15 financial year, age-adjusted and averaged. 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 population”** means the official statistics of the population residing in the area of jurisdiction of a metropolitan, local or district municipality, as determined by the Statistician-General for the 2011 Census, in terms of section 14(7) of the Statistics Act, 1999 (Act No. 6 of 1999);

**“upper limit”** means the applicable total remuneration package values as contained in the Notice.

#### **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:

<b>TOTAL MUNICIPAL INCOME</b>		
<b>From</b>	<b>To</b>	<b>Number of Points</b>
R 0	R 12,254,381	1
R 12,254,382	R 13,123,596	2
R 13,123,597	R 14,791,247	3
R 14,791,248	R 15,880,600	4
R 15,880,601	R 18,305,041	5

TOTAL MUNICIPAL INCOME		
From	To	Number of Points
R 18,305,042	R 19,726,359	6
R 19,726,360	R 21,163,818	7
R 21,163,819	R 23,013,404	8
R 23,013,405	R 25,007,089	9
R 25,007,090	R 27,199,617	10
R 27,199,618	R 29,588,395	11
R 29,588,396	R 32,168,390	12
R 32,168,391	R 34,999,665	13
R 34,999,666	R 37,029,555	14
R 37,029,556	R 40,302,390	15
R 40,302,391	R 43,153,349	16
R 43,153,350	R 46,004,308	17
R 46,004,309	R 49,949,147	18
R 49,949,148	R 53,637,637	19
R 53,637,638	R 56,592,743	20
R 56,592,744	R 59,189,794	21
R 59,189,795	R 62,143,035	22
R 62,143,036	R 65,323,156	23
R 65,323,157	R 71,898,259	24
R 71,898,260	R 79,103,707	25
R 79,103,708	R 86,441,049	26
R 86,441,050	R 91,431,264	27
R 91,431,265	R 95,176,997	28
R 95,176,998	R 103,804,389	29
R 103,804,390	R 112,833,465	30
R 112,833,466	R 118,124,901	31
R 118,124,902	R 122,647,904	32
R 122,647,905	R 133,316,020	33
R 133,316,021	R 144,912,065	34
R 144,912,066	R 157,516,754	35
R 157,516,755	R 161,960,589	36
R 161,960,590	R 166,404,424	37

TOTAL MUNICIPAL INCOME		
From	To	Number of Points
R 166,404,425	R 171,217,819	38
R 171,217,820	R 181,469,212	39
R 181,469,213	R 193,162,260	40
R 193,162,261	R 219,895,116	41
R 219,895,117	R 239,021,953	42
R 239,021,954	R 259,812,473	43
R 259,812,474	R 282,411,388	44
R 282,411,389	R 306,975,992	45
R 306,975,993	R 333,677,267	46
R 333,677,268	R 362,701,062	47
R 362,701,063	R 394,249,394	48
R 394,249,395	R 428,541,851	49
R 428,541,852	R 506,334,659	50
R 506,334,660	R 598,249,123	51
R 598,249,124	R 650,285,811	52
R 650,285,812	R 768,331,595	53
R 768,331,596	R 835,162,335	54
R 835,162,336	R 986,768,585	55
R 986,768,586	R 1,338,445,302	56
R 1,338,445,303	R 2,148,679,003	57
R 2,148,679,004	R 4,071,373,025	58
R 4,071,373,026	R 7,754,650,806	59
R 7,754,650,807	above	60

#### Allocation of number of points for total population

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

TOTAL POPULATION		
From	To	Points
0	60,775	1
60,776	71,500	2
71,501	80,441	3

<b>TOTAL POPULATION</b>		
<b>From</b>	<b>To</b>	<b>Points</b>
80,442	91,310	4
91,311	103,266	5
103,267	113,048	6
113,049	123,917	7
123,918	134,786	8
134,787	146,742	9
146,743	163,045	10
163,046	181,523	11
181,524	203,261	12
203,262	229,346	13
229,347	257,606	14
257,607	296,734	15
296,735	342,384	16
342,385	396,729	17
396,730	460,856	18
460,857	535,852	19
535,853	624,978	20
624,979	728,233	21
728,234	848,879	22
848,880	996,698	23
996,699	1,167,341	24
1,167,342	1,387,982	25
1,387,983	1,673,836	26
1,673,837	2,020,558	27
2,020,559	2,428,145	28
2,428,146	3,500,000	29
3500001	above	30

**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:

<b>TOTAL EQUITABLE SHARE</b>		
<b>From</b>	<b>To</b>	<b>Number of Points</b>
R 0	R 19,869,259	1
R 19,869,260	R 28,429,328	2
R 28,429,329	R 37,164,196	3
R 37,164,197	R 43,616,847	4
R 43,616,848	R 53,468,993	5
R 53,468,994	R 75,723,239	6
R 75,723,240	R 119,659,867	7
R 119,659,868	R 262,915,009	8
R 262,915,010	R 1,708,547,132	9
R 1,708,547,132	above	10

**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:

<b>CATEGORISATION OF MUNICIPALITY</b>		
<b>Categorisation</b>	<b>From</b>	<b>To</b>
1	1	26
2	27	47
3	48	60
4	61	70
5	71	78
6	79	85
7	86	91
8	92	96
9	97	98
10	99	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 for the previous financial year, the municipal council may implement such new categorisation subject to a two-third majority of the council:

(a) Confirmation by the municipal council of the actual values and points of the factors in items 2, 3 and 4 of the Notice;

(b) Determination by the municipal council of the –

- (i) sustainability of the driving forces that have led to the higher categorisation of the municipality than the categorisation of the previous financial year;
- (ii) affordability of the Notice by the municipality using the following ratios:

- (aa) municipality's liquidity ratio;
- (bb) creditor's payment period; and
- (cc) debtor's collection rate.

(iii) any other risks.

(2) If the categorisation of a municipality determined in terms of this Notice, is lower than the categorisation of the previous financial year, the municipality must implement the revised categorisation when advertising and filling new posts.

**Total annual remuneration packages of municipal managers**

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

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE MINIMUM	TOTAL REMUNERATION PACKAGE MIDPOINT	TOTAL REMUNERATION PACKAGE MAXIMUM
10	R 2,301,368	R 2,913,125	R 3,524,881
9	R 1,974,999	R 2,468,750	R 2,962,500
8	R 1,705,111	R 2,092,161	R 2,479,211
7	R 1,475,241	R 1,788,171	R 2,101,101
6	R 1,276,174	R 1,528,351	R 1,780,530
5	R 1,113,325	R 1,317,545	R 1,521,765
4	R 1,011,686	R 1,176,380	R 1,341,073
3	R 930,409	R 1,069,436	R 1,208,463
2	R 885,394	R 994,824	R 1,104,255
1	R 852,706	R 947,451	R 1,042,196

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

8. The upper limit of the annual total remuneration package 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 1,841,095	R 2,330,500	R 2,819,905
9	R 1,580,000	R 1,974,999	R 2,370,000
8	R 1,364,089	R 1,673,728	R 1,983,368
7	R 1,180,193	R 1,430,538	R 1,680,881
6	R 1,035,906	R 1,233,222	R 1,430,538
5	R 919,508	R 1,081,773	R 1,244,039
4	R 835,477	R 965,869	R 1,096,262
3	R 768,305	R 878,063	R 987,820
2	R 726,954	R 816,803	R 906,651
1	R 700,116	R 777,908	R 855,698

### 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 criteria as set out below to determine the offer of remuneration on appointment:

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

(3) 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.

### Pay progression

10. (1) A senior manager appointed after 1 July 2014 may, within the applicable remuneration band, be eligible for a salary progression only if –

- (a) such an adjustment may not be made more than once in a period of two years;
- (b) the senior manager meet the criteria listed in Item 9(2) above in order to move into a higher category;
- (c) the new remuneration level is affordable for the municipality;
- (d) such an increase will not affect any scarce skills or rural allowance that such a senior manager is entitled to.

(2) If the municipal council is satisfied that a senior manager meets the conditions for pay progression as outlined in sub-item 1 and that due diligence is adhered to, the municipal council may pay such a senior manager a pay progression of not more than 3.5% subject to the remuneration not exceeding the maximum upper limit.

#### **Payment of rural allowance**

11. (1) A senior manager employed in the following municipalities, may be offered a rural allowance not exceeding the following percentage of the applicable total annual remuneration package based on the remoteness index:

PROVINCE	DISTRICT CODE	MUNICIPAL CODE	NAME OF MUNICIPALITY	%
Eastern Cape	DC10	EC 101	Camdeboo	8%
Eastern Cape	DC10	EC102	Blue Crane Route	8%
Eastern Cape	DC10	EC103	Ikwezi	8%
Eastern Cape	DC10	EC107	Baviaans	8%
Eastern Cape	DC10	EC109	Kou-Kamma	8%
Eastern Cape	DC13	EC131	Inxuba Yethemba	8%
Eastern Cape	DC14	EC141	Elundini	8%
Eastern Cape	DC14	EC142	Senqu	8%
Eastern Cape	DC14	EC143	Maletswai	8%
Eastern Cape	DC14	EC144	Gariep	8%
Eastern Cape	DC15	EC153	Ngquza Hill	8%
Eastern Cape	DC44	EC441	Matatiele	8%
Eastern Cape	DC44	EC444	Ntabankulu	8%
Free State	DC16	FS163	Mohokare	8%
KwaZulu-Natal	DC24	KZN 244	Msinga	8%
KwaZulu-Natal	DC26	KZN262	UPhongolo	8%
KwaZulu-Natal	DC26	KZN265	Nongoma	8%
KwaZulu-Natal	DC27	KZN271	Umhlabuyalingana	12%
KwaZulu-Natal	DC27	KZN272	Jozini	8%
KwaZulu-Natal	DC27	KZN273	The Big 5 False Bay	8%
KwaZulu-Natal	DC28	KZN286	Nkandla	8%
KwaZulu-Natal	DC43	KZN431	Ingwe	8%
KwaZulu-Natal	DC43	KZN432	Kwa Sani	8%
KwaZulu-Natal	DC43	KZN433	Greater Kokstad	8%
KwaZulu-Natal	DC43	KZN435	Umzimkhulu	8%
Limpopo	DC35	LIM351	Blouberg	8%
Limpopo	DC36	LIM362	Lephalale	8%
Limpopo	DC47	LIM474	Fetakgomo	8%

PROVINCE	DISTRICT CODE	MUNICIPAL CODE	NAME OF MUNICIPALITY	%
Limpopo	DC47	LIM475	Greater Tubatse	8%
Mpumalanga	DC30	MP301	Albert Luthuli	8%
North West	DC39	NW392	Naledi	8%
North West	DC39	NW393	Mamusa	8%
North West	DC39	NW394	Greater Taung	8%
North West	DC39	NW397	Kagisano/Molopo	8%
Northern Cape	DC45	NC451	Joe Morolong	12%
Northern Cape	DC45	NC452	Ga-Segonyana	8%
Northern Cape	DC45	NC453	Gamagara	8%
Northern Cape	DC6	NC061	Richtersveld	12%
Northern Cape	DC6	NC062	Nama Khoi	12%
Northern Cape	DC6	NC064	Kamiesberg	12%
Northern Cape	DC6	NC065	Hantam	12%
Northern Cape	DC6	NC066	Karoo Hoogland	12%
Northern Cape	DC6	NC067	Khói-Ma	8%
Northern Cape	DC7	NC071	Ubuntu	12%
Northern Cape	DC7	NC072	Umsobomvu	8%
Northern Cape	DC7	NC073	Emthanjeni	8%
Northern Cape	DC7	NC074	Kareeberg	12%
Northern Cape	DC7	NC075	Renosterberg	8%
Northern Cape	DC7	NC076	Thembelihle	8%
Northern Cape	DC7	NC077	Siyathemba	12%
Northern Cape	DC8	NC081	Mier	12%
Northern Cape	DC8	NC085	Tsantsabane	8%
Northern Cape	DC8	NC086	Kgatelopele	8%
Western Cape	DC1	WC011	Matzikama	12%
Western Cape	DC1	WC012	Cederberg	8%
Western Cape	DC3	WC033	Cape Agulhas	8%
Western Cape	DC3	WC034	Swellendam	8%
Western Cape	DC5	WC051	Laingsburg	8%
Western Cape	DC5	WC053	Beaufort West	8%

(2) Notwithstanding sub-item (1) and subject to compliance with the criteria as set out in this Notice, the municipal council may pay a rural allowance to a senior manager provided that the municipal council satisfies itself that the allowance is justified and affordable.

(3) A rural allowance terminates when –

- (a) the employment contract of a senior manager lapse or is terminated; and
- (b) a senior manager vacates office 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**

12. (1) In terms of section 107 of the Municipal Systems Act, every municipality must by not later than 30 September 2016, submit a report containing the following information to the Minister on an official letterhead of the municipality signed by the municipal manager:

- (a) Name of municipality.
- (b) Total municipal income.
- (c) Total salary and wage bill.
- (d) 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 2016.
- (e) Vacant positions as at 1 July 2016, where applicable.
- (f) The amount of any allowances paid in terms of this or previous Notices examples market premium allowance, scarcity allowance and or rural allowance as at 30 June 2016 and the percentage, where applicable.

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

(3) The information to the Minister must be submitted electronically to: [remuneration4sm@cogta.gov.za](mailto:remuneration4sm@cogta.gov.za).

**13. 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.

(3) A municipal council may by agreement with a senior manager apply the provisions of this notice to employment contracts referred to in section 13(1) for the remainder of the contract period. Such agreement must be concluded and implemented in the period 1 July 2016 to 31 December 2016 where after this transitional provision lapses.

(4) The municipal council may adjust senior managers' employed before 1 July 2016 total remuneration payable by a rate of 6.0% as a cost of living adjustment.

(5) When a parent municipality determines the cost of living adjustment of chief executive officers and senior managers of a municipal entity 6.0% may be used as a guideline.