

**GENERAL NOTICES • ALGEMENE KENNISGEWINGS****DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
NOTICE 380 OF 2016****LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000  
(ACT NO. 32 OF 2000)****LOCAL GOVERNMENT:  
UPPER LIMITS OF 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, 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 municipal managers and managers directly accountable to municipal managers as set out in the Schedule with effect from 1 July 2016.



**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 and the fiscal capacity of different categories of municipalities, this Notice provides a strategic framework for remuneration of senior managers across all municipalities.

The development of this Notice took into consideration the core reward principles aimed at ensuring an appropriate remuneration mix and sort to ensure that the remuneration of senior managers is cost-effective, consistent, internally balanced (equitable) and externally competitive and aligned to the achievement of the overall strategy and objectives of municipalities while also providing uniform remuneration standards for local government.

The upper limits constitutes an integral part of the human resource value chain in building resilient administrative institutions underpinned by the intent to enable municipalities to attract, employ and retain appropriately qualified 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 for Senior 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") 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;

**“remote 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 where the approved pay scales are not sufficient to attract such a senior manager;

**“remoteness index”** means the remoteness directory of all municipalities in Republic providing a relative weight in terms of the remoteness of each municipality in relation to another measured in terms of access to a range of functions and services (public and private) as well as livelihood opportunities;

**“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 the financial years 2011/12, 2012/13, 2013/14 and 2014/15, age-adjusted and averaged.

(a) The gross income for the municipality includes the following:

- (i) rates on property;
- (ii) fees for services rendered by the municipality, or on its behalf by a municipal entity;
- (iii) surcharges;
- (iv) other authorised taxes;
- (v) levies and duties;
- (vi) income from fines for traffic offences and contravention of municipal by-laws or legislation assigned to the local sphere of government;
- (vii) regional services council replacement grant for district municipalities;
- (viii) interest earned on invested funds other than national and provincial conditional grants;
- (ix) rental for the use of municipal movable or immovable property; and
- (x) amounts received as agent for other spheres of government.

(b) The gross income excludes the following:

- (i) transfers and / or grants from the national fiscus and provincial fiscus; and
- (ii) 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);

“total remuneration package” means the basic salary plus all employer contributions to pension, retirement or provident and medical but excludes performance bonus, remoteness allowance and any operational allowances;

“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:

TOTAL MUNICIPAL INCOME		
From	To	Number of Points
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
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

<b>TOTAL MUNICIPAL INCOME</b>		
<b>From</b>	<b>To</b>	<b>Number of Points</b>
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
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

<b>TOTAL MUNICIPAL INCOME</b>		
<b>From</b>	<b>To</b>	<b>Number of Points</b>
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:

<b>TOTAL POPULATION</b>		
<b>From</b>	<b>To</b>	<b>Points</b>
0	60,775	1
60,776	71,500	2
71,501	80,441	3
80,442	91,310	4
91,311	103,266	5
103,267	113,048	6
113,049	123,917	7

<b>TOTAL POPULATION</b>		
<b>From</b>	<b>To</b>	<b>Points</b>
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
3,500,001	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:

TOTAL EQUITABLE SHARE		
From	To	Number of Points
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 1,708,547,133	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:

CATEGORISATION OF MUNICIPALITY		
Categorisation	From	To
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 of 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 municipality may subject to the recommendation of the MEC for local government in a province and approval by the Minister, implement such new categorisation.

(2) Notwithstanding sub-item (1), the following principles must be considered by the Minister:

- (a) Confirmation of the actual values and points scored by the municipality in relation to the factors in items 2, 3 and 4 of the Notice;
- (b) Determination of the –
- (i) sustainability of the driving forces that led to the higher categorisation of the municipality compared to the categorisation of the previous financial year.
  - (ii) affordability of the higher categorisation 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 as may be identified.

(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 must implement the revised categorisation when filling vacant senior manager positions.

### Annual total 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

### Annual total 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>

TOTAL REMUNERATION PACKAGE	CRITERIA
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 total remuneration package or cannot afford to pay the remuneration as determined in this Notice, a lesser offer may be made by such municipality on appointment.

#### Payment of remote allowance

10. (1) A senior manager employed in one of the following municipalities, may be paid a remote allowance not exceeding the percentage of the total annual remuneration package applicable to the relevant senior manager appearing in the table below:

PROVINCE	DISTRICT CODE	MUNICIPAL CODE	NAME OF MUNICIPALITY	%
Eastern Cape	DC12	EC128	Nxuba	4%
Eastern Cape	DC44	EC443	Mbizana	4%
Eastern Cape	DC13	EC138	Sakhisizwe	4%
Eastern Cape	DC15	EC154	Port St Johns	4%
Eastern Cape	DC44	EC442	Umzimvubu	4%
Eastern Cape	DC10	EC109	Kou-Kamma	4%
Eastern Cape	DC14	EC143	Maletswai	4%
Eastern Cape	DC44	EC444	Ntabankulu	4%
Eastern Cape	DC15	EC153	Ngquza Hill	4%
Eastern Cape	DC10	EC102	Blue Crane Route	4%
Eastern Cape	DC14	EC144	Gariep	4%
Eastern Cape	DC13	EC131	Inxuba Yethemba	4%
Eastern Cape	DC14	EC141	Elundini	4%
Free State	DC18	DC18	Tswelopele	4%
Free State	DC19	FS196	Mantsopa	4%
Free State	DC20	FS205	Mafube	4%
Free State	DC16	FS164	Naledi	4%
Free State	DC20	FS204	Metsimaholo	4%
Free State	DC16	FS162	Kopanong	4%
KwaZulu Natal	DC26	KZN261	eDumbe	4%
KwaZulu Natal	DC21	KZN214	UMuziwabantu	4%
KwaZulu Natal	DC27	KZN274	Hlabisa	4%
KwaZulu Natal	DC22	KZN224	Impendle	4%
KwaZulu Natal	DC43	KZN434	Ubuhlebezwe	4%
KwaZulu Natal	DC26	KZN266	Ulundi	4%

PROVINCE	DISTRICT CODE	MUNICIPAL CODE	NAME OF MUNICIPALITY	%
KwaZulu Natal	DC24	KZN244	Msinga	4%
KwaZulu Natal	DC43	KZN431	Ingwe	4%
KwaZulu Natal	DC43	KZN433	Greater Kokstad	4%
KwaZulu Natal	DC26	KZN262	UPhongolo	4%
KwaZulu Natal	DC43	KZN435	Umzimkhulu	4%
KwaZulu Natal	DC26	KZN265	Nongoma	4%
KwaZulu Natal	DC28	KZN286	Nkandla	4%
Limpopo	DC34	LIM342	Mutale	4%
Limpopo	DC36	LIM361	Thabazimbi	4%
Limpopo	DC47	LIM474	Fetakgomo	4%
Limpopo	DC35	LIM351	Blouberg	4%
Limpopo	DC47	LIM475	Greater Tubatse	4%
Limpopo	DC47	LIM473	Makhuduthamaga	4%
Mpumalanga	MP324	DC32	Nkomazi	4%
Mpumalanga	DC30	MP301	Albert Luthuli	4%
North West	NW375	DC37	Moses Kotane	4%
North West	DC38	NW385	Ramotshere Moiloa	4%
North West	DC38	NW382	Tswaing	4%
North West	DC39	NW396	Lekwa-Teemane	4%
North West	DC39	NW392	Naledi (NW)	4%
North West	DC39	NW394	Greater Taung	4%
North West	DC39	NW393	Mamusa	4%
Northern Cape	DC8	NC084	!Kheis	4%
Northern Cape	DC7	NC078	Siyancuma	4%
Northern Cape	DC7	NC076	Thembelihle	4%
Western Cape	DC4	WC042	Hessequa	4%
Western Cape	DC1	WC013	Bergrivier	4%
Western Cape	DC3	WC032	Overstrand	4%
Western Cape	DC3	WC034	Swellendam	4%
Western Cape	WC051	DC5	Laingsburg	4%
Eastern Cape	DC10	EC103	Ikwezi	7%
Eastern Cape	DC10	EC107	Baviaans	7%
Eastern Cape	DC14	EC142	Senqu	7%
Eastern Cape	DC44	EC441	Matatiele	7%
Eastern Cape	DC10	EC101	Camdeboo	7%
Free State	DC16	FS163	Mohokare	7%
KwaZulu Natal	DC43	KZN432	Kwa Sani	7%
KwaZulu Natal	DC27	KZN273	The Big 5 False Bay	7%
KwaZulu Natal	DC27	KZN272	Jozini	7%
Limpopo	DC36	LIM362	Lephalale	7%
Northern Cape	DC8	NCO86	Kgatelopele	7%
Northern Cape	DC45	NC453	Gamagara	7%
Northern Cape	DC8	NC085	Tsantsabane	7%
Northern Cape	DC7	NC075	Renosterberg	7%
Northern Cape	DC45	NC452	Ga-Segonyana	7%

PROVINCE	DISTRICT CODE	MUNICIPAL CODE	NAME OF MUNICIPALITY	%
Northern Cape	DC7	NC072	Umsobomvu	7%
Northern Cape	DC7	NC073	Emthanjeni	7%
Northern Cape	DC6	NC067	Khai-Ma	7%
Western Cape	DC3	WC033	Cape Agulhas	7%
Western Cape	DC5	WC053	Beaufort West	7%
Western Cape	DC1	WC012	Cederberg	7%
KwaZulu Natal	DC27	KZN271	Umhlabuyalingana	10%
North West	DC39	NW397	Kagisano/Molopo	10%
Northern Cape	DC6	NC061	Richtersveld	10%
Northern Cape	DC7	NC077	Siyathemba	10%
Northern Cape	DC8	NC081	Mier	10%
Northern Cape	DC45	NC451	Joe Morolong	10%
Northern Cape	DC7	NC071	Ubuntu	10%
Northern Cape	DC6	NC065	Hantam	10%
Northern Cape	DC7	NC074	Kareeberg	10%
Northern Cape	DC6	NC066	Karoo Hoogland	10%
Northern Cape	DC6	NC062	Nama Khoi	10%
Northern Cape	DC6	NC064	Kamiesberg	10%
Western Cape	DC1	WC011	Matzikama	10%

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

(3) A senior manager receiving a rural allowance in terms of Notice No. 578 as published in Government Gazette No. 38946 of 1 July 2015 or market premium allowance in terms of Notice No. 585 as published in Government Gazette No. 37500 of 29 March 2014 is not eligible for the remote allowance.

(4) A remote allowance terminates when –

- (a) the employment contract of a senior manager lapses 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

11. (1) Every municipality must in terms of section 107 of the Act submit to the Minister, by not later than 30 September 2016, a report containing the following information in respect of its senior managers and chief executive officers and directors of municipal entities as at 1 July 2016 on an official letterhead of the municipality, signed by the municipal manager:

- (a) Total approved posts;

municipal manager will be deemed to be in breach of the Code of Conduct for Municipal Staff as contained in Schedule 2 of the Act.

(3) The information contemplated in sub-item (1) must be submitted electronically to the Minister to the following address: [remuneration4sm@cogta.gov.za](mailto:remuneration4sm@cogta.gov.za)

#### **Transitional provisions**

12. (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 with the recommendations of the MEC for local government, apply in writing to the Minister to waive any of the prescribed requirements as set out in this Notice.