

Enquiries: Mr. Rio Nolutshungu

Chief Officer:

Municipal Capabilities & Governance

Tel: 012 369 8000

E-mail: rnolutshungu@salga.org.za



Physical:
Block B, Menlyn Corporate Park,
175 Corobay Ave, Waterkloof
Glen Ext II, PRETORIA 0181

Postal: PO Box 2094,
PRETORIA 0001

CIRCULAR 40 / 2022

FROM : CHIEF EXECUTIVE OFFICER (ACTING)
MR LANCE JOEL

TO : EXECUTIVE MAYORS/MAYORS/CITY/MUNICIPAL MANAGERS
POLITICAL HEADS OF CORPORATE SERVICES, PORTFOLIO COMMITTEES,
SPEAKERS, HEADS OF CORPORATE SERVICES/HUMAN RESOURCES

DATE : 21 NOVEMBER 2022

GOVERNMENT NOTICE ON THE DETERMINATION OF 2021/2022 UPPER LIMITS OF THE TOTAL REMUNERATION PACKAGES OF MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

1. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- 1.1 Bring to the attention of Municipalities the attached Notice on Upper Limits of the Total Remuneration Packages of Municipal Managers (MM) and Managers Directly Accountable to Municipal Managers for the 2021 / 2022 financial year, Government Gazette number 47538, issued on 18 November 2022.
- 1.2 To distribute a copy of the position paper submitted by SALGA to the Minister on 2 September 2022, after a consultation session held with the senior managers on 30 August 2022, to consider the, then proposed draft Notice. Written comments received from municipalities in response to a call for comments made via SALGA Circular 29/2022 were also incorporated onto the final submission made to the Minister.



2 BACKGROUND

- 2.1 The President of SALGA was invited by the Minister for Cooperative Governance and Traditional Affairs to provide comments on the draft Notice, by 2 September 2022. **The comments submitted are attached hereto for ease of reference.**
- 2.2 It should be noted that none of the matters raised by SALGA were considered in this Notice, except to change the financial year according, which the expenses of implementing the Notice may be defrayed. SALGA is still making a concerted effort to advocate the much-needed changes through the applicable intergovernmental structures as well as considering alternative remedies.
- 2.3 Flowing from the above, a SALGA Circular 29/2022 was issued to municipalities on 22 August 2022, requesting municipalities to comment on the proposed determination of the 2021/2022 Cost of Living Adjustment (COLA) for Senior Managers, by no later than 26 August 2022, as well as inviting senior managers to the virtual consultative session which took place on the 30th of August 2022.
- 2.4 Senior managers' remuneration is determined, annually through the Upper Limits Notice Government Gazette published by the Minister of CoGTA since 29 March 2014, informed by a range of the following factors set out in regulation 35 of the (2014) Local Government Regulations on the Appointment and Conditions of Employment of Senior Managers:
- Classification of municipalities according to different grades;
 - Respective duties, powers and functions and responsibilities of a municipality;
 - Affordability of different levels of remuneration, the number of municipal employees, and the salary and wage bill of the municipality;
 - Population, operating budget and assets of the municipality;
 - Current principles and levels of remuneration in society in general;
 - Need for the promotion of equality and uniformity of salaries, allowances and benefits for equal work performed;
 - Provision of uniform norms and standards nationally to address disparities; and
 - Inflationary increases.
- 2.5 Specifically, the above regulation enjoins the Minister to determine the upper limits of the total remuneration package of senior managers annually, by Notice in the gazette before 31 March of the following financial year, after consultation with the South African Local Government Bargaining Council, Ministers for Finance and Public Service and Administration, Members of the Executive Councils responsible for Local Government and the Organized Local Government.



3. KEY FEATURES OF THE 2021 / 2022 FINANCIAL YEAR NOTICE

The Notice on Upper Limits of the Total Remuneration Packages of Municipal Managers (MM) and Managers Directly Accountable to Municipal Managers for the 2021 / 2022 financial year, was published on 18 November 2022, in Government Gazette (GG) number 47538.

3.1 Cost of Living Adjustments (CoLA)

3.1.1 A one and half percent (1.5%) cost of living adjustment of the Upper Limits of the Total Remuneration Packages of Municipal Managers (MM) and Managers Directly Accountable to Municipal Managers for the 2021 / 2022 financial year is determined.

3.1.2 In addition to the above, a **non – pensionable cash gratuity** is offered as follows:

3.1.2.1 R1, 695.00 payable monthly to senior managers earning a total remuneration package below R1,900,000 for the 2021/22 municipal financial year; or

3.1.2.2 R1, 818.00 payable monthly to senior managers earning a total remuneration package of R1,900,000 and above for the 2021/22 municipal financial year.

3.1.1.3 The non-pensionable cash gratuity is backdated, ie. payable from 1 July 2021 until 30 June 2022.

3.2 Annual Total Remuneration Packages of Municipal Managers

- Both tables on section 7 and 8 of the Notice, reflects figures incorporating the 1.5% of Cost-of-Living Adjustments as determined.

MUNICIPAL MANAGERS			
MUNICIPAL CATEGORIZATION	TOTAL REMUNERATION ON PACKAGE (MINIMUM)	TOTAL REMUNERATION ON PACKAGE (MIDPOINT)	TOTAL REMUNERATION ON PACKAGE (MAXIMUM)
10	R 2,607,286.00	R 3,300,363.00	R 3,993,439.00
9	R 2,237,533.00	R 2,796,918.00	R 3,356,303.00
8	R 1,931,770.00	R 2,370,269.00	R 2,808,769.00
7	R 1,671,343.00	R 2,025,870.00	R 2,380,398.00
6	R 1,486,297.00	R 1,731,513.00	R 2,017,213.00
5	R 1,296,395.00	R 1,534,480.00	R 1,724,052.00
4	R 1,178,260.00	R 1,370,071.00	R 1,561,862.00
3	R 1,083,601.00	R 1,245,520.00	R 1,407,437.00
2	R 1,046,220.00	R 1,158,623.00	R 1,286,072.00
1	R 1,007,596.00	R 1,103,450.00	R 1,213,795.00



3.3 Annual Total Remuneration Packages of Managers Directly Accountable to Municipal Managers

MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS			
MUNICIPAL CATEGORIZATION	TOTAL REMUNERATION ON PACKAGE (MINIMUM)	TOTAL REMUNERATION ON PACKAGE (MIDPOINT)	TOTAL REMUNERATION ON PACKAGE (MAXIMUM)
10	R 2,085,830.00	R 2,640,291.00	R 3,194,751.00
9	R 1,790,028.00	R 2,237,533.00	R 2,685,041.00
8	R 1,545,416.00	R 1,896,215.00	R 2,247,015.00
7	R 1,374,513.00	R 1,620,698.00	R 1,904,319.00
6	R 1,206,468.00	R 1,436,273.00	R 1,620,698.00
5	R 1,070,906.00	R 1,259,888.00	R 1,448,871.00
4	R 987,238.00	R 1,124,899.00	R 1,276,762.00
3	R 907,864.00	R 1,037,559.00	R 1,150,465.00
2	R 859,002.00	R 965,171.00	R 1,055,932.00
1	R 827,289.00	R 919,210.00	R 1,011,131.00

3.4 Offer of Remuneration on Appointment

- The criteria to be applied to determine offer of remuneration is set out under this section, tied to competencies, qualifications, experience, and knowledge of the candidate considered for appointment.
- Council is provided with a discretion to pay lesser salaries owing to non-affordability of the delimited salary scales.

3.5 Payment of Remote Allowance

- The 4%, 7% and 10% remote allowance is payable to senior managers employed in 117 municipalities, from the 8 provinces as listed in the Government Gazette.
- It should be noted that senior managers who receives a market premium allowance in terms of gazettes numbers 37500 (2014) and 578 (2015) are not eligible for the remote allowance contemplated above.
- It should be noted further that the remote allowance terminates when the senior manager voluntarily or involuntary vacates the office.

3.6 Overpayment and Underpayment

- The municipal council is expected to inform senior managers in writing about the revised cost of living adjustments, including recovery of overpayment and / or underpayment adjustments as there may be necessary.
- The expenditure for implementation of this Notice must be defrayed from the 2022/2023 budget of the municipality.

3.7 Information to be Submitted to the Minister



- Municipalities should note the important, information reporting requirements directed by the Minister in this section, which must be submitted to the MEC for local government within 14 days from the date of publication of the Notice under discussion.

3.8 Transitional Provisions

- The provisions of this Notice do not affect the existing employment contract of a senior manager appointed before 1 July 2014.
- The Notice specifies that municipalities with no income are category 1.
- The 2019/2020 audited financial statements would be applied for a municipality who does not have audited financial statements for the 2020/21, by the date of publication of this Notice,
- A municipal council 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 as set out in the Notice under discussion.
- Translation key tables for Municipal Managers and Managers directly accountable to Municipal Managers are presented in the Notice, to express the difference between the salary scales applicable in 2020/2021, before the 1.5% CoLA and 2021/2022 salary scales which are applicable after effecting the 1.5% as determined by the Minister.

(a) Municipal managers:

TRANSLATION KEY						
MUNICIPAL CATEGORISATION	2020/2021			2021/2022		
	TOTAL REMUNERATION PACKAGE (MINIMUM)	TOTAL REMUNERATION PACKAGE (MIDPOINT)	TOTAL REMUNERATION PACKAGE (MAXIMUM)	TOTAL REMUNERATION PACKAGE (MINIMUM)	TOTAL REMUNERATION PACKAGE (MIDPOINT)	TOTAL REMUNERATION PACKAGE (MAXIMUM)
10	R 2,568,755	R 3,251,589	R 3,934,423	R 2,607,286	R 3,300,363	R 3,993,439
9	R 2,204,466	R 2,755,584	R 3,306,702	R 2,237,533	R 2,796,918	R 3,356,303
8	R 1,903,222	R 2,335,240	R 2,767,260	R 1,931,770	R 2,370,269	R 2,808,769
7	R 1,646,643	R 1,995,931	R 2,345,220	R 1,671,343	R 2,025,870	R 2,380,398
6	R 1,464,332	R 1,705,924	R 1,987,402	R 1,486,297	R 1,731,513	R 2,017,213
5	R 1,277,236	R 1,511,803	R 1,698,573	R 1,296,395	R 1,534,480	R 1,724,052
4	R 1,160,847	R 1,349,824	R 1,538,780	R 1,178,260	R 1,370,071	R 1,561,862
3	R 1,067,587	R 1,227,113	R 1,386,637	R 1,083,601	R 1,245,520	R 1,407,437
2	R 1,030,759	R 1,141,500	R 1,267,066	R 1,046,220	R 1,158,623	R 1,286,072
1	R 992,705	R 1,087,143	R 1,195,857	R 1,007,596	R 1,103,450	R 1,213,795



(b) Managers directly accountable to municipal managers:

TRANSLATION KEY						
MUNICIPAL CATEGORISATION	2020/2021			2021/2022		
	TOTAL REMUNERATION PACKAGE (MINIMUM)	TOTAL REMUNERATION PACKAGE (MIDPOINT)	TOTAL REMUNERATION PACKAGE (MAXIMUM)	TOTAL REMUNERATION PACKAGE (MINIMUM)	TOTAL REMUNERATION PACKAGE (MIDPOINT)	TOTAL REMUNERATION PACKAGE (MAXIMUM)
10	R 2,055,005	R 2,601,272	R 3,147,538	R 2,085,830	R 2,640,291	R 3,194,751
9	R 1,763,574	R 2,204,466	R 2,645,361	R 1,790,028	R 2,237,533	R 2,685,041
8	R 1,522,577	R 1,868,192	R 2,213,808	R 1,545,416	R 1,896,215	R 2,247,015
7	R 1,354,200	R 1,596,747	R 1,876,176	R 1,374,513	R 1,620,698	R 1,904,319
6	R 1,188,638	R 1,415,047	R 1,596,747	R 1,206,468	R 1,436,273	R 1,620,698
5	R 1,055,080	R 1,241,269	R 1,427,459	R 1,070,906	R 1,259,888	R 1,448,871
4	R 972,648	R 1,108,275	R 1,257,894	R 987,238	R 1,124,899	R 1,276,762
3	R 894,447	R 1,022,226	R 1,133,463	R 907,864	R 1,037,559	R 1,150,465
2	R 846,307	R 950,907	R 1,040,327	R 859,002	R 965,171	R 1,055,932
1	R 815,063	R 905,626	R 996,188	R 827,289	R 919,210	R 1,011,131

4. Short Title and Commencement

- The Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers.
- This Notice takes effect from 1 July 2021 and replaces Government Gazette No. 46062, published on 18 March 2022.

5. Concluding Remarks

It should be noted that CoGTA has established a Working Group comprised of several stakeholders, including SALGA, to which selected municipal representatives have been coopted, to address concerns related to the Upper Limits as raised by municipalities at SALGA level as well as directly with CoGTA, including publishing the Notice on time, year on year. This Working Group has had its inception meeting on the 5 September 2022, which primarily focused on considering its terms of reference as well as roles and responsibilities.

Mr. Rio Nolutshungu, Chief Officer – Municipal Capabilities and Governance, is the designated official to handle this matter and can be contacted per email through: rnolutshungu@salga.org.za or cellphone number 079 876 7688. Alternatively, Ms Fikile Tshabangu – Senior Manager: Municipal Human Resource & Organizational Development, can be contacted through email address: ftshabangu@salga.org.za or per telephone 0828022098.

Yours sincerely


LANCE JOEL
CHIEF EXECUTIVE OFFICER (ACTING)

