

8.**REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 1998 (ACT 20 OF 1998):
DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND
BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS**

5/12/1

**S Reyneke-Naudé
30 December 2016****(028) 313 8040****Corporate Head Office**

1. Executive Summary

To consider increased salaries, allowances and benefits of councillors with retrospective effect from 1 July 2016.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance
Department: Expenditure and Assets

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

- Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998), hereinafter referred to as the Act.
- Government Notice No. 1600 dated 21 December 2016.

In terms of Section 7(3) of the Act, the salaries and allowances of members of a Municipal Council are determined by that Municipal Council by resolution of a supporting vote of a majority of its members, in consultation with the member of the Executive Council responsible for Local Government in the Province concerned.

6. Discussion

The Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) provides a framework for determining the upper limits of salaries and allowances of *inter alia* members of municipal councils. The adjustment of

salaries and allowances of Councillors is considered annually in terms of the Act.

On 21 December 2016, the Minister of Cooperative Governance and Traditional Affairs published the upper limits notice for the salaries, allowances and benefits of councillors and a copy of Government Notice 1600, dated 21 December 2016, is attached as Annexure A. Circular 30/2016, dated 21 December 2016, received from SALGA is likewise attached as Annexure B.

The definition of **total population** has been amended to provide for the use of the official statistics as determined in accordance with the Statistics SA Community Survey 2016. This will result in more recent statistical information being used for the determination of population and as a consequence, the grading of the municipality.

A councillor still has the discretion to structure his/her allowance to provide for a motor vehicle allowance. However, the 25% limitation that previously existed, **NO LONGER APPLIES** in this regard. Should a councillor, however, elect to include a motor vehicle allowance in the salary structure, he/she may only use a council vehicle in line with an approved council policy.

The provision contained in the previous notice that allowed for the municipality to provide for an official vehicle for the Executive Mayor / Mayor, the Deputy Executive Mayor / Deputy Mayor and Speaker has been omitted from the current notice which means that such vehicles may only be provided in terms of an approved municipal policy.

All councillors are now obliged to belong to a pension fund registered in terms of the Pension Fund Act, however no such fund is prescribed.

It must also be noted that Section 12(1)(a) of Government Notice No. 1600, dated 21 December 2016, reads as follows: "Every councillor shall contribute to a pension fund registered in terms of the pension Fund Act, 1956 (Act No. 24 of 1056)."

Clarity is now awaited from the Department of Cooperative Governance and Traditional Affairs on the retrospective implementation (with substantial financial impact on the net remuneration at immediate implementation), or alternatively effective implementation from a current date, of before-mentioned.

The South African Local Government Association (SALGA) undertook to facilitate a swift outcome in this regard.

The budget provision and application for the concurrence by the Provincial Minister of Local Government, Environmental Affairs and Development Planning with the implementation of Government Notice No. 1600, dated 21 December 2016 in principle, will not be affected in this instance.

The Overstrand Municipality is, in terms of the Criteria as summarized on the Affordability Verification Certificate, regarded as a Grade 3 Municipal Council. A copy of the Affordability Verification Certificate, signed by the Municipal Manager, is attached as Annexure C.

7. Financial Implications

- (1) In accordance with the recommendation of the Independent Commission for the Remuneration of Public Office Bearers, **ONLY** Chairpersons of Section 79 Committees and “ordinary part time” councillors received an increase of **4%**, with all other councillors **NOT** receiving any increase. The monetary value for this provision in the current budget amounts to R9'110'256.

The cell-phone allowance of the Executive Mayor, Deputy Mayor, Speaker, Members of the Mayoral Committee and Councillors has been increased from R1'739 to R1'900 each per month while the mobile data card allowance remains at R300 each per month. The cost of the aforementioned is included in the provision of R9'110'256.

It must also be noted that Section 10 of Government Notice No. 1600, dated 21 December 2016, reads as follows: “A councillor may, in addition to the annual remuneration packages provided for in terms of items 5 and 8 respectively, be reimbursed for the expenditure on the use of the cell phone allowance...”

Clarity is now also awaited from the Department of Cooperative Governance and Traditional Affairs on the interpretation of the practical implementation of before-mentioned, which could imply that a cell phone allowance can only be paid on receipt of proof of expenditure.

The South African Local Government Association (SALGA) undertook to facilitate a swift outcome in this regard.

The budget provision and application for the concurrence by the Provincial Minister of Local Government, Environmental Affairs and Development Planning with the implementation of Government Notice No. 1600, dated 21 December 2016 in principle, will also not be affected in this instance.

With the approved increase in councillors' remuneration the anticipated actual expenditure will amount to R9'118'442 – resulting in a shortfall of R8'186 to be funded from other savings.

- (2) In terms of Section 13(1) of Government Notice No, 1600, dated 21 December 2016, the municipality must take out SASRIA or similar risk cover to provide for the loss of or damage to a councillor's property, assets, life or disability, excluding business property, arising from any riot, civil unrest, strike or public disorder. The special risk insurance on fixed property will be limited to R1,5 million and on vehicles to R750'000. The life and disability insurance cover is limited to 2 (two) times the total remuneration package of a councillor.

In terms of Section 13(4) of the Government Notice No. 1600, dated 21 December 2016, it is the responsibility of each Councillor to provide the Municipality with either all the necessary details regarding the councillor's property or assets to be covered by the special risk insurance, or with written confirmation that such cover is in place. Failure to comply with the submission of the information will lead to the exclusion of that councillor's property or assets from the special risk cover.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A : Government Notice 1600 dated 21 December 2016
 Annexure B : SALGA Circular 30/2016 dated 21 December 2016
 Annexure C : Affordability Verification Certificate

RECOMMENDATION TO THE COUNCIL:

1. that the salaries and allowances in respect of the different members of Council as provided for in Government Notice 1600, dated 21 December 2016, (Annexure A), **be approved** and be made applicable **with effect from 1 July 2016**, subject to the concurrence of same by the Provincial Minister of Local Government, Environmental Affairs and Development Planning; and

2. that, in terms of Section 13 of the government notice mentioned in 1 above, Councillors provide the Municipality with either all the necessary details regarding the councillor's property or assets to be covered by the special risk insurance to provide for the loss of or damage to a councillor's property, assets, life or disability arising from any riot, civil unrest, strike or public disorder, or with written confirmation that such cover is in place as part of a personal insurance portfolio arrangement already made by themselves.

RESPONSIBLE OFFICIAL :

**J VORSTER /
RETHA RUST**

TARGET DATE OF IMPLEMENTATION :

28 FEBRUARY 2017



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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS**DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

NO. 1600

21 DECEMBER 2016

**REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 1998
(ACT NO. 20 OF 1998)****DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND
BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS**

Under the powers vested in me by sections 7(1), 8(5)(a) and 9(5)(a) of the *Remuneration of Public Office-bearers Act, 1998 (Act No. 20 of 1998)*, I, David Douglas Des van Rooyen, Minister for Cooperative Governance and Traditional Affairs, hereby –

- (a) after consultation with the member of the Executive Council responsible for local government in each province; and
- (b) after taking into consideration the matters listed in paragraphs (a) to (i) of section 7(1) of the Act,

determine the upper limits of the salaries, allowances and benefits of the different members of municipal councils as set out in the Schedule.



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

SCHEDULE

PREAMBLE

The salary and allowances of a member of a municipal council is determined by that municipal council by resolution of a supporting vote of a majority of its members, in consultation with the member of the Executive Council responsible for local government in each province, having regard to the upper limits as set out hereunder, the financial year of a municipality and affordability of municipality to pay within the different grades of the remuneration of councillors, including the National Treasury austerity measures.

For purposes of implementation of this Government Notice, "in consultation with" means that a municipal council must obtain concurrence of the MEC for local government prior implementation of the provisions of this Notice.

1. Definitions

In this Schedule, unless the context indicates otherwise, a word or phrase to which a meaning has been assigned in the *Remuneration of Public Office-bearers Act, 1998* (Act No. 20 of 1998) (hereinafter referred to as "the Act") and the *Local Government: Municipal Structures Act, 1998* (Act No. 117 of 1998) (hereinafter referred to as "the Structures Act"), has that meaning and –

"**basic salary**" means the amount payable to a councillor that excludes travel allowance, housing allowance, municipal contribution to a pension fund and municipal contribution to a medical aid scheme as provided for in items 9(1), 9(2), 12(1) and 12(2) of this Notice;

"**Demarcation Act**" means the *Local Government: Municipal Demarcation Act, 1998* (Act No. 27 of 1998);

"**existing municipality**" in relation to this Notice means a municipality that existed prior to the 2016 local government elections which was not affected by the boundary re-determination that only came into effect at the commencement of the first election of the new council of that municipality;

"**full-time councillor**" means a councillor who has been elected or appointed to an office which has been designated as full-time in terms of section 18(4) of the Structures Act;

“grade” in relation to this Notice means the grade of municipal council as determined in terms of item 4;

“new municipality” in relation to this Notice means the municipality established in terms of section 21 of the Demarcation Act consisting of the disestablished areas of the existing Thulamela Local Municipality and Makhado Local Municipality that came into effect at the commencement of the first election of the council of that municipality following the 2016 local government elections;

“out of pocket expenses” means actual and necessary expenses incurred by a councillor which have been specifically authorised or provided for in terms of the municipality’s policy, in connection with a specific official or ceremonial duty that has been delegated to the councillor in question;

“part-time councillor” means a councillor other than a full-time councillor;

“section 79 committee” means a committee of the municipal council established in terms of section 79 of the Structures Act;

“SETAs” means the Sector Education and Training Authorities established in terms of section 9 of the *Skills Development Act, 1998 (Act No. 97 of 1998)*;

“special risk cover” means an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillor’s personal fixed or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder;

“superseding municipality” means an incorporating, merged or split municipality that came into effect at the commencement of the first election of the council of that municipality following the 2016 local government elections;

“tools of trade” means the resources provided by a municipal council to a councillor to enable such councillor to discharge his or her duties in the most efficient and effective manner, and at all times remain the assets of the municipality concerned;

“total municipal income” means gross income in respect of a metropolitan, local or district municipality based on actual income received as stated in the audited financial statements of that municipality for the 2015/ 2016 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 excludes the following:

- transfers and / or grants from the national 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 published in the Community Survey 2016: Statistical Release No. P0301, in terms of the *Statistics Act, 1999* (Act No. 6 of 1999); and

“total remuneration package” means the annual total cost to a municipality of a basic salary component, housing allowance, municipal contribution to a pension fund and municipal contribution to a medical aid scheme payable to a councillor as provided for in items 9(1), 9(2), 12(1) and 12(2) of this Notice.

2. Allocation of number of points for total municipal income

The number of points allocated for the total municipal income of a municipality is as follows:

TOTAL MUNICIPAL INCOME			NUMBER OF POINTS
R 0	-	R 10,000,000	8.33
R 10,000,001	-	R 50,000,000	16.67
R 50,000,001	-	R 200,000,000	25.00
R 200,000,001	-	R 1,500,000,000	33.33
R 1,500,000,001	-	R 2,000,000,000	41.67
More than R2,000,000,000			50.00

3. Allocation of number of points for total population

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

TOTAL POPULATION			NUMBER OF POINTS
0	-	50,000	8.33
50,001	-	100,000	16.67
100,001	-	250,000	25.00
250,001	-	550,000	33.33
550,001	-	1,800,000	41.67
More than 1,800,000			50.00

4. Determination of grade of municipal council

(1) The sum of the number of points allocated to a municipal council, other than a municipal council referred to in sub-items (2), (3) or (4), in terms of items 2 and 3 respectively, determines the grade of such municipal council as follows:

GRADE OF MUNICIPAL COUNCIL	POINTS
1	0 to 16.66
2	16.67 to 33.33
3	33.34 to 50.00
4	50.01 to 66.67
5	66.68 to 83.35
6	83.36 and above

(2) The criteria for determination of the grading of municipality affected by the redetermination of boundaries is provided for under item 18 dealing with transitional measures.

5. Upper limits of the annual total remuneration packages of full-time councillors

The upper limits of the annual total remuneration packages of full-time councillors are as follows:

GRADE	MAYOR OR EXECUTIVE MAYOR	SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE, WHIP OR CHAIRPERSON OF A SUBCOUNCIL	CHAIRPERSON OF A SECTION 79 COMMITTEE
	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE
6	1 242 409	1 003 393	940 680	913 086
5	921 912	737 529	691 433	671 152
4	787 061	629 647	590 296	572 979
3	758 012	606 410	568 510	551 832
2	709 765	567 812	532 323	516 708
1	689 087	551 266	516 811	501 651

The mayor of a plenary type municipality should be remunerated according to the total remuneration package column of mayor/ executive mayor.

6. Upper limit of annual total remuneration package or allowance in respect of appointed councillors

(1) A councillor appointed to a district council in terms of section 23(1)(b) of the Structures Act, may be paid the upper limit of the total remuneration package or allowance as follows:

- (a) If a councillor is elected or appointed as speaker, mayor, executive mayor, member of a mayoral committee, member of an executive committee, chairperson of a section 79 committee or part-time member of a district council, such councillor is entitled to an amount equal to the difference between the total remuneration package that a councillor receives as a member of the local council and the total remuneration package allocated to that office in the district council in terms of items 5, 6, 7, 8, 9, 10 and 11, as the case may be.
- (b) If the total remuneration package payable to a councillor as a member of the local council is equal to or higher than the total remuneration package that an appointed councillor to the district council receives, such a councillor is, in addition to the total remuneration package, entitled to a sitting allowance not exceeding R962: Provided that this allowance is limited to R962 per day, regardless of the number of meetings

of the district council or committees of that council that are attended by such councillor on a specific day.

(2) A district municipality is responsible for –

- (a) the payment of the remuneration or the allowance referred to in sub-item (1);
- (b) the reimbursement of travel expenses not exceeding the applicable tariffs prescribed by the national department responsible for transport for the use of privately-owned vehicles incurred by a councillor for the execution of official duties on behalf of that district municipality, in terms of that district council's policy; and
- (c) the reimbursement of cell phone expenses not exceeding 50% of the applicable allowances as prescribed under item 10 incurred by a part-time councillor for the execution of official duties on behalf of that district municipality, in terms of that district council's policy.

7. Upper limit of allowance in respect of councillors serving in the governance and intergovernmental structures of organised local government

(1) A councillor elected or appointed to serve in a governance structure of organised local government must, in addition to the total remuneration package applicable to that councillor, be paid an allowance not exceeding R962 per sitting and actual attendance of any meeting; Provided that the allowance is limited to R962 per day, irrespective of the number of meetings attended by such councillor on a specific day.

(2) Organised local government is responsible for –

- (a) the payment of the allowance referred to in sub-item (1);
- (b) the payment of accommodation expenses incurred for attending a meeting of governance and intergovernmental structures in terms of applicable organised local government policy; and

- (c) reimbursement of travel expenses, not exceeding the applicable tariffs prescribed by the national department responsible for transport for the use of privately-owned vehicles, incurred by a councillor for attending a meeting of governance and intergovernmental structures.

8. Upper limits of the annual total remuneration packages of part-time councillors

The upper limits of the annual total remuneration packages of part-time councillors are as follows:

GRADE	MAYOR / EXECUTIVE MAYOR	SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE OR WHIP	CHAIRPERSON OF SECTION 79 COMMITTEE	OTHER PART-TIME MEMBERS
	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE
6	693 101	586 335	519 826	504 578	458 706
5	509 454	407 564	382 091	370 882	288 998
4	434 935	347 947	326 201	316 632	246 725
3	418 883	335 106	314 168	304 945	237 620
2	392 221	313 776	294 166	285 537	222 496
1	380 791	304 632	285 594	277 215	215 753

The mayor of a plenary type municipality should be remunerated according to the total remuneration package column of mayor/ executive mayor.

9. Upper limits of allowances of full-time and part-time councillors

The upper limits of allowances of full-time and part-time councillors, that constitute part of the annual total remuneration package, are as follows:

- (1) Motor vehicle and travel allowance
- (a) A full-time or part-time councillor listed in item 5 and 8 of this Notice may structure his or her basic salary to provide for motor vehicle allowance;
- (b) If a councillor contemplated in paragraph (a) is unable to utilise his own vehicle for official purposes, such a councillor may utilise a municipal-owned vehicle: Provided that the municipal council must, in line with the approved municipal policy, exercise

- prudent financial management to ensure that the provision of motor vehicle does not undermine the need to prioritise service delivery and sustain viable municipalities.
- (c) Nothing herein contained prevents any other councillor other than a mayor, deputy mayor or speaker from making use of a municipal-owned vehicle for attendance at a specific function which that councillor has been delegated to attend, outside of the ordinary scope of work of such councillor.
- (d) A councillor who utilises his or her motor vehicle must, for purpose of claiming kilometres travelled, keep a travel logbook containing the following information relating to actual official and private kilometres travelled per month as may be determined from time to time by the South African Revenue Service:
- (i) Date of travel;
 - (ii) Kilometres travelled; and
 - (iii) Travel details, where to and reason for the trip.
- (e) If a councillor uses a municipal-owned motor vehicle for official purposes, such councillor will not be reimbursed for kilometres travelled.

(2) Housing allowance

A councillor may structure his or her salary to provide for housing allowance as part of the total remuneration package.

(3) Out of pocket expenses

A councillor may, in addition to the total remuneration package, be reimbursed for reasonable and actual out of pocket expenses incurred during the execution of official or ceremonial duties, in accordance with the applicable council policy.

10. Upper limits of cell phone allowance for councillors

A councillor may, in addition to the annual total remuneration packages provided for in terms of items 5 and 8 respectively, be reimbursed for the expenditure on the use of cell phone allowance not exceeding the following amounts:

(1) R3400.00 per month to a executive mayor or mayor, deputy mayor and speaker of only a grade 6 municipal council;

(2) R2400.00 per month to an executive mayor or mayor, deputy mayor and speaker of grade 4 and 5 municipal councils; and

(3) R1900.00 per month to an executive mayor or mayor, deputy mayor and speaker of grade 1, 2 and 3 of a municipal council, including any other councillor.

11. Upper limits of mobile data bundles for councillors

A councillor may, in addition to the annual total remuneration packages provided for in terms of items 5 and 8 respectively, be reimbursed for the expenditure on the use of data bundles not exceeding R300 per month.

12. Upper limits of pension fund contributions and medical benefits of councillors

(1) Pension fund

(a) Every councillor shall contribute to a pension fund registered in terms of the Pension Fund Act, 1956 (Act No. 24 of 1956).

(b) A municipality shall deduct an amount equal to 15% from a councillor's monthly basic salary and pay it over to a pension fund to which a councillor is a member.

(2) **Medical Scheme**

- (a) A councillor may participate in a medical scheme registered in terms of the Medical Schemes Act, 1998 (Act No. 131 of 1998).
- (b) A municipality shall deduct the relevant membership fee from a councillor's monthly basic salary and pay it over to a medical scheme of which a councillor is a member.
- (c) If a councillor already belongs to another medical scheme, such councillor may annually submit proof of membership of the medical scheme to the municipality.

13. Special risk cover

(1) A municipality must, in addition to the annual total remuneration packages provided for in items 5 and 8 respectively, take out risk insurance cover, to provide for the an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillors personal fixed or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder. The special risk insurance on residential property will be limited to R1, 5 million while on vehicles it is limited to R750 000. The life and disability insurance cover is limited to 2 times the total remuneration package of a councillor.

(2) In the event where the residential property of a councillor was damaged or destroyed as a result of riot, civil unrest, strike or public disorder, the municipality may, subject to affordability, provide alternative accommodation to the affected councillor, for a period of 30 days from the date of such an incident.

(3) Notwithstanding sub-item (2), the municipal council may, on good cause shown, review its decision referred to in sub item (2), limited to 30 days per incident.

(4) A councillor is obliged to submit to the municipality details of property, assets and beneficiaries to be covered by the special risk insurance upon request. A councillor who fails to submit the required details referred to herein will forfeit the benefits associated with the special risk insurance cover.

(5) If a councillor already belongs to another special risk cover, such councillor must declare to the municipality the details of property, assets and beneficiaries to be covered by the special risk insurance.

14. Tools of trade

(1) A municipal council may extend the following tools of trade to a councillor:

	TOOLS OF TRADE	APPLICABLE TO:
(a)	Braille reader	All visually impaired councillors.
(b)	Office space and furniture; Parking bay; Business cards; Calculators; Letter-heads; Stationery; Toner cartridges; Diaries; Postage costs; Office telephone; and Appropriate mobile technology and multi-digital office (excluding cell phones and mobile data card as per item 10 and 11), including laptop and or desktop computer, facsimile, printer, photocopier and scanner.	Full-time councillors, part-time Executive Mayors or Mayor, part-time Deputy Executive Mayors or Deputy Mayors, part-time Speakers, part-time Members of Mayoral Committee or Members of Executive Committee and part-time Chairpersons of Section 79 Committees.
(c)	Business cards; Calculators; Letter-heads; Stationery; and Diaries.	Part-time councillors and the usage must comply with policy directives of the municipality.
(d)	Postage costs; Office telephone; and Multi-digital office, facsimile, printer, photocopier and scanner.	Part-time councillors to have access to these tools of trade at the municipal offices.
(e)	Personal security	All councillors, subject to a threat and risk analysis conducted by the South African Police Service.

(2) If a municipal council makes available tools of trade in terms of sub-item (1), such a municipal council must take into account accessibility, affordability and cost control, equity, flexibility, simplicity, transparency, accountability and value of tools of trade.

- (4) The application of sub-tem (1) is subject to concurrence by the MEC for local government in the province.

15. Capacity building

(1) A municipality must make provision in its budget for the development and implementation of capacity building programme for councillors.

(2) This capacity building programme may include specific training conducted by national departments, associated government agencies and SETAs, provincial departments, municipalities and organised local government.

(3) The training programme must take into consideration the capacity needs to fulfil a councillor' statutory obligations and affordability by a municipality.

16. Overpayment

(1) Any remuneration paid to a councillor of a municipality otherwise than in accordance with section 167(1) of the *Local Government: Municipal Finance Management Act, 2003* (Act No. 53 of 2003) including any bonus, bursary, loan, advance or other benefit, is an irregular expenditure and the municipality –

- (a) must recover that remuneration from the political office bearer or member; and
- (b) may not write-off any expenditure incurred by the municipality in paying or giving that remuneration.

(2) The MEC must report to the Minister –

- (a) any transgression of subsection (1); and
- (b) any non-compliance with this Notice.

17. Information to be submitted to the Minister

(1) Every municipality must in terms of section 107 of the Municipal Systems Act submit to the MEC responsible for local government in the province, by not later than 28 February 2017, a report containing the following information in respect of its councillors as at 1 July 2016 on an official letterhead of the municipality, signed by the municipal manager:

- (a) Total number of councillors;
- (b) Designation;
- (c) Part-time or full-time;
- (d) Name of incumbent;
- (e) Gender;
- (f) Total municipal income;
- (g) Total population;
- (h) Grading of municipal council;
- (i) Date concurrence granted by the MEC;
- (j) Total remuneration package; and
- (k) Any allowance(s) payable to a councillor.

(2) Upon receipt of the data referred to in sub-item 1, the MEC must submit a consolidated report to the Minister by not later than 31 March 2017.

(3) 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 as contained in Schedule 2 of the Act.

18. Transitional measures

(1) A municipality that does not have any municipal income is a grade 1 municipal council as envisaged in item 4(1): Provided that –

- (a) LIM 345, the new municipality in Limpopo Province that was established in terms of section 21 of the Demarcation Act by merging parts of Thulamela and Makhado local

municipalities that came into effect at the commencement of the first election of the council of that municipality following the 2016 local government elections, is a grade 3 municipality; and

- (b) superseding municipalities that came into effect at the commencement of the first election of the council of that municipality following the 2016 local government elections with different gradings, must utilise the highest total municipal income between one of the superseding municipalities based on the audited financial statements for the 2015 /16 financial year; and
- (c) superseding municipalities that came into effect at the commencement of the first election of the council of that municipality following the 2016 local government elections with the same grading, must utilise the highest total municipal income between one of the superseding municipalities based on the audited financial statements for the 2015 /16 financial year.

(2) If a municipality has no audited financial statements for 2015/16 financial year by the date of publication of this Notice, the audited financial statements for the 2014/15 financial year will apply.

19. Short title and commencement

This Notice is called the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils and takes effect from 1 July 2016.

WARNING!!!

To all suppliers and potential suppliers of goods to the Government Printing Works

The Government Printing Works would like to warn members of the public against an organised syndicate(s) scamming unsuspecting members of the public and claiming to act on behalf of the Government Printing Works.

One of the ways in which the syndicate operates is by requesting quotations for various goods and services on a quotation form with the logo of the Government Printing Works. Once the official order is placed the syndicate requesting upfront payment before delivery will take place. Once the upfront payment is done the syndicate do not deliver the goods and service provider then expect payment from Government Printing Works.

Government Printing Works condemns such illegal activities and encourages service providers to confirm the legitimacy of purchase orders with GPW SCM, prior to processing and delivery of goods.

To confirm the legitimacy of purchase orders, please contact:

Renny Chetty (012) 748-6375 (Renny.Chetty@gpw.gov.za),

Anna-Marie du Toit (012) 748-6292 (Anna-Marie.DuToit@gpw.gov.za) and

Siraj Rizvi (012) 748-6380 (Siraj.Rizvi@gpw.gov.za)

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CIRCULAR 30 / 2016

FROM : CHIEF EXECUTIVE OFFICER

**TO : EXECUTIVE MAYORS
MAYORS
SPEAKERS
MUNICIPAL MANAGERS**

DATE : 21 DECEMBER 2016

DETERMINATION OF THE UPPER LIMITS FOR THE SALARIES, ALLOWANCES AND BENEFITS OF MUNICIPAL COUNCILLORS FOR THE 2016/17 FINANCIAL YEAR

The Minister of Cooperative Governance and Traditional Affairs on 21 December 2016 published the upper limits notice for the salaries, allowances and benefits for the 2016/17 financial year.

A copy of the notice is attached as Annexure "A" to this circular.

A. KEY FEATURES OF THE NOTICE

The most pertinent points to note in terms of the notice are set out below:

1. ANNUAL INCREASE

In accordance with the recommendation of the Independent Commission for the Remuneration of Public Office Bearers, **ONLY** Chairpersons of Section 79 Committees and "ordinary part time" councillors received an increase of 4%, with all other councillors **NOT** receiving any increase.

2. DEFINITIONS

The definition clause now provides for existing and new municipalities, as well as superseding municipalities in order to address the payment of councillors in municipalities that were restructured due to the municipal boundary redetermination process of the Municipal Demarcation Board. Municipalities that were the subject of restructuring must ensure that they apply the correct definition in order to determine their grading.

The definition of **total population** has been amended to provide for the use of the the official statistics as determined in accordance with the Statistics SA Community Survey 2016. This will result in more recent statistical information being used for the determination of population as a consequence the grading of the municipality.

3. UPPER LIMITS OF ALLOWANCES OF COUNCILLORS

A councillor still has the discretion to structure his/her allowance to provide for a motor vehicle allowance. The 25% limitation that previously existed **NO LONGER APPLIES** in this regard. However, should a councillor elect to include a motor vehicle allowance in the salary structure, he/she may only use a council vehicle in line with an approved council policy.

It should, however, be noted that the provision contained in the previous notice that allowed for the municipality to provide for an official vehicle for the Executive Mayor / Mayor, the Deputy Executive Mayor / Deputy Mayor and Speaker has been omitted from the current notice which means that such vehicles may only be provided in terms of an approved municipal policy.

4. CELL PHONE ALLOWANCES

The cell phone allowances have been amended, to allow for a new category of beneficiaries for Grade 4 and 5 municipalities. The new allowances are as follows:

- Grade 6 Executive Mayors / Mayors, their deputies and Speakers are entitled to be re-imbursed for expenses relating the use of cell phones, not exceeding the amount of **R3400 per month**
- Grade 4 and 5 Executive Mayors / Mayors, their deputies and Speakers are entitled to be re-imbursed for expenses relating the use of cell phones, not exceeding the amount of **R2400 per month**
- All other councillors are entitled to be re-imbursed for expenses relating the use of cell phones, not exceeding the amount of **R1900 per month.**

5. PENSION FUND CONTRIBUTIONS

All councillors are now obliged to belong to a pension fund registered in terms of the Pension Fund Act, however no such fund is prescribed.

6. CAPACITY BUILDING

A municipality is now obliged to make provision in its budget for the development and implementation of capacity building programmes for councillors.

7. OVERPAYMENT

Where any councillor has been overpaid with effect from 1 July 2016 to date, such overpayment needs to be recovered from such councillor. As the implementation date of the notice is 1 July 2016 the notice applies to the outgoing as well as the current serving councillors.

8. INFORMATION TO BE SUBMITTED TO THE MINISTER

The notice now also provides that the Municipal Manager must by no later than 28 February 2017 provide the information specified in the notice, to the MEC for responsible for local government for submission of a consolidated report by the MEC to Minister of COGTA. Failure to submit the information will be deemed to be a contravention of the Code of Conduct for Municipal Staff as per the Systems Act.

9. TRANSITIONAL MATTERS

Kindly note that the transitional matters in the current notice only deal with the restructuring of municipalities as alluded to earlier and the failure of municipalities to submit financial statements.

Where municipalities have thus been downgraded in terms of the notice issued, councillors will be required to refund the municipality for any overpayments made.

B. IMPLEMENTATION

1. Municipal Managers in particular should note that the Upper Limits Notice **MAY NOT BE IMPLEMENTED** before respective municipal councils have considered a report on the upper limits and have resolved on the levels of remuneration which will apply in that Municipality. This consideration must occur with regard to the financial year (in this instance 2016/17) within which the payments will have to be made, and the affordability thereof for Municipalities. This implies that the budget for the year in question **must reflect the liability to pay the level of remuneration** determined by the council and this must in turn be cash funded.

Further, **before implementation**, it is necessary for a council to consult with the MEC responsible for Local Government in the Province, motivating the affordability and demonstrating that the liability has been budgeted for. Failure to follow these steps will result in **AN ADVERSE AUDIT OPINION** being expressed by the Auditor General.

2. In instances where a council has not made the necessary budgetary provisions to support increased remuneration, it will nevertheless be necessary for it to consider the determination and resolve specifically **not to increase** the remuneration payable. This is necessary because the former Government Notice of 21 December 2015 was repealed with effect from 1 July 2016. Accordingly, payment of remuneration to Councillors after 1 July 2016 is now only lawful in terms of the new determination and Councils must consider it accordingly. The Council is still left with the option to re-prioritise its budget to accommodate the salary increases within the prescripts of the Municipal Finance Management Act.

3. It will be necessary for councils to **apply the formula** contained in paragraphs 2, 3 and 4 of the gazette, **in order to determine which grade of Municipality** they are. It should be noted that this formula applies to Local, District and Metropolitan Municipalities. It should further be noted that the definition of "**total population**" is now defined to be as determined by the Statistician General for the **Community Survey 2016**.

A further circular will be issued early in 2017 to clarify the areas that may result in implementation challenges.

Yours faithfully,



XOLILE GEORGE
CHIEF EXECUTIVE OFFICER

AFFORDABILITY VERIFICATION CERTIFICATE**GRADING**

		Points
Population as per 2016 Community census figures	93'470	16,67
Total Municipal Income (gross income as stated in the financial statement of the municipality for the 2015/16 financial year)	R831'111'000	33,33
Total Points		50,00
Grade		3 (Three)

AFFORDABILITY VERIFICATION CERTIFICATE

**COUNCILLOR REMUNERATION: RE-DETERMINATION OF UPPER LIMITS
WITH EFFECT FROM 1 JULY 2016: GOVERNMENT NOTICE NO. 1600
DATED 21 DECEMBER 2016**

I, C G GROENEWALD Accounting Officer of OVERSTRAND MUNICIPALITY,
hereby certify that:

(mark and complete as appropriate)

Current Councillor Remuneration Budget : R 9'110'256

Rand Increase of Total Budget as per new upper limits : R 8'186

Adequate provision has been made in the 2016/17 budget for the said increases in councillor remuneration including the back pay.

There is inadequate provision in the 2016/17 budget for the said increases in councillor remuneration including the back pay and that the shortfall will be funded from ~~the accumulated surplus or savings~~ (delete the inappropriate).

Based on the current financial performance and collection trends that the increases in councillor remuneration is affordable and does not compromise service delivery and the sustainability of the municipality.

Is an adjustment budget required to provide for back pay or the increase in councillor remuneration? Y / N

If Yes, how will the additional expenditure be funded? (Provide sufficient detail of how savings have been achieved to fund the additional expenditure)

N/A

The information submitted above, is to the best of my knowledge accurate.

Print name : C G GROENEWALD

Accounting Officer of : OVERSTRAND MUNICIPALITY

Signature: *C Groenewald* Date: 17. 01. 2017

