

AGENDA : SPECIAL MAYORAL COMMITTEE MEETING: 22 JANUARY 2019**7.
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
08 January 2019****(028) 313 8040****Corporate Head Office**

1. Executive Summary

To consider increased salaries, allowances and benefits of councillors with retrospective effect from 1 July 2018.

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. 1426, dated 21 December 2018.
- Local Government: Municipal Finance Management Act, 2003 (Act No. 53 of 2003)

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.

For purposes of implementation of the aforementioned Government Notice, "in consultation with" means that a municipal council must obtain concurrence of the MEC of Local Government prior to the implementation of the provisions of the Notice.

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 2018, 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 1426, dated 21 December 2018, is attached as Annexure A. Circular 48/2018, dated 28 December 2018, received from SALGA is likewise attached as Annexure B.

The determination of the grade of a municipal council is derived from a combination of points allocated to each municipal council in respect of total population and total municipal income. The **total population** refers to the official statistics of the population residing in the area of jurisdiction of the municipality as published in the Community Survey 2016: Statistical Release No. P0301, in terms of the Statistics Act, 1999 (Act No. 6 of 1999). The **total municipal income** refers to the gross income in respect of the local municipality based on actual income received as stated in the audited financial statements for the 2017/18 financial year, excluding transfers and / or grants received from the national- and provincial fiscus.

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.

The definition of **Total Remuneration Package** is clear insofar as it relates to the inclusion of all the components such as basic salary, travelling allowance and contributions to medical aid- and / or pension funds. Although 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. Should a councillor, however, elect to include a motor vehicle allowance in the salary structure, he/she must provide proof of ownership of a private vehicle to the municipality and have the vehicle available for official duties.

In providing for the travelling allowance, Councillors' attention are drawn to the reality that this allowance is granted to cover costs incurred on travelling for official business, which excludes travel between the place of residence and ordinary place of work. Although fully taxable on assessment, only 80% of the allowance is subject to the deduction of PAYE. Again, this does not mean that only 80% is taxable. The full allowance remains taxable and any unspent portion will be included in a Councillor's taxable income and a Councillor would be required to account to the South African Revenue

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Service (SARS) for the use of such an allowance. Councillors who do not have motor vehicles and/or who are likely to have difficulties accounting to SARS for this allowance are advised not to include the travel allowance in the salary structure.

In exceptional circumstances and upon good cause shown, a council vehicle may be used with the approval of the Mayor or Speaker and in line with an approved council policy. If a councillor uses a municipal-owned motor vehicle for official purposes, such councillor will not be reimbursed for kilometres travelled.

Any remuneration paid to a councillor of a municipality otherwise than in accordance with section 167(2) 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 must recover that remuneration from the political office bearer or member and may not write off any expenditure so incurred.

7. Financial Implications

- (1) In accordance with the recommendation of the Independent Commission for the Remuneration of Public Office Bearers, both full-time and part-time councillors received an increase of **4%**. The monetary value for this provision in the current budget amounts to R9'861'960.

The cell-phone and mobile data allowances for the Executive Mayor, Deputy Mayor, Speaker, Members of the Mayoral Committee and Councillors have remained unchanged at R3'400 and R300 each per month respectively. The monetary value for this provision in the current budget amounts to R1'110'300.

With the approved increase in councillors' remuneration the anticipated actual expenditure will amount to R10'534'756, made up as follows:

	Approved Increase	Approved Budget	Anticipated Saving / (Shortfall)
Remuneration	R9'424'756	R9'861'960	R437'204
Cellphone / Data	R1'110'000	R1'110'300	R 300
Total	R10'534'756	R10'972'260	R437'504

- (2) In terms of Section 14(1) of Government Notice No, 1426, dated 21 December 2018, 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.

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In terms of Section 14(4) and (5) of the Government Notice No. 1426, dated 21 December 2018, 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 1426 dated 21 December 2018

Annexure B : SALGA Circular 48/2018 dated 28 December 2018

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 1426, dated 21 December 2018, (Annexure A), **be approved** and be made applicable **with effect from 1 July 2018**, subject to the concurrence of same by the Provincial Minister of Local Government, Environmental Affairs and Development Planning;
2. that, in terms of Section 14 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; and
3. that it be noted that there is no need to make any additional provision in the annual mid-year review and adjustment budget to accommodate the promulgated increase to the upper limits of the salaries, allowances and benefits of councillors.

RESPONSIBLE OFFICIAL :

**J VORSTER
R RUST**

TARGET DATE FOR IMPLEMENTATION :

28 FEBRUARY 2019



Government Gazette Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

Vol. 642

21 December 2018
Desember 2018

No. 42134



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ISSN 1682-5843



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

NO. 1426

21 DECEMBER 2018

**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, Zwelini Lawrence Mkhize, 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.



**ZWELINI LAWRENCE MKHIZE, MP
MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

SCHEDULE

PREAMBLE

The salary and allowances of a councillor is determined by that municipal council by resolution of a supporting vote of the 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 austerity measures as approved by national Cabinet.

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 to the implementation of the provisions of this Notice, subject to submission of information referred to in item 18 of this Notice to the MEC.

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 salary component of a councillor that excludes a travel allowance as provided in item (9)(1), housing allowance as provided in item 9(2), the municipal contribution to a pension fund as provided in item 13(1) and municipal contribution to a medical aid scheme as provided in item 13(2);

"**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;

"**part-time councillor**" means a councillor other than a full-time councillor;

"**pension fund**" means any pension, provident or retirement annuity fund established and registered in terms of, and subject to, any law governing the registration and control of pension funds in the Republic of South Africa and to which an office bearer contributes or any pension scheme approved by Parliament for such office bearers;

"**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 immovable 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;

“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 2017/ 18 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 provincial fiscus, with the exception of regional services council replacement grant for district municipalities; 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 comprising of:

- a basic salary component;
- a travelling allowance as provided in items 9(1);
- housing allowance as provided in items 9(2);
- the municipal contribution to a pension, provident or retirement annuity fund as provided in item 13(1); and
- municipal contribution to a medical aid scheme as provided in item 13(2) to a councillor in a municipal financial year.

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 in terms of items 2 and 3 of the Notice, 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

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	TOTAL REMUNERATION PACKAGE			
	EXECUTIVE MAYOR OR MAYOR	SPEAKER, DEPUTY EXECUTIVE MAYOR OR DEPUTY MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE, WHIP OR CHAIRPERSON OF A SUBCOUNCIL	CHAIRPERSON OF A SECTION 79 COMMITTEE
6	1,350,250	1,090,488	1,027,223	997,090
5	1,006,728	805,382	755,045	732,898
4	859,471	687,575	644,603	625,693
3	827,749	662,200	620,813	608,340
2	775,063	620,051	586,833	569,619
1	752,483	607,716	569,732	553,020

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

6. Upper limit of annual total remuneration package or allowance in respect of councillors elected or appointed to a district council

(1) A councillor elected or 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, 11, 12 and 13 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 received at the local council, entitled to a sitting allowance not exceeding R1060.80, 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 payment of cell phone expenses not exceeding 50% of the applicable allowances as prescribed under item 11 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) A councillor designated by organised local government 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 R1060.80, irrespective of the number of meetings attended by such councillor on a specific day.
- (b) A councillor designated by organised local government to represent organised local government at any intergovernmental structure, including national and provincial executive authorities, must in addition to the total remuneration package applicable to that councillor, be paid an allowance not exceeding R1060.80, irrespective of the number of attendances 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	TOTAL REMUNERATION PACKAGE				
	EXECUTIVE MAYOR OR MAYOR	SPEAKER, DEPUTY EXECUTIVE MAYOR OR DEPUTY MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE OR WHIP	CHAIRPERSON OF SECTION 79 COMMITTEE	ALL OTHER COUNCILLORS
6	756,866	640,278	573,056	556,247	505,677
5	561,622	449,299	421,217	408,860	318,591
4	479,472	383,577	359,604	349,055	271,990
3	461,777	369,421	346,339	336,171	261,952
2	432,384	345,907	324,289	314,776	245,280
1	419,784	335,826	314,839	305,602	237,846

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 councillors

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

(1) Motor vehicle and travel allowance

- (a) A 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 structures a vehicle allowance, the councillor must provide proof of ownership of a private vehicle to the municipality and have the vehicle available for official duties.
- (c) A councillor who uses a privately-owned vehicle for execution of official duties on behalf of the municipality, may be reimbursed for official kilometres travelled, in addition to the total remuneration package of a councillor as determined in terms of items 5 and 8 of the Notice, not exceeding the applicable tariffs as prescribed by the national department responsible for transport and in terms of the municipal council's policy.

- (d) A councillor who utilises a privately-owned vehicle for official purposes 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) A councillor may, in exceptional circumstances and upon good cause shown, and with the approval of the Mayor or Speaker, utilise the municipal-owned vehicle for official purposes: Provided that the municipal council must, in line with the approved municipal council 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.
- (f) 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.

10. 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 municipal council policy.

11. 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 paid a cell phone allowance not exceeding R3400.00 per month in accordance with the applicable municipal council policy

12. 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 paid an allowance on the use of data bundles not exceeding R300 per month.

13. Upper limits of pension, provident or retirement annuity fund contributions and medical benefits of councillors**(1) Pension, provident or retirement annuity contributions**

- (a) A councillor may participate in a pension, provident or retirement annuity fund registered in terms of the Pension Fund Act, 1956 (Act No. 24 of 1956).
- (b) If a councillor elects to participate in a pension, provident or retirement annuity fund, the municipality must pay from his or her monthly salary, on behalf of that councillor, the monthly council contributions and councillor contributions to a pension, provident or retirement annuity fund to which the councillor is a member in accordance with the rules of such pension, provident or retirement annuity fund. The contributions by the municipal council and the councillor are included in the total remuneration package as a total cost to the municipality.

(2) Medical Aid Scheme

- (a) A councillor may participate in a medical aid scheme registered in terms of the Medical Schemes Act, 1998 (Act No. 131 of 1998).
- (b) If a councillor elects to participate in a medical aid scheme, the municipal council must deduct from that councillor's salary, the monthly contributions and pay the contributions to a medical aid scheme to which the councillor is a member in accordance with the rules of such medical aid scheme. The contributions by the municipal council and the councillor are included in the total remuneration package as a total cost to the municipality.

14. Special risk cover

(1) A municipality must, in addition to the annual total remuneration packages as provided in items 5 and 8 respectively, take out risk insurance cover, to provide for an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillor's personal immovable 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, provide alternative accommodation for a further period not exceeding 30 days.

(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.

15. 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 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)	Laptop or tablet	All councillors
(d)	Official accommodation, fittings and furniture which was utilised as an official residence by the municipality, prior to 2016/17.	Full-time Executive Mayor or Mayor
(e)	Business cards; Calculators; Letter-heads; Stationery; and Diaries.	Part-time councillors and the usage must comply with policy directives of the municipality
(f)	Postage costs; Office telephone; and Multi-digital office, facsimile, printer, photocopier and scanner.	Part-time councillor to have access to these tools of trade at the municipal offices

	TOOLS OF TRADE	APPLICABLE TO:
(g)	Personal security	<p>Executives Mayor, Mayor or Speaker may not have more than two bodyguards. Deviation may only be based on the recommendations of the South African Police Service.</p> <p>Any other councillor, subject to a threat and risk analysis conducted by the South African Police Service.</p>

(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.

(3) The tools of trade must be insured by the council with the exception of sub-item (1)(g).

16. Capacity building

(1) The municipal council must develop and adopt a skills development plan and personal development plan prior to any councillor undergoing training.

(2) A municipality must make a provision in its budget for development and implementation of capacity building programme for a councillor during the term of office of that councillor.

(3) Capacity building programme consist of short courses or programmes as provided for in the training, education and development policy and skills development plan of the municipality, including training conducted by national departments, associated government agencies and SETAs, provincial departments, municipalities and organised local government.

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

17. Overpayment

(1) Any remuneration paid to a councillor of a municipality otherwise than in accordance with section 167(2) 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.

18. Information to be submitted to the Minister

(1) A municipality must submit to the MEC responsible for local government in the province, a report containing the following information in respect of its serving councillors for the 2018/19 financial year on an official letterhead of the municipality, signed by the mayor:

- (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 28 February 2019.

19. Transitional measures

(1) If a municipality has no audited financial statements for 2017/18 financial year by the date of publication of this Notice, the audited financial statements for the 2016/17 financial year will apply.

(2) If the grading of a municipal council is downgraded as a result of the redetermination of the grade of municipal council as set out in item 4 of this Notice, a councillor who was in office as at 30 June 2018 will retain the total remuneration package as determined in terms of Government Notice No. 1440, Government Gazette No. 41335 of 15 December 2017 and the councillor is entitled to the applicable cost of living adjustment: Provided that the data used by the municipality for determination of the grading of a municipal council is correct.

(3) This Notice replaces Government Notice No. 1440 as published in Government Gazette No. 41335 of 15 December 2017.

20. 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 2018.

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CIRCULAR 48 / 2018

FROM : CHIEF EXECUTIVE OFFICER

TO : SALGA PROVINCIAL CHAIRPERSONS
EXECUTIVE MAYORS / MAYORS
SPEAKERS
CHIEF WHIPS
MUNICIPAL MANAGERS

CC : PROVINCIAL EXECUTIVE OFFICERS
EXECUTIVE DIRECTORS

DATE : 28 DECEMBER 2018

DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS

With reference to SALGA Circular 47 dated 19 December 2018, we confirm that following comments received from Municipalities on the draft Upper Limits Notice, SALGA submitted comprehensive comments to the Minister of Cooperative Governance and Traditional Affairs, Honourable Dr Zwelini Mkhize on 21 December 2018.

We are pleased to advise that the Minister has now promulgated the notice on 21 December 2018 in the Government Gazette No. 42134 (hereinafter referred to as the Upper Limits Notice). **The Upper Limits Notice is attached hereto for ease of reference.**

1. KEY FEATURES OF THE NOTICE

As lobbied for by SALGA, newly introduced features of the notice are the following:

1. Percentage increase as recommended by the Commission;
2. Increase of the sitting allowance from R1020 per day to R1060,80 per day (4% increase);
3. The current provisions on capacity building in the Upper Limits Notice should be amended by removing the reference to "but excludes tertiary education"; and

4. Limiting the number of personal protectors to Executive Mayors, Mayors and Speakers to **“two bodyguards subject to a threat and risk analysis conducted by the South African Police Service. Deviation may only be based on the recommendations of the South African Police Service”**.

2. IMPLEMENTATION

- 2.1 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 2018/19) 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.

- 2.2 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 15 December 2017 was repealed with effect from 1 July 2018. Accordingly, payment of remuneration to Councillors after 1 July 2018 is now only lawful in terms of the determination published on 28 December 2018 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.
- 2.3 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.
- 2.4 The upper limits of the annual total remuneration package of various categories of full-time and part time Councillors are contained in paragraph 5 and 9 respectively of the gazette. It should be noted that the amount contained under *“total remuneration”* requires that **every Councillor who elects to include the motor vehicle allowance in his or her salary structure must specifically provide for it** having regard to the likely kilometres **to be travelled** for the tax year and the

type of vehicle to be used. In providing for the travelling allowance Councillors attention should be drawn to the reality that this allowance is granted to cover costs incurred on travelling for official business, which excludes travel between the place of residence and ordinary place of work. Although fully taxable on assessment, only 80% of the allowance is subject to the deduction of PAYE. Again, this does not mean that only 80% is taxable. The full allowance remains taxable and any unspent portion will be included in a Councillor's taxable income and a Councillor would be required to account to the South African Revenue Service (SARS) for the use of such an allowance. Councillors who **DO NOT HAVE MOTOR VEHICLES** and/or who are likely to have difficulties accounting to SARS for this allowance are advised **NOT TO INCLUDE THE TRAVEL ALLOWANCE IN THE SALARY STRUCTURE.**

- 2.5 It should be clarified that the total remuneration package **INCLUDES** the travel allowance, housing allowance, municipal contribution to pension fund and municipal contribution to the medical aid scheme.

Any questions regarding the implementation of the upper limits should be directed to Provincial Executive Officers of SALGA at provincial offices or to Lance Joel (ljoel@salga.org.za) at SALGA National [(012) 369- 8000 / 082 908 3335].

Yours faithfully,

XOLILE GEORGE

CHIEF EXECUTIVE OFFICER

AFFORDABILITY VERIFICATION CERTIFICATE

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GRADING

		Points
Population as per 2016 Community census figures	93'466	16,67
Total Municipal Income (gross income as stated in the audited financial statements of the municipality for the 2017/18 financial year)	R917'765'795	33,33
Total Points		50,00
Grade		3 (Three)

AFFORDABILITY VERIFICATION CERTIFICATE

2/3

COUNCILLOR REMUNERATION: RE-DETERMINATION OF UPPER LIMITS WITH EFFECT FROM 1 JULY 2018: GOVERNMENT NOTICE NO. 1426 DATED 21 DECEMBER 2018

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

(mark and complete as appropriate)

Current Councillor Remuneration Budget : R 10'972'260

Rand Increase of Total Budget as per new upper limits : R NIL

- Adequate provision** has been made in the 2018/19 budget for the said increases in councillor remuneration including the back pay.
- There is **inadequate provision** in the 2018/19 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 councilor 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: 04.01.2019

