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# Newcastle Municipality

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## EXECUTIVE COMMITTEE

### AGENDA

*for the*

### **SPECIAL MEETING**

### **TO BE HELD ON**

*Wednesday, 15 April, 2015*

*at 10:00*

EXCO

SPECIAL MEETING : 15-04-2015 at 10:00

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# EXECUTIVE COMMITTEE

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## NOTICE OF MEETING

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2015-04-13

THE MAYOR  
MEMBERS OF THE EXECUTIVE COMMITTEE  
NEWCASTLE MUNICIPALITY

Dear Councillor

I

### SPECIAL MEETING OF THE EXECUTIVE COMMITTEE

Notice is hereby given that a special meeting of the Executive Committee of the Newcastle Municipal Council will be held in the **Exco Room, Municipal Building, Scott Street, Newcastle** on **Wednesday, 15 April, 2015** at **10:00** for the purpose of considering the matters as contained in the agenda.

Yours faithfully

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B.E. MSWANE  
ACTING MUNICIPAL MANAGER

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EXCO

SPECIAL MEETING : 15-04-2015 at 10:00

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***Agenda*** for a special meeting of the EXECUTIVE COMMITTEE  
to be held in the Exco Room, Municipal Building, Scott Street,  
Newcastle on Wednesday, 15 April, 2015 at 10:00

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ITEM 1

OPENING

ITEM 2

APPLICATIONS FOR LEAVE OF ABSENCE (CS 3/1/4/1)

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ITEM 3

SALGA : DETERMINATION OF THE UPPER LIMITS OF THE  
SALARIES, ALLOWANCES AND BENEFITS FOR MEMBERS OF  
MUNICIPAL COUNCILS FOR THE 2014/2015 FINANCIAL YEAR :  
(CS(A) 19/1/1/28)

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The attached report is submitted

FOR CONSIDERATION

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EXCO

SPECIAL MEETING : 15-04-2015 at 10:00

**3. DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS FOR 2014/15 FINANCIAL YEAR : GOVERNMENT GAZETTE N° 38608 OF 25 MARCH 2015 : CS(A)6/6/1**

**EXECUTIVE SUMMARY**

The National Department of Co-operative Governance and Traditional Affairs has recently published Government Notice n° R243 in the Government Gazette n° 38608 of 25 March, 2015 which reflects the maximum (upper limits) of the salaries, allowances and benefits for the different grades of municipalities for the 2014/15 financial year and effective as from 1 July 2014.

**RECOMMENDED**

(a) That the contents of the following documentation be noted :-

- SALGA Circular 14/2015 dated 27 March 2015 \*\*\*
- Government Notice N° R243 of 25 March 2015 as published in \*\*\*  
Government Gazette no 38608 of 25 March 2015

and that the upper limits in respect of salaries, allowances and benefits for the different members of the Newcastle Municipal Council as determined for a grade 4 municipal council by the Minister of Co-operative Governance and Traditional Affairs under Government Notice R243 of 25 March 2015 be approved with effect from 1 July 2014;

(b) that the cellphone allowances for the 2014/2015 financial year not be increased as per the Government Notice and remain as follows :-

- Full-time councillors : R1 739,00 per month
- Part-time councillors : R1 085,00 per month

(c) that it be noted that no provision has been made for any fixed out of pocket expenses allowance;

(d) that a fixed allowance of R300,00 per month not be paid to councillors for the use of mobile data cards in view of all councillors being issued with laptops/ipads;

(e) that the remuneration of the chairperson of the section 79 committee, and being a part-time councillor, be fixed at R287 221,00 per annum;

(f) that it be noted that the total remuneration package per annum for councillors consist of :-

- a basic salary component
- a travelling allowance
- a housing allowance

- the municipal contribution to a pension fund and a medical aid scheme
- (g) that a virement transfer of R220 000.00 from employee related costs to the councillors' remuneration be approved in order to compensate for the full effect of the six per cent (6%) increase in councillors' remunerations.
  - (h) that councillors be provided with the tools of trade as specified in paragraph 15(a) of Government Notice N° R243 of 25 March 2015;
  - (i) that the Acting Municipal Manager and Chief Financial Officer be authorised to sign the required certificate to be submitted to the MEC for approval of the upper limits and benefits as outlined in Government Notice N° R243 of 25 March 2015 as applicable to the Newcastle Municipality;
  - (j) that paragraph 5 of circular 9 from CoGTA, dated 27 March 2015, be noted as regards the implementation of remuneration levels prior to approval having been obtained from the MEC;
  - (k) that the current service provider of the municipality providing short term insurance be approached to provide life and disability cover benefits to all councillors as per paragraph 14(a) and (b) of Government Notice N° R243 of 25 March 2015 and a further report in this regard, inclusive of the financial implications, be submitted to Council;
  - (l) that paragraph 16(a) and (b) of Government Notice R243 of 25 March 2015 be noted as regards capacity building initiatives for councillors;
  - (m) that an application be submitted to Cogta for the approval of the upper limits of the salaries, allowances and benefits of the members of the Newcastle Municipal Council.

## **PURPOSE**

The purpose of the report is to submit to the Executive Committee and ultimately to Council the maximum (upper limits) of the salaries, allowances and benefits for the different grades of municipalities for the 2014/15 financial year and effective from 1 July 2014.

## **BACKGROUND**

Section 219(1) of the Constitution of the Republic of South Africa, 1996, stipulates that an Act of Parliament must establish a framework for determining the upper limits of salaries, allowances and benefits of all Public Office Bearers. To give effect to this requirement, Parliament passed the Remuneration of Public Office Bearers Act, 1998 (Act n° 20 of 1998).

In terms of section 7(1) of the Remuneration Act, the Minister must determine the upper limits of the remuneration for councillors after consultation with the MEC responsible for local government in each province.

Section 7(3) of the Remuneration Act further provides that the remuneration of councillors must be determined by the Council by resolution of a supporting vote of a majority of its members, in consultation with the MEC, and shall be paid from the budget of the municipality.

In terms of section 167 of the Local Government : Municipal Finance Management Act, 2003 ("the MFMA") a municipality may only remunerate its councillors within the framework of the Remuneration Act. This section further provides that :-

- (i) if any remuneration which is paid or given in cash or in kind to a councillor (including any bonus, bursary, loan, advance or other benefit), is an irregular expenditure, the municipality must recover that remuneration from the councillor, and may not write off any expenditure incurred by the municipality in paying or giving that remuneration; and
- (ii) the MEC for local government must report any transgressions in the above regard, and must also report non-compliance with :
  - the budget that would have been tabled by the mayor before the commencement of the financial year, where the proposed cost to the municipality is indicated of the remuneration that will be paid to councillors; and
  - the statement by the accounting officer indicating whether the remuneration that is paid to councillors is within the framework of the notice.

## **REPORT**

The following documentation is annexed to this report and is submitted for the attention of all councillors :-

- SALGA circular 14/2015 dated 25 March 2015 \*\*\*
- Government Gazette n<sup>o</sup> 38608 of 25 March 2015 pertaining to Government Notice n<sup>o</sup> R243 of 25 March 2015 \*\*\*
- The completed certificate to be submitted to the MEC responsible for Local Government \*\*\*

As regards the above documentation, the following adjustments/changes/additions which have been affected by Notice R243 are reflected :-

1. The previous upper limits on regulation no R64, notice no 37281 as approved have been increased by 6% per annum with effect from 1 July 2014.
2. In determining the grading of a municipal council :-
  - 2.1 the definition of "total municipal income" has been amended to read as follows: gross income in respect of metropolitan, local or district municipality based on actual income received as stated in the audited financial statements of the municipality for the 2013/2014 financial year.
3. A Councillor representing SALGA in formal IGR structures will be entitled to a sitting allowance.

4. Upper limits of the allowance for full time councillors: the vehicle allowed to councillors when travelling on official business must be a municipal-owned vehicle.
5. Increase in the sitting allowances of appointed councillors from R857 per day to R908 limited to one payment per day, where a councillor is receiving a total remuneration package from a local council that is equal to or higher than the upper limits of the total remuneration package to which he or she is entitled to as an appointed councillor to the district council; and
6. Organised local government to specifically provide for a sitting allowance to be paid by government structure of organised local government and formal inter-governmental structures to members for participating in governance structures.

## **IMPLEMENTATION**

1. The upper limits notice may not be implemented before the 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 2014/15) 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 29 January 2014 was repealed with effect from 1 July 2014. Accordingly, payment of remuneration to councillors after 1 July 2014 is now only lawful in terms of the determination published on 25 March 2015 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. The notice requires the development of policies to govern the implementation of benefits. These policies need to be in place:
  - A travel allowance policy for full time and part time councillors, including those appointed to district councils
  - A policy on the reimbursement of out of pocket expenses incurred by all councillors
  - A policy on the reimbursement of cell phone expenditure incurred by part time councillors appointed to the district
  - A policy on the provision of alternative accommodation for councillors in case of damage to or destruction of their homes.

## **GRADING**

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 2011 Census results.

In accordance with paragraphs 2, 3 and 4 of Gazette R243 the following applies to the Newcastle Municipality

<b>TOTAL MUNICIPAL INCOME</b>	<b>Nº OF POINTS</b>
<b>R1 021 278 390</b>	<b>33,33</b>
<b>TOTAL POPULATION</b>	
<b>363 237</b>	<b>33,33</b>
	<b>66,66</b>

In accordance with paragraph 4(a) of the said Gazette, the Newcastle Municipality is therefor graded as a grade 4 municipal council.

## **TRAVEL ALLOWANCE**

The upper limits of the annual total remuneration package of various categories of full-time and part-time councillors are contained in paragraph 6 and 10 respectively of the gazette. It should be noted that the amount contained under "total remuneration" requires that every councillor who elects to include the up to 25% 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.

## **TOTAL REMUNERATION**

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.



## **GUIDANCE ON RISK BENEFITS**

Included in councillors' total remuneration package is the provision for a Municipality to out insurance cover, to provide for the loss of 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 vehicle to R750 000. The life and disability insurance cover is limited to 2 times the total remuneration package of a councillor.

In the event where the residential property of a councillor was damaged or destroyed as a result of riots, civil unrest, strikes or public disorder, the municipality may provide alternative accommodation affordable to the municipality to such a councillor for a period of 30 days from the date of such an incident, and which may be reviewed by the municipal council after expiry of the 30 days, on a good cause shown, for no more than 30 days at a time.

The following are key steps in guiding the municipality in taking out the said cover :-

- a) municipalities must appoint an insurance broker to facilitate the taking out of the said cover as part of existing Municipal cover;
- b) through the use of the broker, a municipality must develop a set of requirements and request every councillor to provide all necessary details to the municipality to enable the extension of the said cover. The upper limits notice is clear that where a councillor fails to respond to such request such a councillor will be excluded from the said cover;
- c) where a councillor can show that he or she already has such cover, a municipality may then exclude the cover for the said councillor;
- d) in the event of a loss, the councillor will be compensated directly not the municipality. This also applies even where the councillor's house was part of the municipality's policy. Municipalities would not be involved in the claim handling as the risk carrier is the councillor.

Currently a service provider is appointed to provide short term insurance to the municipality. It is suggested that this service provider be approached to extend the current policy to also provide for the current risk benefits to councillors, inclusive of life and disability cover as provided for in paragraph 14 (a) and (b) of Government Notice no R243 and as referred to herein before. A further report in such regard, inclusive of the financial implications, will be submitted to Council.

## **SUMMARY OF REVISED SALARIES, ALLOWANCES AND BENEFITS**

Newcastle Municipality, being a grade 4 municipal council, will remunerate its councillors as follows with retrospective effect 1 July 2014 :-

1.

<b>POSITION</b>		<b>TOTAL REMUNERATION PACKAGE</b>
		<b>PER ANNUM*</b>
Mayor		R746 029
Deputy Mayor		R596 822
Speaker		R596 822
Chief Whip		R559 522
Exco Member		R559 522
Chairperson : NMPAC		R287 221
Part-time councillors		R223 808
* <i>“Total remuneration package per annum”</i> is the total cost to the municipality of a basic salary component, a travelling allowance, a housing allowance, the municipal contribution to a pension fund and a medical aid scheme.		

2.

<b>CELL PHONE ALLOWANCES</b>	
Full-time councillors	R1 739,00 per month
Part-time councillors	R1 085,00 per month

The abovementioned is in line with item 11 of the Government Notice, i.e. that the levels of cell phone allowances have not been increased and have remained unchanged. The said allowances are based on the allowances paid for the 2013/14 financial year.

3.

#### MOBILE DATA CARDS

The Council at a meeting held on 30 January 2013 resolved as follows :-

*“(d) that a fixed allowance of R300,00 per month not be paid to councillors for the use of mobile data cards in view of all councillors being issued with laptops/ipads;”*

4.

#### TOOLS OF TRADE

The Council at a meeting held on 30 January 2013 resolved as follows :-

*(i) that councillors be provided with the tools of trade as specified in paragraph 14 of Government Notice n<sup>o</sup> 1032 of 7 December 2012.*

*It is therefore recommended that the same resolution apply to the tools of trade as specified in section 15(a) of Government Gazette n<sup>o</sup> 37281 of 29 January 2014*

#### **COMMENTS: BUDGET AND TREASURY OFFICE**

An increase of 6% on the 2014/2015 councillors' remunerations will cost Council an estimated total amount of R19 427 388.00 in respect of basic salary, travelling allowance, housing allowance, pension fund, medical and cell phone allowance, calculated with retrospective effect from 1 July 2014. A provision of R19 208 000 has been made in the 2014/2015 budget for this purpose. This therefore implies an under-provision of an estimated amount of R219 388.00, mainly due to the fact that the budgeted figure was estimated at 5% increase and that Gazette No. 38608 was only issued after the adjustment budget was adopted by Council. For this purpose, an approval is hereby sought for a virement transfer of R220 000.00 from employee related costs to councillors' remuneration as there are adequate savings that can be identified due to delays in the filling of the critical positions.

In terms of the Council resolution adopted on 30<sup>th</sup> June 2014, no provision has been made in respect of the mobile data allowance as the Newcastle Municipality Councillors are being issued as laptops/ipads. The provision for tools of trade for part-time and full time councillors currently complies with paragraph 15(a) of Government Gazette No.37281 dated 29 January 2014 and a Council resolution adopted on 30<sup>th</sup> June 2013. Any additional operational and capital requirements will be attended to on a case by case basis in line with the approved budget. Furthermore, no provision has been made for any fixed out of pocket allowances in respect of all councillors.

In terms of the requirements of paragraph 14(a) of the gazette, all councillors of Newcastle Local Municipality are currently covered with Old Mutual for loss of life or disability arising from riots, civil unrest, strike or public order and adequate provision has been made in the 2014/2015 budget for this purpose. A further provision has also been made in the 2014/2015 budget in respect of damage or loss to councillors' properties or assets suffered in pursuit of paragraph 14(a) of the gazette and the cover is available with the Council's short-term insurers. However councillors are urged to provide details of their properties / assets to the office of Strategic Executive Director: Budget and Treasury Office in order for this cover to be effective, which requirement is also in line with paragraph 14(b) of gazette.



**B.E. MSWANE**  
**ACTING MUNICIPAL MANAGER**



**SALGA**  
South African Local Government Association

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## CIRCULAR 14/2015

**FROM : CHIEF EXECUTIVE OFFICER**

**TO : EXECUTIVE MAYORS  
MAYORS  
SPEAKERS  
WHIPS  
MUNICIPAL MANAGERS  
CHIEF FINANCIAL OFFICERS**

**DATE : 27 MARCH 2015**

### DETERMINATION OF THE UPPER LIMITS OF THE SALARIES, ALLOWANCES AND BENEFITS FOR MEMBERS OF MUNICIPAL COUNCILS FOR THE 2014/2015 FINANCIAL YEAR

#### 1. INTRODUCTION

The Minister of COGTA, during his engagement with the SALGA membership at the SALGA NMA on 25 March 2015 indicated that the Government Gazette containing the Determination of the Upper Limits of the Salaries, Allowances and Benefits for Members of Municipal Councils for the 2014/2015 Financial Year would be published later on the said day. SALGA received the notice on 26 March 2015 and the notice is attached hereto for the attention of municipalities. As indicated by the Minister, members of municipal councils earning less than R1 million are entitled to a 6% increase and those earning in excess of R1 million, a 5% increase.

#### 2. GAINS MADE SINCE 2013/14

The determination notice has been amended from the draft notice sent to members for comments in February 2015, yet a number of gains have been made from the 2013/14 financial year. Although not all the SALGA proposals were included in the notice, it is our

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**Western Cape**  
SALGA House  
7<sup>th</sup> Floor, 44 Strand St  
Cape Town 8000  
Tel: 021 469 9800  
Fax: 021 461 1936

view that the gains made are critical to councillors and recognise the important role played by councillors in local governance.

The most notable gain is that municipalities are now allowed to provide alternative accommodation for a period of 30 days where the house of a councillor was damaged or strayed due to political unrest or riots.

A special payment dispensation was introduced for part-time chairpersons of Section 79 Committees and councillors representing SALGA in IGR structures will now also be entitled to a sitting allowance. A formal SALGA policy will be adopted to govern the payment of the said allowance.

### 3. MOST PERTINENT CHANGES FROM THE 2013/14 UPPER LIMIT NOTICE

The notice for the 2014/15 financial year differs from the 2013/14 notice in the following respects:

- Definition clauses:

The definition of "total municipal income" has been amended to read as follows:

*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 2013/14 financial year. The gross income of 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 will exclude the following:*

- *transfers and / or grants from the national fiscus;*
- *all value added tax (VAT) refunds.*

- Item 6:

Upper limits of the allowances of full-time councillors:

The vehicle allowed to councillors when travelling on official business must be a municipal – owned vehicle.

- Item 7:

The sitting allowance for appointed councillors has been increased to R908 per sitting, limited to one payment per day.

- Item 8:

Councillors representing SALGA in formal IGR structures will now also be entitled to a sitting allowance.

- Item 9:

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

A special payment dispensation was introduced for part-time chairpersons of Section 79 Committees.

- Item 10:

Upper limits of the allowances of part-time councillors:

The vehicle allowed to councillors when travelling on official business must be a municipal – owned vehicle.

- Item 14:

Special risk cover:

In addition to the total remuneration package provided for in items 5 and 9 respectively, a municipality must take out a risk insurance 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. Life and disability insurance cover is limited to 2 times the total remuneration package of a councillor.

In addition to the above, 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 provide alternative accommodation, affordable to the municipality, to such a councillor, for a period of 30 days from the date of such an incident, and which may be reviewed by the municipal council after the expiry of 30 days, on good cause shown, for no more than 30 days at a time.

It is the responsibility of the councillor to provide all necessary details to the municipality, upon request, regarding the councillor's properties, assets and beneficiaries to be covered by the special risks insurance. Failure by the councillor to comply with the municipality's request, will lead to the exclusion of that councillor's property or assets from the special risk insurance cover. Councillors who already have their own special risk cover must also declare to the municipality information.

The implication of this item is that a municipality must obtain the necessary information on the property of the councillor and submit same to SASRIA for cover on the assets, and the municipality must arrange the necessary life and disability cover. The municipality may not extend the initial 30 day accommodation to a councillor unless it has been considered by the municipal council.

#### 4. IMPLEMENTATION OF THE NOTICE

Municipal councils need to submit the upper limits notice to its municipal council for approval, where after the resolution of the council needs to be submitted to the MEC in order to obtain concurrence from the MEC. The requirement for concurrence also applies to the introduction of the tools of trade.

Once the concurrence of the MEC has been obtained, the increased salaries can be implemented.

However, the attention of municipalities is drawn to the fact that the notice require the development of a number of policies to be developed to govern the implementation of benefits. Municipalities are thus requested to ensure that the following policies are in place to ensure the implementation of the benefits allowed to councillors:

- A travel allowance policy for full time and part time councillors, including those appointed to district councils;
- A policy on the reimbursement of out of pocket expenses incurred by all councillors;
- A policy for the reimbursement of cell phone expenditure incurred by part time councillors appointed to a district municipality; and
- A policy for the provision of alternative accommodation for councillors in case of damage to or destruction of their homes.

The requirement for a log book to be kept in the event where a travel allowance is structured as part of the total remuneration package of a councillor, remains applicable.

SALGA will, once again, in consultation with the provincial offices, arrange provincial sessions where municipalities and councillors will be assisted with the interpretation of the notice.

For all additional information and further enquiries you are welcome to contact Lorette Tredoux ([ltredoux@salga.org.za](mailto:ltredoux@salga.org.za)) or Sonwabo Gqegqe ([sgqegqe@salga.org.za](mailto:sgqegqe@salga.org.za)).

Yours in developmental local government,



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**XOLILE GEORGE**  
**CHIEF EXECUTIVE OFFICER**





# Government Gazette Staatskoerant

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REPUBLIC VAN SUID-AFRIKA

*Regulation Gazette*

**No. 10400**

*Regulasiekoerant*

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**No. 38608**

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## GOVERNMENT NOTICE

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### DEPARTMENT OF COOPERATIVE GOVERNANCE

No. R. 243

25 March 2015

#### 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, Pravin Jamnadas Gordhan, 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 that Act,

determine the upper limits of the salaries, allowances and benefits of the different members of municipal councils as set out in the Schedule with effect from 1 July 2014 in respect of that municipal council, and repeal Government Notice No. R. 64 of 29 January 2014 with effect from the same date.

**PRAVIN GORDHAN, 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 the province concerned, having regard to the upper limits as set out hereunder, the financial year of municipal councils, and the affordability of municipal councils to pay within the different levels of remuneration to councillors.

For purposes of implementing this Government Notice, "in consultation with" means that municipalities will require the concurrence of the member of the Executive Council responsible for local government in the province concerned before implementing the provisions contained herein, including the tools of trade.

### Definitions

1. In this Schedule, unless the context otherwise indicates, 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) (hereafter "the Act") and the *Local Government: Municipal Structures Act*, 1998 (Act No. 117 of 1998) (hereafter "the Structures Act"), has that meaning and -

**"basic salary"** means the component of the salary that excludes a travel allowance as provided in items 6(a) and 10(a), a housing allowance as provided in items 6(b) and 10(b), the municipal contribution to a pension fund as provided in item 13(a) and the municipal contribution to a medical aid scheme as provided in item 13(b);

**"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"** means the grade of municipal council as determined in terms of item 4;

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

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

**“special risk cover”** means an insurance cover to provide for the loss of or damage to a councillor’s personal property and assets, life or disability, arising from any riot, civil unrest, strike or public disorder, and excludes any property owned for business purposes;

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

**“tools of trade”** means the resources or enabling facilities provided by a municipal council to a councillor to enable effective and efficient fulfillment of his/her duties in the most cost 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 2013 / 2014 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 will exclude 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 determined by the Statistician-General for the 2011 Census, in terms of the *Statistics Act, 1999* (Act No. 6 of 1999); and

**“total remuneration package”** is the total cost to a municipality of a basic salary component, a travelling allowance as provided in items 6(a) and 10(a), a housing allowance as provided in items 6(b) and 10(b), the municipal contribution to a pension fund as provided in item 13(a) and the municipal contribution to a medical aid scheme as provided in item 13(b) to a councillor in a municipal financial year.

#### **Allocation of number of points for total municipal income**

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

TOTAL MUNICIPAL INCOME			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

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

3. 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



### Determination of grade of municipal council

4. (a) The sum of the number of points allocated to a municipal council, other than a municipal council referred to in paragraph (b), in terms of items 2 and 3 respectively, determines the grade of such municipal council in accordance with the following table:

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

(b) A council that does not have any municipal income is a grade 1 municipal council as envisaged in paragraph (a).

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

5. The upper limit of the annual total remuneration package of a full-time councillor is 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	1,177,639	951,083	891,640	832,197
5	873,850	699,080	655,387	611,696
4	746,029	596,822	559,522	522,220
3	718,495	574,796	538,872	502,946
2	672,763	538,210	504,572	470,934
1	653,158	522,527	489,868	457,210

"total remuneration package" is the total cost to a municipality of a basic salary component, a travelling allowance as provided in items 6(a) and 10(a), a housing allowance as provided in items 6(b) and 10(b), the municipal contribution to a pension fund as provided in item 13(a), and the municipal contribution to a medical aid scheme as provided in item 13(b) to a councillor in a municipal financial year.

Plenary type Mayors should be remunerated according to the total remuneration package column of Mayor / Executive Mayor.

If the amount received by a Chairperson of a Section 79 Committee during the 2013 / 2014 financial year is more than the upper limit for the 2014 / 2015 financial year, as set out in this table, the Chairperson will retain the higher amount, until such time as the amount received, is less than the upper limit determined in the Notice.

**Upper limits of the allowances of full-time councillors**

6. The upper limits of the allowances of a full-time councillor, which form part of the total remuneration package, are as follows:

(a) Travelling allowance:

- (i) An allowance of not more than 25% of the annual total remuneration package of a councillor concerned as determined in terms of item 5 may be included in the package;
- (ii) In addition to the allowance referred to in subparagraph (i), and in addition to the annual total remuneration package of a councillor as determined in terms of item 5, official distances travelled may be claimed in accordance with the councils' applicable policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately-owned vehicles;
- (iii) For the purposes of claiming running and maintenance allowances, a logbook acceptable to the South African Revenue Service reflecting the official and private kilometres travelled per month must be kept;
- (iv) In addition to the allowance referred to in subparagraph (i), a municipal council may make a municipal-owned vehicle available to an executive mayor or mayor, deputy executive mayor or deputy mayor, or speaker, for use on official business;
- (v) Where a municipal council makes a municipal-owned vehicle available to a councillor, other than an executive mayor or mayor, deputy executive mayor or deputy mayor, or speaker, for use on official business, the councillor would not be entitled to the 25% travelling allowance, as determined in terms of item 5; and



- (vi) Nothing herein contained shall prevent a councillor 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.
- (b) Housing allowance:
- A councillor may structure his / her salary to include a housing allowance as part of the total remuneration package set out in 5 above.
- (c) Out of pocket expenses:

In addition to the total remuneration package, a councillor may be reimbursed for actual out of pocket expenses incurred during the execution of official and ceremonial duties, in accordance with a policy as adopted by the municipal council.

#### **Upper limit of remuneration or allowance in respect of appointed councillors**

7. The upper limit of the allowance of a councillor who has been appointed to a district council in terms of section 23(1)(b) of the Structures Act, is as follows:

- (a) If such 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, the upper limit of the remuneration to which such councillor is entitled, is equal to the difference between the total remuneration package he or she is receiving 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, 8, 9, 10, 11, 12 and 13 as the case may be.
- (b) If the upper limit of the total remuneration package which a councillor is receiving as a member of a municipal council is equal to or higher than the upper limit of the total remuneration package to which he or she is entitled to as an appointed councillor to the district council, such councillor is entitled to receive, in addition to the total remuneration package, an allowance of not more than R908 per sitting of the

district council or any committee of that council: Provided that this allowance is limited to R908 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.

(c) A district council is responsible for –

- (i) the payment of the remuneration or the allowance referred to in (a) and (b) respectively; and
- (ii) the reimbursement of travel expenditure incurred by a councillor during the performance of official functions on behalf of that district municipality, in terms of that district council's policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately-owned vehicles.
- (iii) the reimbursement of cell phone expenditure incurred by a part-time appointed councillor during the performance of official functions on behalf of that district municipality, in terms of that district council's policy, and not exceeding 50% of the applicable allowances as prescribed under item 11.

**Upper limit of allowance in respect of councillors appointed to governance structures of organised local government**

8. The upper limit of the allowance of a councillor who has been elected or appointed to a governance structure of organised local government, is as follows:-

- (a) In addition to the total remuneration package, an allowance of not more than R908 per sitting of any governance structure of organised local government: Provided that this allowance is limited to R908 per day, regardless of the number of meetings that are attended by such councillor on a specific day.
- (b) In addition to the total remuneration package, an allowance of not more than R908 per sitting for the attendance of formal inter-governmental and governance structures where organised local government is officially represented: Provided that this allowance is limited to R908 per day, regardless of the number of meetings that are attended by such councillor on a specific day.

- (c) Organised local government is responsible for –
- (i) the payment of the allowance referred to in paragraphs (a) and (b); and
  - (ii) the reimbursement of travel expenditure incurred by a councillor during the performance of official functions on behalf of organised local government, in terms of organised local government's travel policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately-owned vehicles.

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

9. The upper limits of the annual total remuneration package of a part-time councillor is as follows:

GRADE	MAYOR / EXECUTIVE MAYOR	SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE	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	653,869	553,146	490,402	457,709	416,098
5	480,617	384,494	360,463	336,432	262,154
4	410,316	328,252	307,737	287,221	223,808
3	395,173	316,138	296,379	276,620	215,548
2	370,020	296,015	277,515	259,014	201,829
1	359,237	287,389	269,428	251,465	195,712

"total remuneration package" is the total cost to a municipality of a basic salary component, a travelling allowance as provided in items 6(a) and 10(a), a housing allowance as provided in items 6(b) and 10(b), the municipal contribution to a pension fund as provided in item 13(a), and the municipal contribution to a medical aid scheme as provided in item 13(b) to a councillor in a municipal financial year.

Plenary type Mayors should be remunerated according to the total remuneration package column of Mayor / Executive Mayor.

### Upper limits of the allowances of part-time councillors

10. The upper limits of the allowances of a part-time councillor, which form part of the total remuneration package, are as follows:

- (a) Travelling allowance:
- (i) An allowance of not more than 25% of the annual total remuneration package of a councillor concerned as determined in terms of item 9 may be included as part of the total package;

- (ii) In addition to the allowance referred to in subparagraph (i), and in addition to the annual total remuneration package of a councillor as determined in terms of item 9, official distances travelled may be claimed in accordance with the councils' applicable policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles;
  - (iii) For the purposes of claiming running and maintenance allowances, a logbook acceptable to the South African Revenue Service reflecting the official and private kilometres travelled per month must be kept;
  - (iv) In addition to the allowance referred to in subparagraph (i), a municipal council may make a municipal-owned vehicle available to a part-time executive mayor or mayor, deputy executive mayor or deputy mayor, or speaker, where applicable, for use on official business;
  - (v) Where a municipal council makes a municipal-owned vehicle available to a councillor, other than an executive mayor or a mayor, deputy executive mayor or deputy mayor, or speaker, where applicable, for use on official business, the councillor would not be entitled to the 25% travelling allowance, as determined in terms of item 9; and
  - (vi) Nothing herein contained shall prevent a councillor 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.
- (b) Housing allowance:

A councillor may structure his / her salary to include a housing allowance as part of the total remuneration package.

(c) Out of pocket expenses:

In addition to the total remuneration package, a councillor may be reimbursed for reasonable and actual out of pocket expenses incurred during the execution of official and ceremonial duties, in accordance with a policy as approved by the municipal council.

**Upper limits of cell phone allowances for councillors**

11. In addition to the annual total remuneration packages provided for in items 5 and 9 respectively, a councillor may, obtain a fixed allowance of not more than the following amounts in respect of cellphones:

- (a) R3485 per month may be paid to a full-time executive mayor or mayor, deputy mayors and speakers of only a grade 6 municipal council; and
- (b) R1739 per month may be paid to a councillor including executive mayor or mayor, deputy mayors and speakers of grade 1, 2, 3, 4 and 5 municipal council.

**Upper limits of mobile data card for councillors**

12. In addition to the annual total remuneration packages provided for in items 5 and 9 respectively, a councillor may obtain a fixed allowance of not more than R300 per month for use of mobile data cards.

**Upper limits of pension fund contributions and medical aid benefits of councillors**

13. The following are also included in the total remuneration package of a councillor:

- (a) The upper limit of the contribution to be made by a municipal council to the pension fund, of which a councillor is a member, is 15% of the basic salary of such councillor. Both the contribution by the municipal council and the member are included in the total remuneration package as a total cost to company salary structure.



(b) The upper limit of the contribution to be made by a municipal council to the medical aid scheme of which a councillor of that council is a member, is  $\frac{2}{3}$  of the membership fee: Provided that a part-time councillor is not a member of a medical aid scheme by virtue of his or her employment in a capacity other than a councillor. Both the contribution by the municipal council and the member are included in the total remuneration package as a total cost to company salary structure.

### **Special risk cover**

14. (a) In addition to the total remuneration package provided for in items 5 and 9 respectively, a municipality must take out risk insurance 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 times the total remuneration package of a councillor.

(b) In addition to the above, 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 provide alternative accommodation, affordable to the municipality, to such a councillor for a period of 30 days from the date of such an incident, and which may be reviewed by the municipal council after expiry of the 30 days, on good cause shown, for no more than 30 days at a time.

(c) It is the responsibility of the councillor to provide all necessary details to the municipality, upon request, regarding the councillor's properties, assets and beneficiaries to be covered by the special risks insurance. Failure by the councillor to comply with the municipality's request, will lead to the exclusion of that councillor's property or assets from the special risk insurance cover. Councillors who already have their own special risk cover must also declare to the municipality such information.

## Tools of trade

15. (a) A municipal council may extend the following tools of trade to a councillor as follows:

	TOOL OF TRADE	CONDITIONS
(i)	Braille reader	To be provided to all visually impaired councillors.
(ii)	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 paragraph 11 and 12 above), including laptop and or desktop computer, facsimile, printer, photocopier and scanner.	To be provided to 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.
(iii)	Business cards; Calculators; Letter-heads; Stationery; and Diaries.	To be provided to part-time councillors and the usage must comply with policy directives of the municipality.
(iv)	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.
(v)	Personal security to Executive Mayors or Mayors.	Subject to a threat and risk analysis conducted by the South African Police Service.
(vi)	Personal security to any other councillor.	Subject to a threat and risk analysis conducted by the South African Police Service.
(vii)	Official accommodation and furniture.	To be provided to full-time Executive Mayors or Mayors.
The extension and implementation of the above tools of trade must be done in consultation with the member of the Executive Council responsible for local government in the province concerned.		

(b) Where a municipal council makes available tools of trade in terms of paragraph (a) above, such a municipal council must take into account accessibility; affordability and cost control; equity; flexibility; simplicity; transparency and accountability and value of tools of trade.

**16. Capacity Building**

(a) In addition to the total remuneration package provided for in items 5 and 9 respectively, a municipality may contribute towards the payment of costs towards capacity building initiatives directed at councillors.

(b) These capacity building initiatives may include specific training conducted by National Departments, associated government agencies and SETAs, Provincial Departments, municipalities and organised local government through institutions of higher learning and Further Education and Training colleges. The training programmes must be informed by capacity building needs of a municipality and also the affordability levels of the municipality.

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① Act *mm*  
 ② SED: *corp Seru*  
 (with file *plse*)



cogta

Department:

Co-operative Governance and Traditional Affairs

PROVINCE OF KWAZULU-NATAL

MUNICIPALITY

2015-03-27

MUNISILITEIT

Enquiries Imibuzo Navree	Mr. R. Dantuma Mr. S. Mthalane Mr. C. Winfield Mr. W. Wilkinson	Telephone Ucingo Telefoon	033-3556 389 033-3556 317 033-3556 377 033- 3556384	Private Bag Isikhwama Seposi Privaat Sak	X9123 Pietermaritzburg 3200
Reference Inkombe Verwysing	10/1/2 Councillors Remuneration 2014/2015	Fax IFeksi Faks	033-355 6554	Date Usuku Datum	27 March 2015

## MUNICIPAL ADMINISTRATION AND GOVERNANCE CIRCULAR NO. 9 OF 2015

## TO THE MAYORS AND MUNICIPAL MANAGERS OF ALL MUNICIPALITIES

Dear Sir/Madam

**COUNCILLORS' REMUNERATION: PROPOSED INCREASES AND ADDITIONAL ALLOWANCES AND BENEFITS IN RESPECT OF THE 2014/2015 FINANCIAL YEAR IN TERMS OF GOVERNMENT GAZETTE NOTICE NO. R. 243 DATED 25 MARCH 2015.**

- The National Department of Co-operative Governance has recently published Government Notice, No.R.243 which was issued by the National Minister of Co-operative Governance and Traditional Affairs, in the Government Gazette dated 25 March 2015 and which reflects the maximum (upper limits) of the salaries, allowances and benefits for the different grades of municipalities for the 2014/2015 financial year, ie. effective from 1 July 2014. A copy of the said Notice is attached.
- Municipalities are urged to make a comprehensive study of the new Notice since there are a number of differences in it when compared with last year's Notice which has now been repealed. Some of the most significant changes that have been effected in the new Notice are reflected hereunder:
  - The previous upper limit amounts have, with a few exceptions, been increased by between 5% and 6% compared to the 2013/2014 amounts.
  - Item 1 - the definition for "total municipal income" has been amended to provide for the income to be based on "actual income received as stated in the audited financial statements ..." for 2013/2014 as opposed to the reference to "gross income ...." which was the case in the now repealed Notice No. R.64 dated 29 January 2014.

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- d) Item 11 – the levels of cell phone allowances have not been increased and have remained unchanged.
- e) Item 16 - the provision in respect of "capacity building for councillors" has been amended to clarify the situation concerning the municipalities' involvement and financing of capacity building initiatives for councillors.
3. Municipalities are required to submit their applications to the MEC (via the Department) for consideration in order to implement any increases in councillors' remuneration. Such letters of application should be accompanied by:
- i) a certified copy of the Council's resolution in which the Council's decision as to the proposed level of payment is reflected, and
  - ii) the "Certificate" that had previously been dispatched to all municipalities with the Department's circular No.26 of 2014, dated 12 December 2014, duly completed and signed by the Municipal Manager and the Chief Financial Officer is to be submitted as well, please.
4. **KINDLY NOTE:** In the interests of processing these applications as swiftly and expediently as possible, municipalities are requested to submit the said documents (under cover of a letter) to the Department for processing and submission to the MEC. Kindly submit such documents to fax No. 033-3556 554 and NOT directly to the office of the MEC.
5. It is also **IMPORTANT TO NOTE** that under no circumstances are Accounting Officers permitted to implement any increases in the remuneration levels prior to their applications being submitted and approval having been obtained from the MEC.
6. Importantly also, there are a number of amendments to the new Notice which could have some challenges for certain municipalities in terms of meeting the financial implications thereof, especially considering that they may be implemented with retrospective effect. Municipal councils are therefore required to give consideration to all aspects relating to the date of implementation thereof and be specific in their resolutions as to which provisions of the Notice are to be implemented with retrospective effect and which are not, taking into account the provisions made on the 2014/2015 financial year's budget, without negatively impacting on service delivery matters. In this regard the Municipal Managers together with their Chief Financial Officers are required to provide their Councils with full details of the financial implications relating to the provisions of the new Notice.

Yours faithfully

  
GENERAL MANAGER: MUNICIPAL ADMINISTRATION AND GOVERNANCE  
DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS  
CC. Auditor-General, KwaZulu-Natal

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STAATSKOERANT, 25 MAART 2015

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**GOVERNMENT NOTICE**

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**DEPARTMENT OF COOPERATIVE GOVERNANCE****No. R. 243****25 March 2015****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, Pravin Jamnadas Gordhan, 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 that Act,

determine the upper limits of the salaries, allowances and benefits of the different members of municipal councils as set out in the Schedule with effect from 1 July 2014 in respect of that municipal council, and repeal Government Notice No. R. 64 of 29 January 2014 with effect from the same date.

**PRAVIN GORDHAN, 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 the province concerned, having regard to the upper limits as set out hereunder, the financial year of municipal councils, and the affordability of municipal councils to pay within the different levels of remuneration to councillors.

For purposes of implementing this Government Notice, "in consultation with" means that municipalities will require the concurrence of the member of the Executive Council responsible for local government in the province concerned before implementing the provisions contained herein, including the tools of trade.

### Definitions

1. In this Schedule, unless the context otherwise indicates, 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) (hereafter "the Act") and the *Local Government: Municipal Structures Act*, 1998 (Act No. 117 of 1998) (hereafter "the Structures Act"), has that meaning and -

"**basic salary**" means the component of the salary that excludes a travel allowance as provided in Items 6(a) and 10(a), a housing allowance as provided in Items 6(b) and 10(b), the municipal contribution to a pension fund as provided in item 13(a) and the municipal contribution to a medical aid scheme as provided in item 13(b);

"**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**" means the grade of municipal council as determined in terms of Item 4;

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



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

**"special risk cover"** means an insurance cover to provide for the loss of or damage to a councillor's personal property and assets, life or disability, arising from any riot, civil unrest, strike or public disorder, and excludes any property owned for business purposes;

**"section 79 committee"** means a committee of the municipal council established in terms of section 79 of the Structures Act;

**"tools of trade"** means the resources or enabling facilities provided by a municipal council to a councillor to enable effective and efficient fulfillment of his/her duties in the most cost 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 2013 / 2014 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 will exclude 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 determined by the Statistician-General for the 2011 Census, in terms of the *Statistics Act, 1999* (Act No. 6 of 1999); and

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GOVERNMENT GAZETTE, 25 MARCH 2015

"total remuneration package" is the total cost to a municipality of a basic salary component, a travelling allowance as provided in items 6(a) and 10(a), a housing allowance as provided in items 6(b) and 10(b), the municipal contribution to a pension fund as provided in item 13(a) and the municipal contribution to a medical aid scheme as provided in item 13(b) to a councillor in a municipal financial year.

#### Allocation of number of points for total municipal income

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

TOTAL MUNICIPAL INCOME			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

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

3. 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

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**Determination of grade of municipal council**

4. (a) The sum of the number of points allocated to a municipal council, other than a municipal council referred to in paragraph (b), in terms of Items 2 and 3 respectively, determines the grade of such municipal council in accordance with the following table:

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

(b) A council that does not have any municipal income is a grade 1 municipal council as envisaged in paragraph (a).

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

5. The upper limit of the annual total remuneration package of a full-time councillor is 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	1,177,639	951,083	891,840	832,197
5	873,850	699,080	655,357	611,698
4	746,029	596,822	559,522	522,220
3	718,495	574,798	536,872	502,946
2	672,763	638,210	504,572	470,934
1	653,158	522,527	489,060	457,210

"total remuneration package" is the total cost to a municipality of a basic salary component, a travelling allowance as provided in Items 6(a) and 10(a), a housing allowance as provided in Items 6(b) and 10(b), the municipal contribution to a pension fund as provided in Item 13(a), and the municipal contribution to a medical aid scheme as provided in Item 13(b) to a councillor in a municipal financial year.

Plenary type Mayors should be remunerated according to the total remuneration package column of Mayor / Executive Mayor.

If the amount received by a Chairperson of a Section 79 Committee during the 2013 / 2014 financial year is more than the upper limit for the 2014 / 2015 financial year, as set out in this table, the Chairperson will retain the higher amount, until such time as the amount received, is less than the upper limit determined in the Notice.

**Upper limits of the allowances of full-time councillors**

6. The upper limits of the allowances of a full-time councillor, which form part of the total remuneration package, are as follows:

(a) Travelling allowance:

- (i) An allowance of not more than 25% of the annual total remuneration package of a councillor concerned as determined in terms of Item 5 may be included in the package;
- (ii) In addition to the allowance referred to in subparagraph (i), and in addition to the annual total remuneration package of a councillor as determined in terms of Item 5, official distances travelled may be claimed in accordance with the councils' applicable policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately-owned vehicles;
- (iii) For the purposes of claiming running and maintenance allowances, a logbook acceptable to the South African Revenue Service reflecting the official and private kilometres travelled per month must be kept;
- (iv) In addition to the allowance referred to in subparagraph (i), a municipal council may make a municipal-owned vehicle available to an executive mayor or mayor, deputy executive mayor or deputy mayor, or speaker, for use on official business;
- (v) Where a municipal council makes a municipal-owned vehicle available to a councillor, other than an executive mayor or mayor, deputy executive mayor or deputy mayor, or speaker, for use on official business, the councillor would not be entitled to the 25% travelling allowance, as determined in terms of item 5; and



- (vi) Nothing herein contained shall prevent a councillor 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.

(b) Housing allowance:

A councillor may structure his / her salary to include a housing allowance as part of the total remuneration package set out in 5 above.

(c) Out of pocket expenses:

In addition to the total remuneration package, a councillor may be reimbursed for actual out of pocket expenses incurred during the execution of official and ceremonial duties, in accordance with a policy as adopted by the municipal council.

**Upper limit of remuneration or allowance in respect of appointed councillors**

7. The upper limit of the allowance of a councillor who has been appointed to a district council in terms of section 23(1)(b) of the Structures Act, is as follows:

(a) If such 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, the upper limit of the remuneration to which such councillor is entitled, is equal to the difference between the total remuneration package he or she is receiving 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, 8, 9, 10, 11, 12 and 13 as the case may be.

(b) If the upper limit of the total remuneration package which a councillor is receiving as a member of a municipal council is equal to or higher than the upper limit of the total remuneration package to which he or she is entitled to as an appointed councillor to the district council, such councillor is entitled to receive, in addition to the total remuneration package, an allowance of not more than R908 per sitting of the

district council or any committee of that council: Provided that this allowance is limited to R908 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.

(c) A district council is responsible for –

- (i) the payment of the remuneration or the allowance referred to in (a) and (b) respectively; and
- (ii) the reimbursement of travel expenditure incurred by a councillor during the performance of official functions on behalf of that district municipality, in terms of that district council's policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately-owned vehicles.
- (iii) the reimbursement of cell phone expenditure incurred by a part-time appointed councillor during the performance of official functions on behalf of that district municipality, in terms of that district council's policy, and not exceeding 50% of the applicable allowances as prescribed under item 11.

**Upper limit of allowance in respect of councillors appointed to governance structures of organised local government**

8. The upper limit of the allowance of a councillor who has been elected or appointed to a governance structure of organised local government, is as follows:-

- (a) In addition to the total remuneration package, an allowance of not more than R908 per sitting of any governance structure of organised local government: Provided that this allowance is limited to R908 per day, regardless of the number of meetings that are attended by such councillor on a specific day.
- (b) In addition to the total remuneration package, an allowance of not more than R908 per sitting for the attendance of formal inter-governmental and governance structures where organised local government is officially represented: Provided that this allowance is limited to R908 per day, regardless of the number of meetings that are attended by such councillor on a specific day.

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(c) Organised local government is responsible for –

- (i) the payment of the allowance referred to in paragraphs (a) and (b); and
- (ii) the reimbursement of travel expenditure incurred by a councillor during the performance of official functions on behalf of organised local government, in terms of organised local government's travel policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately-owned vehicles.

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

9. The upper limits of the annual total remuneration package of a part-time councillor is as follows:

GRADE	MAYOR / EXECUTIVE MAYOR	SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE	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	653,889	553,146	490,402	457,709	416,098
5	480,817	384,494	380,483	336,432	282,154
4	410,316	328,252	307,737	287,221	223,808
3	395,173	316,130	298,379	276,820	215,548
2	370,020	296,015	277,515	259,014	201,820
1	359,237	287,389	269,428	251,485	195,712

"total remuneration package" is the total cost to a municipality of a basic salary component, a travelling allowance as provided in Items 8(a) and 10(a), a housing allowance as provided in Items 8(b) and 10(b), the municipal contribution to a pension fund as provided in Item 13(a), and the municipal contribution to a medical aid scheme as provided in Item 13(b) to a councillor in a municipal financial year.

Plenary type Mayors should be remunerated according to the total remuneration package column of Mayor / Executive Mayor.

#### Upper limits of the allowances of part-time councillors

10. The upper limits of the allowances of a part-time councillor, which form part of the total remuneration package, are as follows:

(a) Travelling allowance:

- (i) An allowance of not more than 25% of the annual total remuneration package of a councillor concerned as determined in terms of Item 9 may be included as part of the total package;

- (ii) In addition to the allowance referred to in subparagraph (i), and in addition to the annual total remuneration package of a councillor as determined in terms of Item 9, official distances travelled may be claimed in accordance with the councils' applicable policy, and not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles;
- (iii) For the purposes of claiming running and maintenance allowances, a logbook acceptable to the South African Revenue Service reflecting the official and private kilometres travelled per month must be kept;
- (iv) In addition to the allowance referred to in subparagraph (i), a municipal council may make a municipal-owned vehicle available to a part-time executive mayor or mayor, deputy executive mayor or deputy mayor, or speaker, where applicable, for use on official business;
- (v) Where a municipal council makes a municipal-owned vehicle available to a councillor, other than an executive mayor or a mayor, deputy executive mayor or deputy mayor, or speaker, where applicable, for use on official business, the councillor would not be entitled to the 25% travelling allowance, as determined in terms of Item 9; and
- (vi) Nothing herein contained shall prevent a councillor 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.

(b) Housing allowance:

A councillor may structure his / her salary to include a housing allowance as part of the total remuneration package.

(c) Out of pocket expenses:

In addition to the total remuneration package, a councillor may be reimbursed for reasonable and actual out of pocket expenses incurred during the execution of official and ceremonial duties, in accordance with a policy as approved by the municipal council.

**Upper limits of cell phone allowances for councillors**

11. In addition to the annual total remuneration packages provided for in items 5 and 9 respectively, a councillor may, obtain a fixed allowance of not more than the following amounts in respect of cellphones:

- (a) R3485 per month may be paid to a full-time executive mayor or mayor, deputy mayors and speakers of only a grade 6 municipal council; and
- (b) R1739 per month may be paid to a councillor including executive mayor or mayor, deputy mayors and speakers of grade 1, 2, 3, 4 and 5 municipal council.

**Upper limits of mobile data card for councillors**

12. In addition to the annual total remuneration packages provided for in items 5 and 9 respectively, a councillor may obtain a fixed allowance of not more than R300 per month for use of mobile data cards.

**Upper limits of pension fund contributions and medical aid benefits of councillors**

13. The following are also included in the total remuneration package of a councillor:

- (a) The upper limit of the contribution to be made by a municipal council to the pension fund, of which a councillor is a member, is 15% of the basic salary of such councillor. Both the contribution by the municipal council and the member are included in the total remuneration package as a total cost to company salary structure.



(b) The upper limit of the contribution to be made by a municipal council to the medical aid scheme of which a councillor of that council is a member, is  $\frac{2}{3}$  of the membership fee: Provided that a part-time councillor is not a member of a medical aid scheme by virtue of his or her employment in a capacity other than a councillor. Both the contribution by the municipal council and the member are included in the total remuneration package as a total cost to company salary structure.

#### **Special risk cover**

14. (a) In addition to the total remuneration package provided for in items 5 and 9 respectively, a municipality must take out risk insurance 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 times the total remuneration package of a councillor.

(b) In addition to the above, 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 provide alternative accommodation, affordable to the municipality, to such a councillor for a period of 30 days from the date of such an incident, and which may be reviewed by the municipal council after expiry of the 30 days, on good cause shown, for no more than 30 days at a time.

(c) It is the responsibility of the councillor to provide all necessary details to the municipality, upon request, regarding the councillor's properties, assets and beneficiaries to be covered by the special risks insurance. Failure by the councillor to comply with the municipality's request, will lead to the exclusion of that councillor's property or assets from the special risk insurance cover. Councillors who already have their own special risk cover must also declare to the municipality such information.

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**Tools of trade**

15. (a) A municipal council may extend the following tools of trade to a councillor as follows:

	TOOL OF TRADE	CONDITIONS
(i)	Braille reader	To be provided to all visually impaired councillors.
(ii)	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 paragraph 11 and 12 above), including laptop and or desktop computer, facsimile, printer, photocopier and scanner.	To be provided to 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.
(iii)	Business cards; Calculators; Letter-heads; Stationery; and Diaries.	To be provided to part-time councillors and the usage must comply with policy directives of the municipality.
(iv)	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.
(v)	Personal security to Executive Mayors or Mayors.	Subject to a threat and risk analysis conducted by the South African Police Service.
(vi)	Personal security to any other councillor.	Subject to a threat and risk analysis conducted by the South African Police Service.
(vii)	Official accommodation and furniture.	To be provided to full-time Executive Mayors or Mayors.
The extension and implementation of the above tools of trade must be done in consultation with the member of the Executive Council responsible for local government in the province concerned.		

(b) Where a municipal council makes available tools of trade in terms of paragraph (a) above, such a municipal council must take into account accessibility; affordability and cost control; equity; flexibility; simplicity; transparency and accountability and value of tools of trade.

**16. Capacity Building**

(a) In addition to the total remuneration package provided for in items 5 and 9 respectively, a municipality may contribute towards the payment of costs towards capacity building initiatives directed at councillors.

(b) These capacity building initiatives may include specific training conducted by National Departments, associated government agencies and SETAs, Provincial Departments, municipalities and organised local government through institutions of higher learning and Further Education and Training colleges. The training programmes must be informed by capacity building needs of a municipality and also the affordability levels of the municipality.

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# CERTIFICATE

**DETERMINATION OF THE UPPER LIMITS OF THE SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS IN TERMS OF GOVERNMENT NOTICE NO. 243 DATED 25 MARCH 2015, WITH EFFECT FROM 1 JULY 2014.**

1. We the undersigned, in our capacity as municipal manager and chief financial officer, of the **NEWCASTLE** Municipality, hereby certify that –
  - (1) the Municipality, in respect of the “**total municipal income**” as defined in Government Notice No. 243 of 25 March 2015, and in respect of the **2013/2014** financial year, has collected a total municipal income of **R1 021 278 390**, and which is based on the **actual income received** as stated in the audited financial statements for 2013/2014 ) and which **excludes** any amounts received from the equitable share and other transfers or grants from the national or provincial fiscus;
  - (2) the total population of the Municipality is **363 237**, as appears in the 2011 Census Statistics from the Statistician-General;
  - (3) the Municipality is a grade 4 municipality calculated in accordance with paragraph 4(a) of Government Notice No. 243 of 25 March 2015;
  - (4) the sum required to pay councillors’ their total remuneration packages (salaries, allowances and benefits), based on Government Notice No. 243 of 25 March 2015 will amount to **R19 427 388** p/a, and a provision of **R19 428 000** has been made on the 2014/2015 municipal budget to fund the said councillors’ remuneration with retrospective effect from 1 July 2014;
  - (5) by Council Resolution No. \_\_\_\_\_ dated **15 April 2015** the Municipal Council resolved to consult with/apply to the MEC on the resolution to pay councillors remuneration at **6%** of the upper limit applicable to a grade **4** municipality; and
  - (6) The payment of the Municipality’s contribution of councillors’ medical aid and pension benefits (which forms part of the councillors’ all inclusive remuneration package) is to be paid by the municipality directly to the respective funds.

2. As part of the consultation process with the MEC, the Preamble of Government Notice No. 243 stipulates that affordability is a criterion that municipal councils must apply to determine the level of remuneration. The MEC has accordingly, in Provincial Notice No. 376 dated 15 March 2007, published a framework in terms of which such assessments will be conducted, and in order for the Department to assist the MEC to assess the level of affordability, the following information is being provided –

- (1) the staff cost and councillors remuneration costs, being **R371 679 327**, expressed as a percentage of the reported total gross expenditure, being **R1 421 506 498** in the 2013/2014 financial statements, is **18.8%**;
- (2) the total actual reported revenue, being **R1 456 210 889** expressed as a percentage of the total budgeted revenue, being **R1 403 107 601**, in the 2013/2014 financial year, is **103%**;
- (3) in respect of the 2013/2014 financial year the -
  - (a) total municipal budget for expenditure was **R1 569 471 028**; and
  - (b) actual expenditure was **R1 421 506 498**; and
- (4) The Council **has not** been exempted from, and **is** paying staff salaries in accordance with the Local Government Bargaining Chamber's determination of salaries.

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**ACTING MUNICIPAL MANAGER**

Print name: **B E Mswane**

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Date

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**ACTING CHIEF FINANCIAL OFFICER**

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Date

Print name: **S M Nkosi**