MINMEC

Notice: Upper Limits of total remuneration packages payable to senior managers

13 NOVEMBER 2018

BACK TO BASICS : SERVING OUR COMMUNITIES BETTER
PURPOSE

For noting
Legislative Context

- Local Government: Municipal Systems Act and Local Government: Regulations on the Appointment and Conditions of Employment of Senior Managers


- empower the Minister to, annually by notice in the gazette;
- determine the total remuneration packages of senior managers according to different categories of municipalities; and
- consultation with the Minister for Public Service and Administration, Minister of Finance, MEC’s responsible for local government and organised local government.
Policy review

- During the CoGTA MinMEC held on 20 April 2017, it was resolved that the Department must urgently embark on a process to review and benchmark the remuneration and conditions of employment of senior managers to make them attractive and competitive in the labour market;

- MinMEC resolved in 2017 that CoGTA working in collaboration with provinces must identify the provisions of the MSA/ Regulations that impede municipalities from filling senior manager posts. The provisions of the MSA/ Regulations that pose implementation challenges have been identified and consulted with Technical MinMEC/ MinMEC/ SALGA MM’s Forum;

- A team consisting of Provincial and SALGA representatives met on 26 July and 07 August 2018 consecutively to provide inputs and identify the implementation challenges relating to MSA and its Regulations.
UPPER LIMITS OF REMUNERATION OF SENIOR MANAGERS

Implementation challenges

During the MINMEC held on 27 September 2018, the DCoG acknowledges that municipalities, especially those on category 1 to 4 experience the following –

- Inability to fill vacant senior manager posts due to scale creep (higher salaries paid to third level managers) between employees falling within the scope of the bargaining council.
- Inefficient and ineffective remuneration framework for senior managers not in sync with the pay scales concluded through wage negotiations.
- The pay scales for senior managers are not internally equitable and fair nor externally competitive.
- The three-notch salary bands does not encourage performance-based culture.
UPPER LIMITS OF REMUNERATION OF SENIOR MANAGERS

Policy review

- MinMEC resolved that CoGTA working in collaboration with provinces must identify the provisions of the MSA/ Notice on remuneration of senior managers that impede municipalities from filling senior manager posts;

- Processes are underway to procure the services of remuneration experts to benchmark the remuneration of municipal managers and managers directly accountable to municipal managers with similar executives in the labour market;

- Upon conclusion of the review, the draft benchmarked remuneration framework will be consulted with all key stakeholders as prescribed by law; and

- Implementation earmarked for 2019/20 financial year.
UPPER LIMITS OF REMUNERATION OF SENIOR MANAGERS

Notice

- The Notice was developed using the National Treasury’s inflation forecast of 5.4% for the 2018/19 financial year to determine the cost of living adjustments (COLA) for the upper limits of senior managers.
- On 27 June 2018, the Minister published the annual cost of living adjustments for upper limits of total remuneration packages payable to senior managers for 2018/19 financial year for comments by key stakeholders.
- Written inputs and comments from the following key stakeholders were received and consolidated into a matrix:
  - Minister of Finance;
  - Minister of Public Service and Administration;
  - the MECs for local government (Gauteng, KwaZulu Natal, Limpopo, North West, and Western Cape);
  - Institute of South African Municipal Accounting Officers (ISAMAO);
  - Institute of Local Government Management (iILGM).
UPPER LIMITS OF REMUNERATION OF SENIOR MANAGERS

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- Written inputs and comments were not received from the following key stakeholders:
  - the MECs for local government (Mpumalanga, Free State, Northern Cape and Eastern Cape);
  - South African Local Government Association (SALGA);
  - Financial and Fiscal Commission (FFC); and
  - Chartered Institute of Government Finance, Audit & Risk Officers.

NB: It must be noted that no comments have been received from SALGA despite several assurances by their official to submit comments. Follow up emails were sent on 31 July 2018 and 15 August 2018.
Notice

- The Minister published the Notice on remuneration of senior manager on 8 November 2018, the 2018/19 remuneration of municipal managers and managers directly accountable to municipal managers has been adjusted by 5.4% Cost-of-Living-Adjustment (COLA).

- The general conditions of senior managers will be reviewed during the review of the Notice.

- All comments received from various key stakeholders will be considered during the review of the Notice.
Thank You!

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