



KWAZULU-NATAL PROVINCE
KWAZULU-NATAL PROVINSIE
ISIFUNDAZWE SAKWAZULU-NATALI

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29 NOVEMBER 2021
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**AIDS
HELPLINE**

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DEPARTMENT OF HEALTH

Prevention is the cure

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PROVINCIAL NOTICES • PROVINSIALE KENNISGEWINGS

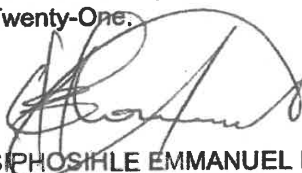
PROVINCIAL NOTICE 130 OF 2021

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

NOTICE FOR GENERAL INFORMATION: FRAMEWORK FOR THE DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS

In order to facilitate the consultation process contemplated in section 7(3) of the Remuneration of Office Bearers Act, 1998 (Act No. 20 of 1998), on the affordability of the upper limit of salaries, allowances and benefits to Councillors, as determined by the Minister for Provincial and Local Government in terms of section 7(1) of the Remuneration of Public Office Bearers Act, 1998, I hereby publish for general information an affordability framework to assess municipalities in Kwazulu-Natal who seek my consensus on the application of the new remuneration levels for Councillors, as reflected in the Schedule hereto. This Notice replaces Gazette No. 376 of 2007 dated 15 March 2007 and is effective from 9 November 2021.

Given under my hand at Pietermaritzburg on this 02nd day of November, Two Thousand and Twenty-One.



SIPHOSIHLE EMMANUEL HLOMUKA

Member of the Executive Council of the Province of Kwazulu-Natal responsible for Local Government

SCHEDULE

Affordability Framework

1. Each municipality in Kwazulu-Natal will be assessed in terms of the framework contemplated hereunder, unless the assessment results in a decrease in the total remuneration package of any specific councilor in that municipality, in which event the framework will not be applied to that councilor, to the extent that such councilors remuneration package is less than the previous remuneration package of that councilor, subject to item 4 below.
2. Each municipality will be allocated a score based on a standard set of financial indicators contemplated in the first row of each of the tables hereunder, for an assessment contemplated in the relevant second row of each table:
 - a. Deficit/Surplus as reported in the Statement of Financial Performance in the most recent set of audited annual financial statements.

1	0
>0	≤0

- b. Cash Coverage Ratio: ((Cash and Cash Equivalents - Unspent Conditional Grants Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, amortization, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)

2	0
>1 month	< 1 month

c. Current ratio: Current Assets / Current Liabilities

1	0
≥ 1.5	<1.5

d. Cash backing of Conditional Grants: Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment (Cash only) - Unspent grants

2	Decline
>0	<0

e. Employee-related costs ratio: Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100

1	0
< 40%	≥ 40%

f. Audit Outcome as determined by the Auditor-General during the statutory audit of the municipal annual financial statements.

2	1	0	Decline
Unqualified with no other matters (Clean)	Unqualified with other matters	Qualified	Disclaimer/ Adverse

g. Funding status of the municipal budget as determined by Provincial Treasury.

2	Decline
Funded	Unfunded

h. Debtor's collection rate: (Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100

2	1	0
≥ 95%	< 95%	< 95%

3. The above indicators will be phased in over a three-year period with year one and two excluding item 2c and 2h and thereafter all indicators above will be assessed.
4. Each assessed municipality will be allocated a score as contemplated in the first column of the table hereunder, with the relevant percentage contemplated in the second column of the table hereunder being the percentage of the upper limit of salaries, allowances and benefits contemplated in the determination published in Government Notice R653 dated 30 June 2006, by the Minister for Provincial and Local Government in terms of

section 7(1) of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998), that the said municipality may grant to its Councillors.

Municipal Score	Percentage of Upper Limit
≥90-100%	100% approval
≥75% < 90%	95% approval
≥50% < 75%	90% approval
<50% and indicators for automatic decline	no increase

5. Where the current National determination results in a total remuneration package that is less than the total remuneration package of the previous National Determination, the current National determination shall apply.

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