



**PROPOSALS AND RECOMMENDATIONS FOR A
REVISED SYSTEM OF REMUNERATING MEMBERS OF MUNICIPAL COUNCILS**

by

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PROMOTER:

Prof. Dr. E. van Rooyen

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DECLARATION

I, Kesavan Naidoo, hereby declare that this dissertation entitled “Proposals and Recommendations for a Revised System of Remunerating Members of Municipal Councils” is my own original work and has, as far as I am aware, not previously been submitted at any university, in its entirety or in part, in order to obtain an academic qualification, and that all sources that I have consulted have been duly acknowledged by means of a complete bibliography and elsewhere in the text.

28 November 2007

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K. NAIDOO

.....
DATE

DEDICATION

I dedicate this study to my grandparents (all four of whom have passed on), my parents, my teachers, my wife Nirvanie, and my daughter Shevanti.

I thank you unconditionally for all the love, support and encouragement in finalising this study.

ACKNOWLEDGEMENTS

Thank You God for giving me the strength and courage to undertake this study and to pursue it to finalisation. God, You are the Greatest!

A word of appreciation and special thanks goes to my promoter and Guru, Prof. Dr. E. van Rooyen. In Indian tradition, the “Guru” (teacher) has an important place. The word Guru is made up of two parts: *Gu* means darkness or ignorance and *ru* means dispeller or remover. Thus, Guru means remover of ignorance, and the student gains knowledge from the guru. As Vasudevan (2002) states, the student gains knowledge from the guru, and the Vedic adage “Matha, Pitha, Guru, Deivam” (mother, father, teacher, God) places the teacher before God and immediately after one’s parents. Thank you Prof. for all the guidance, and for having “faith” in me.

To all my friends and colleagues in the Ministry for and the Department of Provincial and Local Government; to all councillors (including mayors / executive mayors, deputy mayors / deputy executive mayors, members of executive committees / mayoral committees, and speakers) and senior managers in municipalities (including municipal managers and chief financial officers); and to all of you at all levels of government with whom I have interacted in the past: you have played a significant role in my professional development. I would like to place on record my sincere thanks to each and every one of you, for, although I may not have expressly stated it, you have assisted me in shaping, re-shaping and refining my research.

ABSTRACT

Municipal elections that were held on 5 December 2000 ushered in a developmental system of local government, with specific political, economic and social challenges. This first democratic term of municipal councils was based on newly developed local government legislation, and reduced the number of councillors from approximately 12 000 to approximately 9 000. The system was unique, in that it provided for, amongst other things, the designation of certain full-time councillors, and also introduced the office of Speaker. The roles and responsibilities of councillors were clearly stated in law, and this distinguished the envisaged functions for councillors from their former ceremonial duties.

Based on recommendations made by the Independent Commission for the Remuneration of Public Office-bearers, the Minister for Provincial and Local Government introduced a remuneration system to coincide with the new term of municipal councils. However, due to certain shortcomings in the newly introduced system, stakeholders expressed their misgivings with the remuneration dispensation that was introduced.

This study investigates the evolution of local government in South Africa, and then elaborates on recent advancements made in this regard. The study shows how the roles and responsibilities of councillors evolved. More specifically, it initially attempts to identify relevant provisions that deal with the remuneration of all public office-bearers, and then focuses on the remuneration for members of municipal councils.

Due to the constantly changing provisions relating to the remuneration of councillors, this study examines all interventions made by government until 14 November 2005, when the Minister for Provincial and Local Government published the upper limits of remuneration to be paid to councillors in terms of the relevant provisions in the *Remuneration of Public Office Bearers Act, 1998* (Act No. 20 of 1998).

It would be most feasible to implement the recommendations made in this dissertation with effect from the date of commencement of the financial year for municipalities during the second term of municipal councils, in terms of section 64 of the *Local Government: Municipal Electoral Act, 2000* (Act No. 27 of 2000).

KEY CONCEPTS

CBDC	-	Cross-boundary District Council
CBLC	-	Cross-boundary Local Council
DMA	-	District Management Area
DC	-	District Council
DPLG	-	Department of Provincial and Local Government
EXCO	-	Executive Committee
FFC	-	Financial and Fiscal Commission
IDP	-	Integrated Development Plan
IEC	-	Independent Electoral Commission
LGES	-	Local Government Equitable Share
MAYCO	-	Mayoral Committee
MEC	-	Member of the Executive Council
MP	-	Member of Parliament
MPL	-	Member of Provincial Legislature
NCOP	-	National Council of Provinces
RED	-	Regional Electricity Distributor
SALGA	-	South African Local Government Association
SARS	-	South African Revenue Service
UK	-	United Kingdom

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DESCRIPTION OF ANNEXURE

ANNEXURE A	General Notice No. 1108 of 8 July 2005 as published in <i>Government Gazette</i> No. 27770.
ANNEXURE B	Government Notice No. R. 903 of 19 July 1999 as published in <i>Government Gazette</i> No. 20306.
ANNEXURE C	Government Notice No. R. 803 of 11 August 2000 as published in <i>Government Gazette</i> No. 21474.
ANNEXURE D	Government Notice No. R. 1326 of 4 December 2000 as published in <i>Government Gazette</i> No. 21853.
ANNEXURE E	Government Notice No. R. 910 of 20 September 2001 as published in <i>Government Gazette</i> No. 22696.
ANNEXURE F	Government Notice No. R. 999 of 2 October 2001 as published in <i>Government Gazette</i> No. 22726.
ANNEXURE G	Government Notice No. R. 1319 of 18 October 2002 as published in <i>Government Gazette</i> No. 23965.

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- ANNEXURE H** Government Notice No. R. 1097 of 28 July 2003 as published in *Government Gazette* No. 25265.
- ANNEXURE I** Government Notice No. R. 1477 of 21 December 2004 as published in *Government Gazette* No. 27138.
- ANNEXURE J** Government Notice No. R. 1125 of 14 November 2005 as published in *Government Gazette* No. 28231.

SCHEDULE

Appended after the above-mentioned annexures, is a size A3 schedule (folded) which provides the following information in respect of all municipalities for the first and second terms of municipal councils:

- (i) The province that a municipality is incorporated into;
- (ii) The name of the municipality;
- (iii) The number of seats / councillors as determined by the MECs for local government for the municipality for the 5 December 2000 municipal elections;
- (iv) The number of registered voters in the municipality;
- (v) The property rates income for the municipality;
- (vi) The grade of the municipal council during the first term of municipal councils;
- (vii) The remuneration paid to councillors in terms of Government Notice No. R. 1125 of 14 November 2005;
- (viii) The total remuneration paid to councillors for each municipality in terms of Government Notice No. R. 1125 of 14 November 2005;
- (ix) The number of seats / councillors as determined by the MECs for local government for the municipality for the 1 March 2006 municipal elections;
- (x) The total municipal income for the municipality;
- (xi) The “new” grade of the municipal council;
- (xii) The remuneration paid to councillors in terms of recommendations made in the dissertation;
- (xiii) The total proposed remuneration for each municipality;
- (xiv) The total increase in remuneration for each municipality; and
- (xv) The percentage increase in remuneration for each municipality.

The following assumptions were made in determining the total cost of councillor remuneration for all municipalities:

- All municipalities implemented 100 per cent of the upper limit as determined by the Minister for Provincial and Local Government, and as recommended in this study;
- All municipalities opted for the collective executive system of government;
- All municipalities opted for the maximum size of executive committee, and all members of the executive committee were designated as full-time; and
- All municipalities that qualified for a whip (municipalities with more than 40 councillors), designated the whip as full-time.

CD-ROM

Schedule 4 to the *Constitution of the Republic of South Africa, 1996* deals with the functional areas of concurrent national and provincial legislative competence. Schedule 5 to the *Constitution of the Republic of South Africa, 1996* deals with the functional areas of exclusive provincial legislative competence. Part B of Schedules 4 and 5 lists the local government functions.

The *Local Government: Municipal Structures Act, 1998* (Act No. 117 of 1998) requires that the Municipal Demarcation Board assesses the capacity of a municipality when its boundary is redetermined, or when requested by a MEC responsible for local government. The capacity of all district and all local municipalities are assessed annually. This process commences in July (the beginning of the financial year of municipalities), and results in the submission of district reports covering the capacity of each district vis-à-vis the capacity of each local municipality within the area of the district. The assessments are based on information provided by municipalities, and the purpose of the assessments is to adjust powers and functions between district and local municipalities.

Each report for a district municipality is comprehensive, and is contained on a compact disc in the inside of the back cover of the dissertation. The reports / capacity assessments are for the 2005 / 2006 period, and were finalised by the Municipal Demarcation Board during August 2005.