

CHAPTER 7

AN INTERNATIONAL PERSPECTIVE ON REMUNERATION SYSTEMS FOR MUNICIPAL COUNCILLORS

7.1 INTRODUCTION

The system of government in South Africa is largely based on the Westminster model, which is discussed in the following section. The remuneration systems that are applicable in the United Kingdom, Scotland, Wales, Australia and New Zealand are also discussed in this chapter, with the view to identifying principles that could inform a remuneration system for South Africa.

The present system of local government in South Africa is relatively new when compared with other countries. The roles and responsibilities of the different categories of councillors are clearly provided for in a whole suite of newly developed legislation, while this may not be the case in other countries. Also, the obligations imposed on councillors in South Africa are far-reaching, especially since they must orientate municipalities towards a developmental system of local government, within the broader ambit of national priorities.

Public administration is, broadly speaking, the study and implementation of policy. As a moral endeavour, public administration is linked to pursuing the public good through the creation of civil society and social justice. The adjective “public” often denotes “government”, though it increasingly encompasses non-profit organizations, such as those of civil society or any entity and its management not specifically acting in self-interest (Wikipedia online dictionary (a)).

With regard to the above definition, it is important to develop policy that is within the broader framework of international best practice, but adapted to suit local conditions.

7.2 THE WESTMINSTER SYSTEM OF GOVERNMENT

The Westminster system is a democratic system of government modelled after that of the United Kingdom, as used in the Palace of Westminster, the location of the Parliament of the United Kingdom. The system is a series of procedures for operating a legislature. It is used, or was once also used, in most Commonwealth and ex-Commonwealth nations, beginning with the Canadian provinces in the mid-19th century. It is also used in Australia, India, Ireland, Jamaica, Malaysia, New Zealand, Singapore and Malta. There are other parliamentary systems, for example those of Germany and Italy, whose procedures differ considerably from the Westminster system.

Important features of the Westminster system include:

- An executive branch usually made up of members of the legislature with the senior members of the executive in a Cabinet;
- The presence of opposition parties;
- An elected legislature, or a system in which one of two houses is elected and the other appointed;
- A ceremonial head of state, who is different from the head of government, and who may possess reserve powers that are not normally exercised; and
- The possibility of parliament being dissolved and elections called at any time.

Most of the procedures of the Westminster system originated with the conventions, practices and precedents of the United Kingdom parliament, which are a part of what is known as the British Constitution. Unlike the United Kingdom, most countries that use the Westminster system have codified the system in a written constitution. However convention, practices and precedents

continue to play a significant role in these countries, as many constitutions do not specify important elements of procedure: for example, older constitutions using the Westminster system, such as the Canadian and Australian constitutions, may not even mention the existence of the Cabinet and the title of the head of the government (Prime Minister), because the existence and role of these offices evolved outside the primary constitutional text.

In a Westminster system, the members of parliament are elected by popular vote. The head of government is usually chosen by being invited to form a government (that is, an administration), by the head of state or the representative of the head of state (that is, the governor-general), not by parliamentary vote.

The head of government, usually called the Prime Minister, must be able to control a majority of seats within the lower house, or to ensure the existence of no absolute majority against them. If the parliament passes a resolution of no confidence or if the government fails to pass a major bill such as the budget, then the government must either resign so that a different government can be appointed, or seek a parliamentary dissolution so that new public elections may be held in order to re-confirm or deny their mandate. Although the dissolution of the legislature and the call for new elections is formally done by the head of state, by convention the head of state acts according to the wishes of the head of government.

Members of the Cabinet are collectively seen as responsible for government policy. All Cabinet decisions are made by consensus; a vote is never taken in a Cabinet meeting. All ministers, whether senior and in the Cabinet, or junior ministers, must support the policy of the government publicly regardless of any private reservations. When a Cabinet reshuffle is imminent, a lot of time is taken up in the conversations of politicians and in the news media, speculating on who will, or will not, be moved in and out of the Cabinet by the Prime Minister, because the appointment of ministers to the Cabinet and threat of dismissal from

the Cabinet, is the single most powerful constitutional power which a Prime Minister has in the political control of the government in the Westminster system.

Linked to Cabinet government is the idea that ministers are responsible for the actions of their departments. However, it is no longer considered to be an issue of resignation if the actions of members of their department, over whom the minister has no direct control, make mistakes or formulate procedures which are not in accordance with agreed policy decisions. One of the major powers of the Prime Minister under the Westminster system is to be the arbitrator when a fellow minister is accountable for the actions of his or her department.

The Westminster system tends to have extremely well-disciplined legislative parties in which it is highly unusual for a legislator to vote against their party, and in which no-confidence votes are very rare. Also, Westminster systems tend to have strong cabinets in which cabinet members are politicians with independent bases of support. Conversely, legislative committees in Westminster systems tend to be weak, though they often have the ability to force a government to reveal certain pieces of information.

The Westminster system has a very distinct appearance when functioning, with many British customs incorporated into day-to-day government functions. A Westminster-style parliament is usually a long, rectangular room, with two rows of seats and desks which are positioned so that the rows are facing each other. The intended purpose of this arrangement is to create a visual representation of the conflict-filled nature of parliamentary government. Traditionally, the opposition parties will sit in one row of seats, and the government party will sit in the other.

Sometimes a majority government is so large that it must use the "opposition" seats as well. In the lower house at Westminster (the House of Commons) there are lines on the floor in front of the government and opposition benches that

members may cross only when exiting the chamber. The distance between the lines is the length of two swords. At one end of the room sits a large chair, for the Speaker of the House. The speaker usually wears a black robe, and in many countries, a wig. Robed parliamentary clerks often sit at narrow tables between the two rows of seats.

Other ceremonies sometimes associated with the Westminster system include an annual Speech from the Throne (or equivalent) in which the Head of State gives a special address (written by the government) to parliament about what kind of policies to expect in the coming year, and lengthy State Opening of Parliament ceremonies that often involve the presentation of a large ceremonial mace (Wikipedia online dictionary (b)).

7.3 UNITED KINGDOM

There is no single system of local government in the United Kingdom, which is made up of constituent countries, England, Scotland, Wales and Northern Ireland. Each has a different system of local government.

The three parts of the United Kingdom (besides England) each have devolved legislature and government - the Scottish Parliament and Scottish Executive, the National Assembly for Wales and Welsh Assembly Government, and the Northern Ireland Assembly and Northern Ireland Executive (both suspended) respectively. These bodies are part of the national, rather than local, tier of government in the United Kingdom. They each use a pattern of unitary authorities, meaning that there is a single tier of local government. There are 32 council areas in Scotland, 22 counties and county boroughs in Wales and 26 districts in Northern Ireland.

Barron, Crawley and Wood (1991:133) state that the regulations governing the existing system of attendance allowances for local government councillors were

laid down in legislation developed in the 1970's and the 1980's. Attendance allowances could be claimed by council members whenever they undertook "approved duties", which included attendance at council meetings, committee and sub-committee meetings, and other associated duties at the discretion of the local authority. There were variations between authorities as to what constituted "approved duties". Scottish authorities tended to adopt the most liberal interpretation of these duties, which could explain why members in Scotland received more than twice the average United Kingdom allowance. The maximum rates of attendance allowance were prescribed by law and revised annually. Not all councillors took up the attendance allowance. A significant minority (12 per cent) made no claim at all, while those who claimed, claimed small amounts.

Barron, Crawley and Wood (*ibid.*) felt that the payment for attendance encouraged the proliferation of meetings (some of which might be unnecessary) and did not recognize the many aspects of the councillor's role. Instead, they recommended a system of flat-rate annual payments, topped up by a graduated system of special responsibility allowances for senior councillors, scaled to the size of their authorities. They did not, however, advocate full-time "salaries", even for selected senior councillors.

One change put into effect was the introduction of the "financial loss allowance". This could be chosen as an alternative (not an addition) to attendance allowances. It was not taxed, but acted as reimbursement for those members who could demonstrate actual loss of income as a result of their council work.

Certain leading councillors could have been eligible for "special responsibility allowances". These were not mandatory, and there was no prescribed list of positions which attracted such an allowance. When the special responsibilities allowances were originally introduced, local authorities exercised considerable discretion in making them available to members. Where a special responsibility allowance was paid, it was an annual sum (not related to attendance). It was

taxable, and was paid to such councillors as Chair and Vice-Chair of the Council, Chair of major committees, and occasionally to the leaders of the ruling party group and the main opposition parties.

In addition to attendance allowances, councillors could also claim travelling expenses from their home to their place of work, and subsistence allowances were paid if they were away from home for a period of (usually) four hours or more. No other expenses (for example, telephone or postage costs) could be claimed, as the attendance allowance was intended to cover these costs.

The pattern in England is more complex. Unlike the other three constituent countries, England has no separate governing body, other than that of the Government of the United Kingdom as a whole. England is subdivided into 9 regions. One of these, London, has an elected Assembly and Mayor, but the other regions have a relatively minor role, with unelected regional assemblies and Regional Development Agencies.

Excluding Greater London, England has two different patterns of local government in use. In some areas there is a county council responsible for some services within the county, with several district councils responsible for other services. These councils are elected in separate elections. Other areas have only one level of local government, and these are dubbed "unitary authorities".

Councils of counties are called "X County Council", whereas district councils can be "District Council", "Borough Council", or "City Council" depending upon the status of the district. Unitary authorities may be called County Councils, Metropolitan Borough Councils, Borough Councils, City Councils, District Councils, or sometimes just Councils. These names do not change the role or authority of a council.

Overall responsibility for issues such as transport in Greater London, is vested in the Greater London Authority. London is divided into 32 London boroughs and the City of London, which have powers between a normal district and a unitary authority (Wikipedia online dictionary (c)).

According to the Scottish Parliament (2002), the nature and level of allowances paid to members of local authorities in England is governed by the *Local Government Act, 2000*, which amended the *Local Government and Housing Act, 1989*. The allowances payable to councillors in English local authorities are as follows:

- (i) Basic allowance: a basic, flat rate allowance payable to all members. The allowance must be the same for each councillor, and may be paid in a lump sum, or in instalments throughout the year.
- (ii) Special responsibility allowance: Each local authority may make provision in its allowance scheme for the payment of a special responsibility allowance for those councillors who have significant responsibilities. The authority, or the panel, has to identify the special responsibilities for which the allowance is to be paid, and the amounts of allowance to be paid for each such responsibility. Where one political group is in control, and where an authority has decided to pay the special responsibility allowance, the authority must make provision for the payment of this allowance to at least one member of a minority group
- (iii) Childcare and dependent carers' allowance: Each local authority may introduce a scheme of allowances for the payment of a childcare and dependent carers' allowance to those councillors who incur expenditure for the care of children or dependent relatives whilst undertaking particular duties.
- (iv) Travel and subsistence allowances: Each local authority may introduce a scheme of allowances for the payment of travel and subsistence allowances to those councillors who incur expenditure in carrying out

duties associated with the membership of the authority, committee or sub-committee.

- (v) Conference and meetings allowance: Each local authority may introduce a scheme of allowances for the payment of expenses incurred by those councillors who incur expenditure in attending conferences and meetings as official representatives of that authority or any committee or sub-committee.

The above framework allows councils to take full account of their particular circumstances, and be directly accountable to their electorate. This accountability is sharpened through each council being advised on its own allowances scheme by a local panel whose members are required to be independent.

According to the Scottish Parliament (2002), each English local authority must establish and have regard for the recommendations of an independent remuneration panel when determining its members' allowances scheme. The purpose of a remuneration panel is to:

- Make recommendations to the authority as to the amount of basic allowances payable to its elected members;
- Make recommendations to the authority about the categories of members who should receive a special responsibility allowance and the amount of any such allowance; and
- Make recommendations as to whether the authority's allowances scheme should include a childcare and dependants allowance and, where appropriate, the amount of this allowance and the means by which it is determined.

A remuneration panel must consist of at least three members, who should be independent, well qualified to discharge the functions of the panel and representative of the communities in the local authority's area.

The following factors must be considered when determining recommendations for allowances:

- (i) It is important that some element of the work of members continues to be voluntary, and that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained.
- (ii) The local authority may wish to agree to an index for remuneration. They may choose to be guided by the municipal associations' daily rate which is based on the national (male) median white-collar wage. Alternatively, they may wish to consider the local and regional wage rates, as these may seem more appropriate as measures for the allowances paid to members of their community.
- (iii) Local authorities may also wish to consider the allowances and remuneration which are paid to other members of the voluntary sector, for example, members of local health trusts.

When determining the special responsibility allowance, the panel must have regard to:

- (i) Having determined which duties should be acknowledged as significant additional responsibilities, the local authority must consider the levels of special responsibility allowance which are attached to each post.
- (ii) A good starting point in determining special responsibility allowances may be to agree on the allowance attached to the most time consuming post on the council (this may be the elected mayor or the leader) and pro rata downwards for the other roles which have been agreed eligible to receive an extra allowance.
- (iii) One way of calculating special responsibility allowances may be to take the agreed level of basic allowance and recommend a multiple of this

allowance as an appropriate special responsibility allowance for either the elected mayor or the leader.

According to the Scottish Parliament (2002) the mayoral elections held in some councils on 2 May 2002 illustrate the levels of remuneration that directly elected mayors can receive. For example, remuneration for mayors in Watford, Newham and Hartlepool is £50 000, £65 000 and £53 000 respectively.

7.3.1 Scotland

Local government in Scotland is organized into 32 unitary authorities covering the mainland and islands of Scotland, the largest being the City of Glasgow with more than 600 000 inhabitants, the smallest, Orkney, with less than 20 000 people. Each local authority is governed by a council consisting of elected councillors, who are elected every four years by registered voters in each of the council areas. Scottish councils co-operate through and are represented collectively by the Convention of Scottish Local Authorities.

Between 1890 and 1975 local government in Scotland was organized into county councils (including four counties of cities) and various lower-level units. Between 1890 and 1929, there were parish councils and town councils. The functions of parish councils were passed to larger district councils and a distinction was made between large burghs (i.e. those with a population of 20 000 or more) and small burghs.

In 1975, a two-tier system of local government was introduced, divided between large regional councils and smaller district councils. The only exceptions to this were the three Island Councils (Western Isles, Shetland and Orkney) which had the combined powers of regions and districts. This system was consequently abolished, and the powers of regional and district councils were merged into new unitary authorities. The new councils vary widely in size — some are the same as

counties, such as Clackmannanshire, some are the same as former districts, such as Inverclyde and some are the same as the former regions, such as Highland. The changes took effect in 1996.

The power invested in these authorities is administered by elected councillors. There are currently around 1 200 in total, each paid a part-time salary for the undertaking of their duties. Each authority elects a Provost or Convenor to chair meetings of the authority's council and act as a figurehead for the area. The office of Provost or Convenor is roughly equivalent to that of a Mayor, though they are elected for the duration of a council's term (four years).

The four main cities of Scotland (Glasgow, Edinburgh, Aberdeen and Dundee) have a Lord Provost rather than a Provost, who has the additional duty of being Lord Lieutenant for their respective city. The councillors are elected every four years. Each council has a chief executive who is similar in function to a city manager, though certain councillors have executive authority and there is no clear division of powers. The council is executive, deliberative and legislative in nature.

Community Councils represent the interests of local people. Local authorities have a statutory duty to consult Community Councils on planning, development and other issues directly affecting that local community. However, the Community Council has no direct say in the delivery of services. In many areas they do not function at all, but some work very effectively at improving their local area. Elections for Community Councils are determined by the Local Authority, but the law states that candidates cannot stand on a party-political ticket. (Wikipedia online dictionary (c)).

Ministers in the Scottish Parliament recognized that councillors were not motivated by the level and type of remuneration available to them, and that there was no real way of knowing whether the current system of remuneration

discouraged some people from standing for election. It was clear, however, that many councillors were finding it increasingly difficult to combine their role as a councillor with other activities, and this could have been a factor in some people's decision not to seek election. It is certainly a factor in some councillors' decision to stand down from office, and may prevent some from taking on more responsibility (Scottish Parliament, 2002).

Ministers valued the important role which councillors played in their local communities, and recognized that councillors often had to face difficult choices between their chosen career, their families, and their role as a councillor. They were also aware that an increasing number of councillors were spending a significant amount of their time on council business, and that this number had grown since the reorganization of local government in 1996.

The Ministers recognized that while some councillors needed to spend a significant amount of time on council business, the majority of council positions should be occupied by people who chose to undertake council work while having other responsibilities, and they encouraged councils to facilitate that approach. At the same time, Ministers wanted to make provision for people to be adequately compensated for the important responsibilities they undertook. They therefore ensured that the level and type of remuneration available did not actively discourage people from serving, that it recognized the responsibilities they carried, that it was sufficient to support councillors in their valuable role and that, when necessary, it was sufficient to enable councillors to take on additional responsibilities as elected members.

In developing a remuneration system for councillors, Ministers also considered a report that was developed in June 1990 by the McCintosh Commission, which recommended that:

- (i) All councils should produce a job description for members;

- (ii) Remuneration and conditions of service should be developed for the approval of the Parliament and be implemented on completion of councils' internal reviews;
- (iii) Remuneration for councillors should be subject to independent review;
- (iv) All councillors be paid the same remuneration (£12 000 per annum);
- (v) Council leaders and councillors with significant additional responsibilities should be paid larger salaries, based on the roles they carried out and on the size of their local authority. The largest salary would be paid to the leaders of the Glasgow and Edinburgh councils and would be equivalent to the salary of a Member of the Scottish Parliament; and
- (vi) All these salaries would include an element for pension provision and for personal expenses, such as childcare.

According to the Scottish Parliament (2002) the Ministers also considered the following factors in developing an appropriate remuneration system for councillors:

- (i) Encouraging the widest possible range of people to serve as councillors;
- (ii) Recognizing that people have diverse personal circumstances;
- (iii) Removing any inappropriate barriers to serving as a councillor;
- (iv) Ensuring that councils are representative of the communities they serve;
- (v) Allowing for progression to enable councillors to assume more responsibilities over time;
- (vi) Ensuring that any system of remuneration should be fair, transparent and applied consistently across Scotland;
- (vii) Ensuring that any system of remuneration should be sufficiently flexible to take account of the different roles councillors undertake, including the varying time commitments required of them; and
- (viii) Ensuring that the remuneration available should support councillors while carrying out the valuable role which they play in their communities, enable them to realize their full potential, and to progress through the ranks of council membership if they choose to do so.

As in England, councillors in Scotland are currently remunerated by a system of allowances (Scottish Parliament, 2002). The key elements are a basic allowance which is paid to all councillors, and additional allowances, particularly a special responsibility allowance, which are paid to many, but not all, councillors. The level of basic allowance paid varies according to the size of the council, and the level of the special responsibility allowance varies according to the detail of councils' own allowance schemes. This system has been in place for a considerable period of time, and councillors and local authority staff are familiar with the way in which it operates.

The system of allowances, and in particular, the level of allowances paid, does not encourage people to stand for election as a councillor. Nor does it appear to adequately recompense many councillors for the role which they play. Many councillors believe that the level of basic allowance paid is too low, and that those councillors who do not receive the special responsibility allowance are not paid enough for the activities they undertake. It emerged that about two-thirds of councillors receive the special responsibility allowance. This proportion seems very high, which could imply that some councils may have been using the special responsibility allowance to compensate councillors with limited additional responsibilities for the fact that the basic allowance is too low. It therefore seems that the allowance system is relatively unstructured, there is no clear progression, and the level and number of allowances paid varies from council to council. It is also far from ideal that it was left to individual councils to determine the levels of the special responsibility allowance which councillors should receive.

Councillors are paid travel and subsistence allowances for conducting official council business, and a local authority may determine the rates up to a maximum amount determined by the relevant Minister.

According to the Scottish Parliament (2002), the average time that is committed by councillors is as follows:

- Councillors spend around 36 hours per week undertaking council work. Leaders, provosts and convenors spend more time than other elected members, recording around 50 hours per week time commitment;
- Around 4 hours per week are spent attending council and committee meetings, 3 hours preparing for such meetings and 2 hours attending party and group meetings;
- Councillors spend an average of 5.5 hours per week holding ward surgeries and dealing with constituents' enquiries. A further 4 hours are spent on other constituency business such as attending school boards and community councils;
- Travelling related to council business accounts for an average of 5 hours per week. This figure is higher for councillors in rural authorities: 7 hours as compared with under 4 hours for respondents from urban and intermediate authorities;
- 66 per cent of council work is undertaken during the day, 22 per cent in the evenings and 12 per cent at weekends. Councillors in full-time employment undertake a higher proportion of their council work in the evenings and at weekends; and
- 55 per cent of council work takes place within council headquarters or other council buildings, 15 per cent in ward locations and 10 per cent outside the council area. On average 20 per cent of council activity is undertaken within councillors' own homes but this figure is higher for rural members (31 per cent).

7.3.2 Wales

As one of the constituent parts of the United Kingdom, the head of state in Wales is the British monarch. Executive power is derived by the Queen, and exercised by the Parliament of the United Kingdom at Westminster, with some powers

devolved to the National Assembly for Wales in Cardiff. The United Kingdom Parliament retains responsibility for passing primary legislation in Wales. The National Assembly has regulatory authority over laws passed that are applicable to Wales, and has limited power to vary these by secondary legislation. The National Assembly is not a sovereign authority, and the UK Parliament could, in theory, overrule or even abolish it at any time.

The National Assembly was first established in 1998 under the *Government of Wales Act*. There are 60 members of the Assembly, known as "Assembly Members". Forty of the Assembly Members are elected under the First-past-the-post system, with the other 20 elected under the Additional Member System via regional lists in five different regions. The largest party elects the First Minister of Wales, who acts as the head of government. The Welsh Assembly Government is the executive arm, to which the National Assembly has delegated most of its powers.

In the British House of Commons, Wales is represented by 40 members of parliament in the Welsh constituencies. A Secretary of State for Wales sits in the UK cabinet and is responsible for the representation of Welsh issues. English law is applicable in Wales, and is regarded as a common law system, with no major codification of the law, and legal precedents are binding as opposed to persuasive. The court system is headed by the House of Lords which is the highest court of appeal in the land for criminal and civil cases (although this is due to be replaced by a Supreme Court of the United Kingdom). The Supreme Court of Judicature of England and Wales is the highest court of first instance as well as an appellate court. The three divisions are the Court of Appeal; the High Court of Justice and the Crown Court. Minor cases are heard by the Magistrates' Courts or the County Court.

According to the Scottish Parliament (2002), the passage of the *Local Government Act, 2000* prompted a need to review allowances to take into

account councillors' changed roles under new political management structures. The Welsh Assembly commissioned the University of Birmingham to review councillor allowances in light of the new legislation, and to present ideas for broadening the range of people to become councillors. According to that team, one way of doing this was to pay councillors more.

Following the review, the Welsh Assembly issued draft guidelines on councillor allowances for consultation, and to promote local government to encourage candidates to stand for election to councils. The proposed system for councillor remuneration was based on:

- (i) **A basic allowance** - a maximum of **£9 900 per year** payable to all members of principal councils in Wales. The proposal was based on the principle that most councillors should not receive a full-time salary because of the perceived voluntary principle and concluded that an ethic of public service should be maintained. The actual amount was arrived at by considering three main variables:
- The hours needed to do the job effectively = 90 hours per month;
 - The public service discount = one third; and
 - The rate for the job (the Welsh average male non-manual salary) = £12.51 per hour.

In addition to this amount, support for councillors such as telephones, information technology equipment etc. was factored in, which amounted to approximately £800 per year.

- (ii) **Special responsibility allowances** - the special responsibility allowance system is based on a councillor's position within the council and the size of the council. Special responsibility allowances are payable in addition to the basic allowance, to councillors who hold an office in the council which is specified in the council's Constitution and is included in the descriptions

of councillors, as listed in Table 19. These reflect the new roles introduced into councils' political structures by prevailing legislation. No councillor is entitled to receive more than one special responsibility allowance within each authority, and no more than 50 per cent of all councillors may receive the allowance.

According to the Scottish Parliament (2002), the review team considered a number of approaches to determining special responsibility allowances. One approach, for example, is the time-based approach where the time needed to do the job is measured. While this model is simple, the team felt that it did not take into account the weighting of the roles, and also reinforced the long hours culture for leading members. The most common approach to arriving at special responsibility allowances was to equate leading positions with particular posts and positions in other walks of life.

In arriving at the proposed Welsh model, the team chose an analogue model as it was felt that this was a simpler and more transparent approach. The team worked on the principle that councillors should at least be compared to their peers in the wider community. The review team chose to compare the leaders of councils with the leaders of authorities and with Welsh Assembly Members. From this top point, the review team then assigned a sizing of the other bands compared to that of the Leader. The sizing was ultimately subjective and differed from authority to authority. However, when arriving at the sizing, a number of factors were taken into account:

- The role profiles;
- The practice elsewhere; and
- Interview evidence.

It was then concluded that there should be no more than six bands of responsibility to make the recommendations as transparent and simple as possible.

TABLE 27: BANDS OF HIERARCHY FOR COUNCILLORS IN WALES

BAND	OFFICE / RESPONSIBILITY IN COUNCIL
1	Directly elected mayors in a mayor and cabinet executive.
2	Leaders of councils in a leader and cabinet executive; Directly elected mayors in a mayor and manager executive.
3	Chairs of Boards in councils operating alternative arrangements; Members of cabinets in leader and cabinet executives.
4	Chairs of Overview and Scrutiny Committees; Leaders of the Principal Opposition Group; Members of boards (alternative arrangements).
5	Chairs of council committees not mentioned above; Vice-chairs of scrutiny committees; Members of cabinets in mayor and cabinet executives.
6	Vice chairs of council committees; Leaders of minor opposition groups.

The maximum rates of payment allowed to members described above varied according to the population size of the authority concerned, according to the most recent population census.

(iii) Dependents' allowance – it was also proposed to introduce regulations to allow municipalities to make payments for the care of children, or other dependents. Councillors could claim a dependent's allowance if they had dependent children under the age of 15 or if they could satisfy their municipality that they had a dependent aged 15 or over who required supervision. Councillors were not able to claim this allowance if they were in receipt of a special responsibility allowance.

7.4 AUSTRALIA

Australia is made up of the following areas:

- (i) New South Wales;
- (ii) Queensland;
- (iii) Victoria;

- (iv) Tasmania;
- (v) South Australia; and
- (vi) Western Australia.

The politics of Australia take place within the framework of parliamentary democracy. The government of Australia is a federation, and Australians elect state and territory legislatures as well as a bicameral Parliament of Australia based on the Westminster System. At the national level, elections are held at least once every three years. The Prime Minister can advise the Governor-General to call an election for the House of Representatives at any time, but Senate elections can only be held within certain periods prescribed in the Constitution. The last general election was in October 2004. The Parliament of the Commonwealth of Australia consists of two chambers:

- The House of Representatives has 150 members, elected for a three year term in single-seat constituencies with a system of alternative vote known as preferential voting; and
- The Senate has 76 members, elected through a preferential system in 12-seat state constituencies and two-seat territorial constituencies with a system of single non-transferable vote. Electors choose territorial senators for a three-year term. The state senators serve for a six-year term, with half of the seats renewed every three years.

Three political parties dominate Australian politics. Of these, two govern together in a coalition:

- The Liberal Party is a party of the centre-right which broadly represents business, the suburban middle classes and many rural people;
- Its junior coalition partner is the National Party of Australia, formerly the Country Party and now known for electoral purposes as "The Nationals", a conservative party which represents rural interests; and

- The Australian Labor Party (ALP) is a social democratic party founded by the trade union movement and broadly represents the urban working class, although it increasingly has a base of middle class support.

In the states and territories, elections are held at least once every four years (except in Queensland, which has three-year terms). In New South Wales, Victoria, South Australia and the Australian Capital Territory, election dates are fixed by legislation. However, the other state premiers and territory Chief Ministers have the same discretion in calling elections as the Prime Minister at the national level. Regional or local government within each state is handled by local government areas which, unlike other equivalent forms of local government such as those of the United States, have relatively little power compared to the state governments. (Wikipedia online dictionary (d)).

According to Hughes (2006), the following remuneration systems are applicable in each of the above-mentioned areas in Australia.

7.41 New South Wales

Under New South Wales legislation, the Local Government Remuneration Tribunal places each council in a remuneration category, with any necessary adjustments to categorization made on an annual basis. The tribunal categorizes councils according to factors such as:

- Population;
- Economic growth;
- Number of councillors;
- Regional significance; and
- Types and scale of infrastructure for which the council is responsible.

There are five categories of municipalities as indicated in the following table:

TABLE 28: CATEGORIES AND TYPE OF MUNICIPALITIES IN NEW SOUTH WALES

CATEGORY	TYPE OF MUNICIPALITY
5	Small rural council
4	Council with urban and rural qualities
3	Rural council with regional population centres
2	Suburban council
1	Urban council with regionally significant population centres

(Wikipedia online dictionary (d)).

There are three higher remuneration bands that are used to distinguish the state's largest councils, with Blacktown and Penrith sharing category 1A, Newcastle, Parramatta and Wollongong within category S2 and the City of Sydney within category S1.

Remuneration levels for councillors are benchmarked against the average weekly earnings for full-time adults in New South Wales, which equates to about \$655 per week or \$34 000 per annum.

Sixty one councils belong to category 5 whose councillors may receive an annual maximum fee of \$6 270 and its mayors an overall fee of up to \$16 575. Of 172 councils, 149 presently pay their councillors \$12 550 per annum or lower, while a select few of them can pay their mayors as much as \$39 945 per annum. The City of Sydney has been authorized to pay its councillors up to \$25 095 and its mayor earns \$162 860. The following table lists the determinations for the 2004 / 2005 financial year:

TABLE 29: REMUNERATION PAID TO COUNCILLORS IN NEW SOUTH WALES

Category	Annual Fee for Councillor / Member		Additional Fee for Mayor / Chairperson		Total Fee for Mayor / Chairperson	
	Min (\$)	Max (\$)	Min (\$)	Max (\$)	Min (\$)	Max (\$)
5	5 875	6 460	6 240	10 615	12 115	17 075
4	5 875	7 750	6 240	16 920	12 115	24 670
3	5 875	12 925	12 490	28 215	18 365	41 140
2	5 875	12 925	12 490	28 215	18 365	41 140
1	8 810	16 450	18 730	43 705	27 540	60 155
1A	11 745	19 385	24 970	56 505	36 715	75 890
S4	1 175	6 460	2 500	10 615	3 675	17 075
S3	1 175	3 875	2 500	7 055	3 675	10 930
S2	11 745	19 385	24 970	56 505	36 715	75 890
S1	17 625	25 850	107 840	141 900	125 465	167 750

(Wikipedia online dictionary (d)).

The following table provides examples of the different categories of councils in New South Wales:

TABLE 30: EXAMPLES OF CATEGORIES OF COUNCILS IN NEW SOUTH WALES

Category	Number of Councils for Category	Example of Councils			
5	61 councils	Bourke	Dungog	Crookwell	Uralla
4	35 councils	Bellingen	Forbes	Inverell	Tumut
3	32 councils	Ballina	Byron	Great Lakes	Orange
2	21 councils	Ashfield	Burwood	Kogarah	Manly
1	17 councils	Bankstown	Fairfield	Hornsby	Randwick
1A	2 councils	Blacktown	Penrith	-	-
S2	3 councils	Newcastle	Parramatta	Wollongong	-
S1	1 council	Sydney	-	-	-

(Wikipedia online dictionary (d)).

7.4.2 Queensland

Hughes (2006) states that each council in Queensland determines the amounts paid to councillors and mayors in accordance with the guidelines contained within the *Queensland Local Government Act, 1993*. Under these provisions, Queensland councils must specify the principles upon which councillor and mayoral remuneration levels are based.

Councils are required to detail the total remuneration paid to their councillors and mayor, including superannuation levels, in their annual report. The reports must also detail the number of meetings attended by each councillor during the year, and must contain copies of any resolutions made that authorized any payments or provision of remuneration to councillors.

Remuneration varies widely in terms of dollar amounts and principles for remuneration setting. A significant number of larger councils tend to base their remuneration payments on a set proportion of the annual wage of a member of the Queensland Parliament's Legislative Assembly. The amount can be anything from 35 per cent to 100 per cent, and may not be indicative of the size of the council.

Other Queensland councils, particularly smaller shires, tend to base their remuneration levels solely on the number of council meetings councillors and mayors have attended per annum, with a fixed payment made per meeting attended.

7.4.3 Victoria

According to Hughes (2006), in Victoria councils are sorted into three remuneration categories based upon their respective population and total

revenue. The three tiers essentially represent the smallest, medium-sized and largest councils.

Municipalities are allocated into one of the remuneration bands through the use of a rudimentary points system. Councils are attributed points according to the following process: figures representing the total revenue and population are added together, with the sum total rounded off to the nearest thousand before the total is divided by a thousand.

Under this framework, and based on a sliding scale, councils with less than 40 points can have a maximum annual councillor allowance of \$12 000 and a maximum mayoral allowance of \$36 000. Councils with between 40 and 190 points can have a maximum councillor allowance of \$15 000 and a maximum mayoral allowance of \$46 500. The largest councils, those with above 190 points, can pay their councillors at most \$18 000 and their mayors a maximum of \$57 500.

State government policy insists that all councillors within all municipalities have basic governance and civic responsibilities that need to be rewarded with at least \$5 000 a year. The City of Melbourne operates under a separate remuneration structure for its Lord Mayor and councillors.

Victorian councils are able to set councillor and mayoral allowances to a level within their respective remuneration bands at the time of the first budget of a newly elected council.

7.4.4 Tasmania

Hughes (2006) states that the Tasmanian government operates a multi-tiered system of councillor remuneration, that is based entirely upon the number of eligible voters within each municipality. In terms of the *Local Government Act*,

1993 the Governor issues regulations and publishes the maximum allowances that may be paid to councillors.

The structure consists of five remuneration levels, and unlike other states, councillors and mayors are automatically allocated a fixed allowance depending upon the tier that they are placed in. The lowest rung of the remuneration ladder sees municipalities with up to 5 000 voters required to pay their councillors \$4 700 per annum and their mayors \$16 500.

The highest remuneration level, for councils with more than 20 000 voters, requires councillors to be paid \$9 400 per annum and mayors \$59 000 per annum.

7.4.5 South Australia

Hughes (2006) states that in South Australia, there are state-wide remuneration bands for councillors, deputy mayors and mayors, a system which applies to all the state's councils, except for the City of Adelaide. Councillors can be paid between a minimum of \$1 670 and a maximum of \$6 680 per annum, while the allowance for mayors is four times the councillor remuneration band, that is, mayors earn between \$6 680 and \$26 720 per annum. Each council sets the specific annual allowance it will pay to its members within the legislated bands.

7.4.6 Western Australia

According to Hughes (2006), the Western Australian Government has established a system for councillor and mayoral remuneration that is based on sitting fees for council and committee meetings.

Fees are paid either on a per meeting basis, or as a single annual lump sum payment in lieu of individual sitting fees for meetings. The total sum of individual

meeting fees or the total lump-sum payment must not exceed \$6 000 and could be a minimum of \$2 000.

For mayors, annual fees are capped at \$12 000 per annum with a minimum of \$5 000 per annum. However, council mayors or presidents are also entitled to an annual allowance in addition to their meeting attendance fees. The minimum annual allowance is \$500 and the maximum limit is either \$10 000 or 0.002 of the respective local government's operating revenue (up to a maximum of \$60 000), whichever is the larger amount. Therefore, a council's operating revenue would only have to exceed \$5 million for its mayor to have the right to seek more than a \$10 000 annual allowance in addition to the annual sitting fee.

An important feature of the remuneration systems applicable in Australia is that the determination of the remuneration of councillors is not centrally determined, with councils in the respective states having unique policies and systems in this regard.

7.5 NEW ZEALAND

New Zealand functions as a constitutional monarchy with a parliamentary system of government. The basic system is closely patterned on that of the Westminster Parliament of the United Kingdom, although a number of significant modifications have been made. New Zealand has no formal, written constitution; the constitutional framework consists of a mixture of various documents (including certain acts of the United Kingdom and New Zealand Parliaments), the Treaty of Waitangi and constitutional conventions. Most constitutional provisions became consolidated into the *Constitution Act*, 1986. There have, at times, been proposals for a formal constitution, but there have not yet been any serious moves to adopt one.

New Zealand's head of state is the Queen, currently Elizabeth II of England, but actual government is conducted by a Prime Minister and Cabinet drawn from an elected Parliament. The New Zealand monarchy has been distinct from the British monarchy since the *New Zealand Royal Titles Act* of 1953, and all Elizabeth II's official business in New Zealand is conducted in the name of the Queen of New Zealand, not the Queen of the United Kingdom. In practice, the functions of the monarchy are conducted by a Governor-General, appointed on the recommendation of the Prime Minister. The Cabinet, which is responsible to Parliament, exercises executive authority. The Prime Minister, as the leader of the political party or coalition of parties holding the majority of seats in the House of Representatives, leads the Cabinet. All Cabinet Ministers must be Members of Parliament and are collectively responsible to it.

New Zealand's main legislative body is a unicameral parliament known as the House of Representatives. Since 1996, New Zealand has used the mixed member proportional voting system, under which each Member of Parliament is either elected by voters in a single-member constituency via first-past-the-post, or appointed from party lists. Normally, the parliament consists of 120 members, but this can sometimes differ to ensure proportionality. Several seats are currently reserved for members elected on a separate Māori roll. However, Māoris may choose to vote in and to run for the non-reserved seats, and several have entered Parliament in this way. Parliament has a maximum term of three years, although an election can be called earlier. In New Zealand, suffrage is extended to everyone over the age of 18 years, women having gained the vote in 1893.

New Zealand is a unitary state rather than a federation — regions are created by the authority of the central government, rather than the central government being created by the authority of the regions. Local government in New Zealand has only the powers conferred upon it by Parliament. These powers have traditionally been distinctly fewer than in some other countries. For example, police and

education are run by central government, while the provision of low-cost housing is optional for local councils. Many of them used to control gas and electricity supply, but nearly all of that was privatized in the 1990s. According to the Scottish Parliament (2002), there are 1152 elected councillors in New Zealand serving in 86 local authorities which are split into two tiers, namely regional councils; and city, district, rural and unitary councils.

7.5.1 Regional Councils

New Zealand is divided into 12 Regional Councils that have responsibility for management of the natural resources in their region. The activities of a Regional Council include:

- (i) Management of the use of freshwater, coastal waters, air and land;
- (ii) Biosecurity control of regional plant and animal pests;
- (iii) River management, flood control and mitigation of erosion;
- (iv) Regional land transport planning and contracting of passenger services;
- (v) Harbour navigation and safety, marine pollution and oil spills; and
- (vi) Regional civil defence preparedness.

Regional councils each generally have a ward or constituency system, and the elected members elect one among their number to be chairperson. They set their own levels of tax, though the mechanism for collecting it usually involves channelling through the territorial authority collection system. (Wikipedia online dictionary (e)).

7.5.2 City, District, Rural and Unitary Councils

New Zealand is also divided into 74 territorial authorities. Most territorial authorities are wholly within one region, but there are a few that cross regional boundaries. There are also four instances in which regional and territorial authorities are combined into a single unitary authority. The isolated Chatham

Islands have a body with its own special legislation, making it very much like a unitary authority.

In each territorial authority there are several community boards or area boards. These form the lowest and weakest arm of local government. Each of the regions and territorial authorities is governed by a council, which is directly elected by the residents of that region, district or city. Each council may use a system chosen by the outgoing council (after public consultation), either the bloc vote (or first-past-the-post in multi-member constituencies) or single transferable vote.

The 74 territorial authorities (16 city councils and 57 district councils in more rural areas), and one council for the Chatham Islands, each generally have a ward system, but an additional councillor is the mayor, who is elected at large and chairs the council. They too set their own levels of rates. The territorial authorities may delegate powers to local community boards. These boards, instituted at the behest of either local citizens or territorial authorities, advocate community views but cannot levy taxes, appoint staff, or own property.

The territorial authorities provide facilities and services on a local basis, such as:

- (i) Community well-being and development;
- (ii) Environmental health and safety (including building control, civil defence, and environmental health matters);
- (iii) Infrastructure (roads and transport, sewerage, water/storm water);
- (iv) Recreation and culture; and
- (v) Resource management, including land use planning and development control. (Wikipedia online dictionary (e)).

The Scottish Parliament (2002) states that local authority elected members, under the *Local Government Act, 1974*, had maximum annual salaries and meeting fees determined by the Minister of Local Government. Underpinning these determinations were bands based on the size of the population under an

authority's jurisdiction. Following the introduction of the *Local Government (Elected Member Remuneration and Trading Enterprises) Amendment Act, 2001* the Higher Salaries Commission, an organization responsible for the determination of salaries paid to Members of Parliament, the Judiciary and other senior public servants, assumed responsibility for determining remuneration for elected members of local government.

The Higher Salaries Commission determines remuneration, allowances and expenses payable to all elected members whilst having regard to:

- (i) The need to minimize potential for remuneration to distort the behaviour of members;
- (ii) The need to achieve and maintain fair relativity with the levels of remuneration received elsewhere;
- (iii) The need to be fair both to the person whose remuneration is being determined and ratepayers; and
- (iv) The need to recruit and retain competent persons.

The Higher Salaries Commission also proposes the preferred method of councillor remuneration, and advises councils annually of the total pool of remuneration available for all the elected members. The Higher Salaries Commission also determines the amount within this pool to be allocated to remuneration for the Mayor or Regional Council Chair, with the balance of the pool being distributed to the remaining elected members of a council.

Councils may adopt a given approach on how to allocate these funds or may design an approach that suits their own specific needs, within the following principles:

- (i) The remuneration pool determined by the Higher Salaries Commission formula covers both the maximum and minimum amount payable to council and elected members;

- (ii) All templates must be approved by the Higher Salaries Commission prior to implementation;
- (iii) The maximum number of hours any individual elected member may be paid for is 2 080 hours per annum or 40 hours per week;
- (iv) Weighting factors higher than standard weightings must be supported by clear role requirements and job size differentials between councillors and the other roles concerned;
- (v) Different salary and meeting fee weightings may be proposed;
- (vi) Any divergent views of councillors and community boards in respect of the council-designed scheme should accompany submission of the scheme to the Higher Salaries Commission for approval;
- (vii) The Higher Salaries Commission shall be under no obligation to approve any scheme and will consider each scheme on its merits;
- (viii) The Higher Salaries Commission will not approve any council-designed scheme that is likely to result in distortions in behaviour or lacks fairness in relativity; and
- (ix) It is totally outside the jurisdiction of the Higher Salaries Commission to determine how remuneration for elected members should be funded by individual councils.

7.6 CONCLUSION

The value and relevance of the experience of other countries is always open to dispute because the local government systems of other countries vary in many ways. Important differences exist in the range of functions and powers allocated to local councils, the discretion with which those functions are exercised and the degree of influence that local authorities can bring to bear on other levels of government. Whilst the systems of local government in the countries discussed in this chapter have evolved into a fairly advanced state of development, there are some similarities in the way in which members of municipal councils are remunerated.

The importance of such a comparison is that South Africa could “import” some of the key principles that inform the remuneration systems of other countries. An overview of such principles is provided below.

In the United Kingdom, a basic (flat rate) allowance is payable to all councillors, and each municipality must consider the recommendations of an independent remuneration panel when determining the remuneration of councillors. In Scotland, it was recommended that all councillors be paid the same basic salary, and that council leaders with additional responsibilities be paid larger salaries, based on the nature of the roles that they perform. More importantly, it was recommended that the salaries of councillors in the more affluent cities (such as Glasgow and Edinburgh) be equated to that of a Member of Parliament.

In Wales, the same basic allowance is payable to all members of principal councils, and a distinct hierarchy of councillors is provided for. In Australia, municipalities are categorized according to various criteria (population; economic growth; number of councillors; regional significance; and the type and scale of infrastructure), and placed into remuneration bands. In New Zealand, initially the Minister of Local Government determined the maximum annual salaries and meeting fees, based on the population of a municipality. Subsequently, a commission now determines the remuneration, allowances and expenses payable to all elected members, and proposes the preferred method of remunerating councillors, within a predetermined “pool” of remuneration.

While South Africa is unique in its current state of developmental local government, the abovementioned international practices are important and will inform the formulation of recommendations for an improved remuneration system for members of municipal councils, as discussed in the next chapter.

CHAPTER 8

IMPLEMENTATION OF AN IDEAL REMUNERATION SYSTEM FOR MEMBERS OF MUNICIPAL COUNCILS

8.1 INTRODUCTION

Plano, Riggs and Robin (1982:120) define public policy as “governmental rules and programs, considered individually or collectively, that is, the authoritative decisional output of a political system. Public policy may be expressed in a variety of forms, including laws, local ordinances, court decisions, executive orders, decisions of administrators, or even unwritten understandings of what is to be done. 'Policy' without the modifier 'public', is sometimes regarded as synonymous with 'governmental decision', but is often treated as embracing a set or sequence of decisions rather than a single decision about a particular governmental action. 'Policy' is also used by some to distinguish decisions relating to the means of achieving goals.”

As Cloete (1997:108) points out, policy implementation requires the performance of all the groups of activities which constitute public administration; namely the generic administrative, the auxiliary, the instrumental and the functional activities. The parts of the generic administrative functions to be performed for the purposes of policy implementation are ancillary to the conceptual (initiatory and innovative) and the directive parts of these functions described above.

While there is still some confusion about when implementation begins, when it ends, and how many types of implementation there are, Pressman and Wildavsky (1973:xv) state that “policies imply theories ... Policies become programs when, by authoritative action, the initial conditions are created ... Programs make the theories operational by forging the first links in the causal

chain connecting actions to objectives ... Implementation, then, is the ability to forge subsequent links in the causal chain so as to obtain the desired results.”

According to Brynard, in Cloete and Wissink (2000: 166), three generations of scholarly “thinking” on implementation questions can be identified. They are:

- The first (“classical”) generation of thinking, which assumed that implementation would happen automatically once the appropriate policies had been authoritatively proclaimed;
- The second generation, which set out to challenge this assumption, and demonstrated that implementation was a political process no less complex than policy formulation; and
- The third (“analytic”) generation, which focuses on understanding how implementation works in general and how its prospects might be improved.

In simple terms, the first generation was considered as being predictable and machine-like, the second generation as complex and “nothing works”, while the third generation is in search of a fully-fledged implementation theory.

There is also the ever prevailing possibility of multiple participants and perspectives that policy makers should always bear in mind when formulating policy. Genuine consideration thereof will ultimately determine the degree of success or failure of policy implementation. Brynard (*ibid.*) further points out that, “researchers working in a number of different areas ... have consistently identified the same or similar variables ... known as the 5-C protocol”. These are:

- The **content** of the policy itself – what it sets out to do;
- The nature of the institutional **context** – the standard operating procedures that the policy is subjected to;
- The **commitment** of those entrusted with carrying out the implementation of the policy;
- The administrative **capacity** of implementers; and

- The support of **clients and coalitions** whose interests are enhanced or threatened by the policy.

While the previous chapter dealt with the policy position adopted in relation to the various elements of the remuneration system to be extended to members of municipal councils, this chapter goes a step further and elaborates on the actual provisions that should be included in the Government Notice to be published by the Minister for Provincial and Local Government in setting out a framework to remunerate councillors.

8.2 THE DEVELOPMENT OF A REMUNERATION FRAMEWORK IN TERMS OF PREVAILING LEGISLATION

Section 7 of the *Remuneration of Public Office Bearers Act, 1998* (Act No. 20 of 1998) requires the Minister for Provincial and Local Government to, from time to time, determine the upper limit of salaries and allowances of the different members of municipal councils after consultation with MECs for local government by notice in the *Government Gazette*, and after taking into consideration the factors listed in subsection 7(1) – discussed *supra* (paragraph 5.7.2).

Section 167 of the *Local Government: Municipal Finance Management Act, 2003* (Act No. 56 of 2003) also provides that a municipality may remunerate its councillors only within the framework of the *Remuneration of Public Office-Bearers Act, 1998* (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for councillors, only after considering any recommendations of the Commission.

The *Local Government: Municipal Finance Management Act, 2003* (Act No. 56 of 2003) also provides that any remuneration paid or given in cash or in kind to a councillor that is not within the framework of the *Remuneration of Public Office-Bearers Act, 1998* (Act No. 20 of 1998), including any bonus, bursary, loan,

advance or other benefit, is an irregular expenditure, and the municipality must, and has the right to, recover that remuneration from the councillor; and may not write off any expenditure incurred by the municipality in paying or giving that remuneration. An onus is also placed on the MEC for local government to report to the provincial legislature any transgressions of the framework.

The framework above refers to the Government Notice that is published annually by the Minister for Provincial and Local Government in the *Government Gazette* in terms of section 7 of the *Remuneration of Public Office Bearers Act, 1998* (Act No. 20 of 1998). The framework must therefore provide for all forms of remuneration (salary, allowances and benefits [pension and medical aid only]) that may be extended to a councillor, but the framework must not provide for any bonus, bursary, loan, advance or other benefit.

This section elaborates on all possible provisions that should be included in the Government Notice, and provides the exact details for an ideal remuneration system for councillors.

8.2.1 Preamble

A preamble is an introductory statement, especially found in the introductory portion of a statute succinctly setting forth its reasons and intentions (Cassell Pocket English Dictionary, 1995:630). To sensitize municipalities to the issue of affordability, and the fact that the upper limit of remuneration that may be extended to a councillor must be done in consultation with an MEC for local government, it is recommended that the following preamble be included in the Government Notice to be published by the Minister for Provincial and Local Government:

“The salary and allowances of a member of a municipal council are determined by that municipal council by resolution of a supporting vote of a majority of its members, in consultation with the member of the Executive Council responsible for local government in the province concerned, having regard to the upper limits determined by the Minister for Provincial and Local Government, the financial year of municipal councils, and the affordability of municipal councils to pay councillors within the different levels of remuneration.”

8.2.2 Definitions

As discussed *supra* (paragraph 6.4.1), definitions are included in legislation to provide legal certainty as to the interpretation and meaning of certain terms. In order to assist municipalities in implementing the framework relating to the remuneration of municipal councillors, it is recommended that definitions be provided for the following terms, as follows:

(a) Full-time Councillors

The following definition is recommended for "full-time councillors":

“A 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 *Local Government: Municipal Structures Act, 1998* (Act No. 20 of 1998).”

(b) Total Municipal Income

The following definition is recommended for "total municipal income":

“The total municipal income in respect of a metropolitan, local or district municipality means the sum total of the actual revenue income for the preceding financial year of the municipality concerned, but excluding transfers and / or grants from the national fiscus.”

(c) Total Number of Registered Voters

The following definition is recommended for "total number of registered voters":

“The total number of registered voters in respect of a metropolitan, local or district municipality means the sum total of the number of persons registered on that municipality’s voters’ roll as at the end of the preceding financial year of the municipality concerned.”

(d) Out of pocket Expenses

The following definition is recommended for "out of pocket expenses":

“Out of pocket expenses include 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 duty or ceremonial duty which has been delegated to the councillor in question.”

(e) Total Remuneration Package

The following definition is recommended for "total remuneration package":

“Total remuneration package is the total cost to a municipality of a basic salary component, a travelling allowance, a housing allowance, and a holding of municipal public office allowance”

(f) Holding of Municipal Public Office Allowance

The following definition is recommended for the "holding of municipal public office allowance":

“The basic salary component payable to a councillor includes a holding of municipal public office allowance of not more than R40 000, as determined in terms of section 8(1)(d) of the *Income Tax Act*, 1962 (Act No. 58 of 1962).”

(g) Pensionable Salary

The following definition is recommended for "pensionable salary":

“The pensionable salary payable to a councillor is obtained by deducting from the basic salary that has been determined for a councillor, the “housing” allowance, and the “holding of municipal public office”.”

8.2.3 Determination of Grade of a Municipal Council

The provision in the Government Notice should be set out in the following manner.

The number of points allocated for the total number of registered voters in a municipality is as follows:

TABLE 31: PROPOSED ALLOCATION OF POINTS FOR THE NUMBER OF REGISTERED VOTERS

TOTAL NUMBER OF REGISTERED VOTERS	NUMBER OF POINTS
Less than 10 000	8.33
10 001 - 30 000	16.67
30 001 - 60 000	25.00
60 001 - 120 000	33.33
120 001 - 450 000	41.67
More than 450 000	50.00

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

TABLE 32: PROPOSED ALLOCATION OF POINTS FOR THE TOTAL MUNICIPAL INCOME

TOTAL MUNICIPAL INCOME	NUMBER OF POINTS
Less than R10 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 R 2 000 000 000	50.00

The grade of a municipal council is determined by obtaining the sum of the number of points allocated to a municipal council for the total municipal income of a municipality and the total number of registered voters in a municipality, in accordance with the following table:

TABLE 33: PROPOSED POINTS FOR DETERMINING GRADE OF MUNICIPAL COUNCILS

GRADE OF MUNICIPAL COUNCIL	NUMBER OF POINTS
1	Less than 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	More than 83.36

A municipal council that does not have any municipal income is a grade 1 municipal council.

8.2.4 Upper Limit of Allowance in respect of Appointed Councillors

The provision in the Government Notice should be set out in the following manner.

The upper limit of the allowance of a councillor who has been appointed to a district council, is as follows:

- (a) If such councillor is elected or appointed as an office-bearer or part-time member of a district council, the upper limit of the allowance 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.
- (b) If the upper limit of the total remuneration package which a councillor is receiving as a member of a local 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, a sitting allowance of not more than R500.00 per sitting of the district council or any committee of that council: Provided that this allowance is limited to R500.00 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.

8.2.5 Upper Limits of the Annual Total Remuneration Packages of Full-time Councillors

The provision in the Government Notice should be set out in the following manner.

The upper limit of the annual total remuneration package of a full-time councillor is as follows:

TABLE 34: PROPOSED UPPER LIMIT OF THE ANNUAL TOTAL REMUNERATION PACKAGE OF FULL-TIME COUNCILLORS

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 SUB-COUNCIL		
	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION
6	544,122	136,030	680,152	435,297	108,824	544,121	408,091	102,023	510,114
5	414,276	103,569	517,845	331,421	82,855	414,276	310,706	77,677	388,383
4	389,041	97,260	486,301	311,232	77,808	389,040	291,780	72,945	364,725
3	348,969	87,242	436,211	279,174	69,794	348,968	261,726	65,432	327,158
2	310,404	77,601	388,005	248,323	62,081	310,404	232,802	58,201	291,003
1	298,942	74,736	373,678	239,154	59,788	298,942	224,206	56,052	280,258

8.2.6 Upper Limits of the Annual Total Remuneration Packages of Part-time Councillors

The provision in the Government Notice should be set out in the following manner.

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

TABLE 35: PROPOSED UPPER LIMIT OF THE ANNUAL TOTAL REMUNERATION PACKAGE OF PART-TIME COUNCILLORS

GRADE	MAYOR / EXECUTIVE MAYOR			SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR			MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE			OTHER PART-TIME MEMBERS		
	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION	BASIC SALARY	MOTOR VEHICLE ALLOWANCE	TOTAL REMUNERATION
6	340,076	85,019	425,095	272,060	68,015	340,075	255,057	63,764	318,821	170,038	42,509	212,547
5	258,922	64,731	323,653	207,138	51,784	258,922	194,191	48,548	242,739	129,461	32,365	161,826
4	243,150	60,788	303,938	194,520	48,630	243,150	182,362	45,591	227,953	121,574	30,394	151,968
3	218,105	54,526	272,631	174,484	43,621	218,105	163,578	40,895	204,473	109,052	27,263	136,315
2	194,002	48,501	242,503	155,202	38,800	194,002	145,501	36,375	181,876	97,001	24,250	121,251
1	186,838	46,710	233,548	149,470	37,368	186,838	140,129	35,032	175,161	93,419	23,355	116,774

8.2.7 Upper Limits of the Allowances for all Councillors

The provision in the Government Notice should be set out in the following manner.

The upper limits of the allowances of all councillors, which form part of the total remuneration package, are as follows:

(a) Motor Vehicle Allowance:

A councillor may receive a motor vehicle allowance of not more than 20 per cent of the annual total remuneration package of a councillor as determined above, and which allowance includes running and maintenance costs incurred on official business up to 500 kilometres per month. In addition to that allowance as determined above, official distances travelled in excess of 500 kilometres in a particular month may be claimed in accordance with the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles.

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.

Where a municipal council makes a vehicle available to a councillor, other than an executive mayor or mayor where applicable, for use on official business, the councillor would not be entitled to the motor vehicle allowance as provided above.

(b) Housing Allowance:

A councillor may structure their total remuneration package to include a housing allowance.

(c) Cell phone and / or Telephone Allowance:

In addition to the annual total remuneration packages, a councillor may obtain a single fixed allowance of not more than the following amounts in respect of cell phones and telephones:

- (i) R2 000.00 per month may be paid to a full-time executive mayor or mayor of a metropolitan council;
- (ii) R1 200.00 per month may be paid to a full-time councillor, other than an executive mayor or mayor, of a metropolitan council; or
- (iii) R500.00 per month may be paid to a part-time councillor.

(d) Out of pocket Expenses:

In addition to the total remuneration package, a councillor must be reimbursed for actual out of pocket expenses incurred during the execution of official and ceremonial duties.

(e) Holding of Municipal Public Office Allowance:

A holding of municipal public office allowance of not more than R40 000, as determined in terms of section 8(1)(d) of the *Income Tax Act*, 1962 (Act No. 58 of 1962), is payable to a councillor, and which allowance is included in the basic salary component of the total remuneration package.

8.2.8 Upper Limits of the Benefits for all Councillors

With regard to the determination of the upper limit of benefits to be paid to all councillors, the provision in the Government Notice should be set out in the following manner.

The upper limit of the contribution to be made by a municipal council to the pension fund and medical aid scheme is in addition to the total remuneration package, and is as follows:

- (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 per cent of the pensionable salary of such councillor.

- (b) The upper limit of the contribution to be made by a municipal council to the medical aid scheme of which a councillor is a member, is $\frac{2}{3}$ of the membership fee, to a maximum of R1 014.00 per month: 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.

8.2.9 Personal Remuneration Notches

With regard to providing for councillors that are on personal remuneration notches as a result of implementing a revised remuneration system, the provision in the Government Notice should be set out in the following manner.

“Where the salaries, allowances and benefits which (on the date preceding the commencement of the second term of municipal councils) are applicable to a particular position occupied by a member of a municipal council, exceed the total remuneration package that has been determined for such position, the relevant member retains such higher level of payment, but on condition that such higher level of payment is lawful and that no further upward adjustments be made in respect of such level of payment until the upper levels determined under section 7 of the *Remuneration of Public Office Bearers Act*, 1998 (Act No. 20 of 1998) equal such present higher level, whereafter further adjustments will again apply to the member concerned.”

The above provisions set out the system of remuneration that should be extended to members of municipal councils, with effect from the commencement of the second term of local government.

8.3 IMPLEMENTING THE REMUNERATION SYSTEM: THEORY AND PRACTICE

In order to get a clearer understanding of how the above provisions will be implemented, it is considered prudent that a working example is provided. In this regard, the determination of the remuneration of the members of the municipal council of the Matatiele Local Municipality is discussed in detail hereunder.

8.3.1 Remuneration to be Paid to Members of the Municipal Council of the Matatiele Local Municipality

Prior to the eradication of cross-boundary municipalities, the Matatiele Local Municipality was part of the Sisonke District Municipality in the KwaZulu-Natal Province. Subsequent to the re-alignment process, the Matatiele Local Municipality became part of the Alfred Nzo District Municipality in the Eastern Cape Province. Although most other municipalities were moved in their totality (as a complete unit), the Matatiele Local Municipality faced other specific challenges in that its area of jurisdiction was increased by the addition of:

- The whole magisterial district of Maluti;
- The district management area (ECDMA44); and
- The (small) Matatiele area within the Umzimvubu Local Municipality.

The population of the Matatiele Local Municipality increased from 16 226 to 194 630 and the number of registered voters increased from 6 950 to 79 912. The municipality previously had 5 councillors in a plenary executive system, and now has 48 councillors in a municipality with a collective executive system combined with a ward participatory system. Prior to the 2006 municipal elections,

the Matatiele Local Municipality was delimited into 24 wards. The total municipal income for the municipality as at 30 June 2005 was R28 792 950.00.

In the notice published in the *Provincial Gazette* in terms of section 12 read with section 18(4) of the *Local Government: Municipal Structures Act, 1998* (Act No. 20 of 1998), the MEC designated the following councillors as full-time:

- Mayor;
- Speaker;
- Member of the executive committee responsible for finance / budget / treasury;
- Member of the executive committee responsible for corporate services / staff / human resources;
- Member of the executive committee responsible for local economic development / planning / tourism; and
- Member of the executive committee responsible for community services / infrastructure / housing and development.

All other councillors serve the municipal council on a part-time basis.

In terms of section 43 of the *Local Government: Municipal Structures Act, 1998* (Act No. 20 of 1998), the municipality may have nine members in its executive committee, including the mayor. As indicated above, six members are full-time, implying that the remaining three members in the executive committee are part-time. The municipality has 39 ordinary councillors, who must serve on a part-time basis.

Based on the points obtained for the number of registered voters (79 912 implies 33.33 points) and the points obtained for total municipal income (R28 792 950.00 implies 16.67 points), the council of the Matatiele Local Municipality is graded as 3 (50.00 points).

In terms of section 7(3) of the *Remuneration of Public Office Bearers Act, 1998* (Act No. 20 of 1998), the salary and allowances of a councillor are determined by resolution of a supporting vote of a majority of its members, in consultation with the MEC for local government in the province. Assuming that the municipal council of the Matatiele Local Municipality resolved to implement the upper limit as determined by the Minister for Provincial and Local Government, in consultation with the MEC for local government, the following annual total remuneration packages will be paid to the respective full-time and part-time members of the municipal council:

TABLE 36: REMUNERATION TO BE PAID TO FULL-TIME COUNCILLORS IN THE MATATIELE LOCAL MUNICIPALITY

OFFICE / POSITION	ANNUAL TOTAL REMUNERATION PACKAGE	GRAND TOTAL
Mayor	R436 211	R436 211
Speaker	R348 968	R348 968
Other members of EXCO – (4)	R327 158	R1 308 632
	GRAND TOTAL	R2 093 811

The annual total cost with regard to remunerating full-time councillors in the Matatiele Local Municipality amounts to **R2 093 811.00**.

TABLE 37: REMUNERATION TO BE PAID TO PART-TIME COUNCILLORS IN THE MATATIELE LOCAL MUNICIPALITY

OFFICE / POSITION	ANNUAL TOTAL REMUNERATION PACKAGE	GRAND TOTAL
Members of EXCO – (3)	R204 473	R613 419
Ordinary members – (39)	R136 315	R5 316 285
	GRAND TOTAL	R5 929 704

The annual total cost with regard to remunerating part-time councillors in the Matatiele Local Municipality amounts to **R5 929 704.00**.

The annual total cost with regard to remunerating all councillors in the Matatiele Local Municipality amounts to **R8 023 515.00**

8.4 FINANCIAL IMPLICATIONS

The attached Schedule provides an analysis of the total cost of councillor remuneration in terms of the upper limits as contained in Government Notice R. 1125 as published by the Minister for Provincial and Local Government on 14 November 2005 in terms of the relevant provisions in the *Remuneration of Public Office Bearers Act*, 1998 (Act No. 20 of 1998), and the total cost of councillor remuneration in terms of the recommendations made in the previous chapter. The following assumptions were made in determining the total cost of councillor remuneration for all municipalities:

- (i) All municipalities implemented 100% of the upper limit as determined by the Minister for Provincial and Local Government, and as recommended in this study;
- (ii) All municipalities opted for the collective executive system of government;
- (iii) All municipalities opted for the maximum size of executive committee, and all members of the executive committee were designated as full-time;
- (iv) Municipalities did not have a deputy mayor or deputy executive mayor; and
- (v) All municipalities that qualified for a whip (municipalities with more than 40 councillors), had designated the whip as full-time.

In terms of the above assumptions, the total cost of councillor remuneration in terms of the upper limits as contained in Government Notice R. 1125 as published by the Minister for Provincial and Local Government on 14 November 2005 amounted to R1 282 million. The total cost of councillor remuneration in terms of the recommendations made in this study amounts to R1 686 million, an increase of 31 per cent.

As municipalities receive an indirect subsidy (R36 000.00 per councillor) through the local government equitable share, this unconditional grant from national government is discussed in greater detail hereunder, with a recommendation to provide further financial assistance to municipalities in this regard.

8.4.1 Local Government Equitable Share

According to Jhetam (2006), during 1998 the system of intergovernmental fiscal transfers to local government was reformed, due to the fragmentation and inefficiency of the previous system, coupled with the requirement in the *Constitution of the Republic of South Africa, 1996* that nationally raised revenue be equitably shared among the three spheres of government. Section 214 of the *Constitution of the Republic of South Africa, 1996* requires national government to ensure that nationally collected tax revenues are distributed in an equitable, transparent, predictable and accountable manner to all spheres of government. Section 227 requires that municipalities must utilize their portion of the equitable share to enable it to provide basic services and perform the functions that are allocated to it.

The equitable share of revenue for local government is determined pursuant to the *Division of Revenue Act*, which has to be modified annually to take into account the current national fiscal conditions. The *Division of Revenue Act* stipulates the vertical division of nationally raised revenue among the three spheres of government. The local government's share is then distributed among all municipalities using a formula-based method of allocation.

The objective of the system of transfers for local government is to enable local government to provide basic services, promote equity between municipalities, and ensure certainty of funding. The equitable share and other transfers that go

to local government supplement these revenues and are targeted at the poorest municipalities whose local revenue base is limited. The equitable share for local government enables municipalities to provide basic services to low income households, as well as to maintain a basic administration. Although these allocations are largely unconditional in nature, municipalities are urged to use these funds in providing basic services to low income households. In essence, the aim of the new transfer system was to benefit rural and smaller urban municipalities, as it was these municipalities that were in the worst financial position, and were most in need of support.

Jhetam (2006) further states that when the local government equitable share formula was introduced, it consisted of two components, as follows:

- (i) **The Municipal Service Transfer (The “S-Grant”):** The bulk of the local government equitable share goes to this component, as its intention is to enable municipalities to provide basic services to low income households; and
- (ii) **The Municipal Institutions Transfer (The “I-Grant”):** This component of the formula funded a minimum level of resources to provide and maintain basic facilities for the operation of local government administration. This transfer was meant for those rural areas that lacked the administrative capacity to raise their own revenue, or lacked the basic infrastructure necessary to function as a municipality.

The I-Grant was initially intended to provide support to individual municipalities that were unable to raise enough revenue to establish core administrative infrastructure. It was introduced to fill the gap between the funds needed to provide and maintain basic facilities for the operation of a municipality, and the amount of money each municipality was expected to raise from local resources.

It was based on the population size and normative income per capita for each municipality.

Jhetam (2006) further states that the I-Grant per capita decreased as populations increased. As there were substantial fixed costs associated with these activities, it was expected that the per capita costs of building democratic institutions would have declined as the size of political jurisdictions grew. In the first year of implementation of the new transfer system, per capita grants were higher in rural areas than in the urban areas. This occurred primarily because municipalities situated in poorer areas of the country lacked sufficient institutional capacity to function as municipalities. In the case of urban municipalities, certain municipalities received I-Grant allocations, but to a lesser extent than in the rural areas. No I-Grant allocations were made to the metropolitan areas due to the high rates of income for these municipalities. Although substantial progress was made in the reform of local government, many municipalities found it difficult to meet their developmental mandate, due to an inadequate economic base and due to high levels of poverty and unemployment. As South Africa is a country with extremely unequal income distribution, with the poor concentrated in the rural areas and the rich generally residing in the urban and metropolitan areas, rural municipalities are a lot more reliant on intergovernmental transfers than urban municipalities.

Jhetam (2006) further states that during February 2005 a revised local government equitable share formula was approved by Cabinet. The total local government equitable share grant to municipalities is made up as follows:

Basic Services (S) + Development Needs (D) + Institutional (I) – Revenue Raising Capacity Correction (RRC) +/- Stabilisation Constraint (C).

Where:

- **S** : is the basic services component;
- **D** : is the developmental component;
- **I** : is the institutional support component;
- **R** : is the revenue raising capacity correction; and
- **C** : are corrections applied to ensure that various stabilization constraints can be met.

In the revised formula, the I-grant is retained, as it is a standard component of the local government equitable share formula. The aim of this component in the revised formula is still the same, that is local government requires core institutional capacity to carry out the functions that are assigned to it.

Jhetam (2006) states that there are two aspects to this capacity:

- **Administrative capacity** – municipalities must have a strong and effective administration to carry out their functions. However, the intention of this component is not to fund the entire administration costs of municipalities, as this is still the responsibility of the municipality; and
- **Local electoral accountability** – the formula recognizes that councillors are accountable to their electorate and that there is a cost attached to having them represent their electorate in council.

The structure of the I-Grant is made up as follows:

**Base allocation + [Administrative support X Population in the municipality]
+ [Council support X Number of seats]**

where the values used in the formula are:

R350 000 + [R1 X Population in the municipality] + [R36 000 X Number of seats]

Jhetam (2006) states that the I-Grant in the previous formula assumed that there were strong economies of scale in the functioning of local government. This implied that the larger municipalities were able to operate more cheaply than smaller ones. The new formula maintains this assumption of decreasing average costs by incorporating a base allocation that goes to all municipalities, regardless of size, (except for “district management areas”, which fall under district municipalities). The higher this allocation is set, the more the formula benefits smaller municipalities. The formula also recognizes that costs increase in proportion to the population. The second aspect of the formula makes a contribution to the cost of maintaining councillors for the legislative and oversight role. The number of “seats” that will be recognized for purposes of the formula is determined by the Minister for Provincial and Local Government – discussed *supra* (paragraph 4.5).

When the local government equitable share grant was introduced in the 1998 / 1999 financial year, a total amount of R1 013 million was allocated as local government’s equitable share of revenue raised nationally. Of this amount, R175 million was allocated to the I-Grant. Over the years, the I-Grant component increased as the total budget amount increased. In the 2005 / 2006 financial year, the total I-Grant component was almost R500 million in relation to the total local government equitable share grant of R9.6 billion.

8.4.2 Financial Assistance to Municipalities

It is recommended that municipalities receive an increase in the subsidization of councillor remuneration through the local government equitable share, and that

the present amount of R36 000 per councillor be increased to R50 000. This increase of R14 000 per councillor represents an increase of approximately 38 per cent, and will increase the total financial assistance to municipalities from R333 million (9 274 councillors multiplied by R36 000) to R463 million (9 274 councillors multiplied by R50 000) – an increase of R130 million.

8.5 LEGISLATIVE CHANGES REQUIRED

As discussed *supra* (paragraph 5.7.1) the Commission publishes its recommendations well into the financial years of the national, provincial and municipal financial years. This is not an ideal situation, and it is recommended that the *Independent Commission for the Remuneration of Public Office-bearers Act, 1997* (Act No. 52 of 1997) be amended to mandate the Commission to publish their recommendations at least six months prior to the commencement of the respective financial years.

In order that a tax free portion of their remuneration be extended to councillors, as is the case with public office-bearers in the national and provincial spheres of government, it is recommended that the *Remuneration of Public Office Bearers Act*, is also amended to provide the Minister for Provincial and Local Government with the relevant authority to declare a portion of the remuneration of a councillor as tax free (holding of municipal public office allowance), as provided for in terms of section 8(1)(d) of the *Income Tax Act, 1962* (Act No. 58 of 1962).

8.6 CONCLUSION

Municipal councils should be instruments of excellence, serving the public interest, without stifling the initiative, skills and talents of representatives. Policymaking does not end once a decision is made. The implementation of the decision can have just as great an impact on public policy as the decision itself. Senior officials must take steps to ensure proper implementation. They must

issue policy directives that are clear and consistent; hire adequate staff and provide them with the information and authority necessary to carry out their orders. The 5-C protocol detailed above (paragraph 9.1) is a useful tool for monitoring any deviations from the intended plan or vision of the policymakers.

Having regard to the **problem statement** that was discussed *supra* (paragraph 1.2), the study has done the following:

- (i) Examined the current remuneration levels of all public office-bearers in government;
- (ii) Discussed the local government transformation imperatives;
- (iii) Analysed the purpose, duties, responsibilities, powers and activities attached to the various positions;
- (iv) Proposed an appropriate system of grading and categorizing municipal councils, taking into account the criteria listed in section 7 of the *Remuneration of Public Office Bearers Act, 1998* (Act No. 20 of 1998); and
- (v) Investigated the provision of financial assistance to fund the increased remuneration of councillors.

The **research questions** have been adequately addressed, and have suggested that there should be no disparity in the remuneration that is paid to public office-bearers across the three spheres of government. In answering the research questions, the study has identified particular offices of provincial government public office-bearers to benchmark against members of municipal councils, taking into account the roles and responsibilities of councillors in relation to the grade of the municipal council.

The **hypothesis** (discussed *supra*, paragraph 1.2) has been tested, and it has been confirmed throughout the study, that the assumption that the remuneration system that was extended to members of municipal councils did not take into account the wide ranging transformation imperatives in the local sphere of

government, as well as the newly bestowed roles and responsibilities of members of municipal councils, is sound, and has been proven.

All stakeholders at all levels and spheres of government must strive to make the difficulties of implementation a part of the initial formulation of policy. As Edwards and Sharkansky (1978:293) state, “implementing a public policy can require a wide variety of actions including issuing directives, enforcing directives, disbursing funds, making loans, awarding grants, making contracts, collecting information, disseminating information, assigning personnel, hiring personnel, and creating organizational units. Rarely are policies self-executing, that is, implemented by their mere statement, such as a policy not to recognise a certain government. Most policies require some positive action.” They also indicate that communication (transmission, clarity and consistency); resources (staff, information and authority); disposition of implementers; standard operating procedures and follow-up are key factors that could influence the implementation of policy.

Levitt (1980:200) also identifies generally relevant factors that feature in implementing public policy, and these include, amongst others, the following:

- The value of outside pressure on implementing agencies;
- Policy formulation as an end in itself;
- The stability of interorganizational relationships;
- The value of consultation;
- The role of public opinion in agenda-setting; and
- The value of international comparisons.

Implementation must not be conceived as a process that takes place after, and independent of the design of policy. Means and ends can be brought into somewhat closer correspondence only by making each partially dependent on the other. All stakeholders at all levels within all spheres of government must guard against becoming embroiled in “bureaucratic politics” through interagency

(between government departments) opposition and “feuding” over responsibility for an activity. Policymakers must strive to make the difficulties of implementation a part of the initial formulation of policy.