MINISTRY
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

Private Bag x802, PRETORIA, 0001 Tel: (+27 12) 334 0705 Fax: (+27 12) 326 4478
Private Bag x9123, CAPE TOWN, 8000 Tel: (+27 21) 469 6700 Fax: (+27 21) 461 0851

CIRCULAR NO. 6 OF 2026

FROM: **MINISTER**

TO: **ALL MECs RESPONSIBLE FOR LOCAL GOVERNMENT IN THE PROVINCES**

ALL EXECUTIVE MAYORS / MAYORS

IMPLEMENTATION OF GOVERNMENT NOTICE NO. 7368 PUBLISHED UNDER GOVERNMENT GAZETTE NO. 54505 UPPER LIMITS OF TOTAL REMUNERATION PACKAGES OF MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

1. PURPOSE

The purpose of this Circular is to-

1.1 guide municipalities on the implementation of Government Notice No. 7368 published under Government Gazette No. 54505 setting out the upper limits of total remuneration packages of municipal managers and managers directly accountable to municipal managers[1]; and

[1] Hereinafter referred to as "Senior Managers".

1.2 ensure seamless implementation, promote a common understanding and interpretation of the Notice, and support uniform and legally compliant application across all municipalities.

2. BACKGROUND

2.1 The Minister published the Notice determining the upper limits of total remuneration packages of senior managers in fulfilment of the statutory obligation in terms of section 72(2A) of the Local Government: Municipal Systems Act 32 of 2000, read with the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014.

2.2 The Notice determines the upper limits of total remuneration packages payable to Senior Managers and provides the strategic remuneration framework for senior management in municipalities. It also aims to ensure that remuneration of Senior Managers is cost-effective, internally equitable, externally competitive and aligned to the objectives of municipalities while promoting a uniform national remuneration framework.

2.3 Arising out of engagements with key stakeholders, the Department identified the need for practical implementation guidance to ensure uniform application of the amended framework across municipalities. Arising from these engagements, the Circular will clarify provisions, address technical anomalies and strengthen the remuneration framework for Senior Managers.

3. COMMENCEMENT AND STATUS

3.1 The Notice takes effect from 1 July 2024 and replaces Government Gazette No. 53882 of 18 December 2025.

3.2 Municipalities must implement the remuneration framework strictly in accordance with the Notice and this Circular.

3.3 Any previous uncertainties or interpretations inconsistent with the Notice are superseded to the extent of the amendment.

3.3 Any municipal practice inconsistent with the Notice must be discontinued with immediate effect.

4. KEY IMPLEMENTATION GUIDELINES

4.1 Determination of municipal categorisation

(a) Municipalities must determine their categorisation/ grade utilising the total number of points allocated in terms of Items 2, 3 and 4 of the Notice, which respectively consider total municipal income, total population and total municipal equitable share. The aggregated score must be applied to the categorisation/ grading table in Item 5.

(b) Municipalities must ensure that the source data used is accurate and derived from audited financial statements (2023/24 financial year, official census data, and the applicable equitable share allocations (2023/24 financial year).

(c) Once a municipality has determined its categorisation/grade in terms of the Notice, the municipality must submit the outcome of that determination to the MEC for local government for record and verification purposes. The information must also be submitted to the Minster in accordance with item 13 of the Notice.[2]

4.2 Application of remuneration tables

Municipal councils must remunerate Senior Managers within the applicable salary scales prescribed in Items 6 and 7 of the Notice. No remuneration outside the prescribed upper limits may be paid unless expressly permitted in terms of the Notice.

4.3 Offer of remuneration on appointment

Item 8 makes salary placement rules-based, evidence-driven and auditable. Municipal councils must therefore exercise heightened diligence, maintain proper records, and ensure that every offer of remuneration on appointment can withstand legal and audit scrutiny. Councils must base the salary notch on measurable factors. The Notice introduces a structured notch placement framework that establishes five remuneration bands, minimum, lower, midpoint, upper, and maximum, each associated with progressively higher expectations. These expectations relate to the senior manager's qualifications, years of relevant experience, exposure to institutional complexity, and proven performance track record.

(a) **Enhanced Due Diligence Requirements**

Municipalities are particularly required to exercise due diligence where placement is considered at the upper or maximum notch. Where a municipality intends to place a candidate at the upper notch or maximum notch, the municipal council must, during the recruitment and screening process, obtain credible documentary evidence from the candidate's previous employer(s)

[2] It must be noted that the Notice no longer has an annexure that sets out the grade of the municipality.

confirming the individual's performance track record at a comparable senior management level. Such evidence should include, where available:

(i) verified performance assessments;
(ii) confirmation of achievement of performance targets;
(iii) institutional performance outcomes attributable to the candidate; and
(iv) any other objective proof of sustained effective performance.

Reliance solely on curriculum vitae declarations or interview impressions is insufficient.

Placement at the maximum notch is regarded as an exceptional measure and must be supported by compelling evidence. In addition to the performance verification above, the municipal council must demonstrate and formally record that:

(i) the position requires scarce or critical skills within the municipal labour market;
(ii) the municipality has experienced difficulty attracting suitably qualified candidates at notches below the maximum; and
(iii) the placement at maximum is necessary to secure a candidate capable of delivering the required institutional outcomes.

Evidence of market testing may include, recruitment reports showing limited suitable applicants; failed recruitment processes; benchmarking against comparable municipalities; or documented scarcity analysis.

The strengthened application of Item 8(2) requires municipalities to integrate performance verification into their screening processes, enhance the quality and rigour of recruitment and selection reports, and maintain auditable records to substantiate notch placement decisions. Furthermore, Council resolutions must clearly justify any placement at the upper or maximum notch to ensure transparency and accountability.

Failure to comply may result in the remuneration being regarded as irregular and may expose the municipality to audit findings and recovery processes.

The Auditor-General is expected to determine whether the prescribed criteria were appropriately and consistently applied, verify that sufficient and credible supporting evidence is retained on file, and assess whether the justification for maximum placements is adequately substantiated. Any deficiencies in documentation may result in significant findings against municipalities.

4.4 Pay progression

Municipalities may grant pay progression to Senior Managers only if the manager has completed the full performance management cycle for the 2024/25 financial year, has a duly signed performance agreement in place, and has achieved the prescribed performance rating.

Item 9 of the Notice regulates when a Senior Manager may move from one salary notch to the next. In simple terms:

(a) Pay progression is not automatic and must be earned.
(b) It depends on the number of years the senior manager has served in the same position in the same municipality ("in-job").
(c) The senior manager must have achieved a performance rating of at least 3 (or higher) in the applicable performance cycle.
(d) Progression follows the structured path from minimum-lower-midpoint-upper-maximum, subject to meeting the required years in-job and performance standard at each stage.
(e) Progression applies primarily to incumbent senior managers, while new appointments normally commence at the minimum notch unless otherwise justified under Item 9.
(f) Pay progression must not be applied retrospectively and must be supported by a completed and valid performance management process.

Municipal councils must ensure that all supporting documentation (signed performance agreements, performance assessments and in-job verification) is available for audit purposes before approving any pay progression.

4.5 Cell phone and data allowance

In terms of Item 10 of the Notice, a Senior Manager may, in addition to the applicable total remuneration package, be paid a cellphone and data allowance not exceeding R2,500.00 per month, subject to the relevant municipal council policy.

Municipalities must ensure that—
(a) the allowance is provided strictly within the prescribed limit;
(b) the payment is supported by an approved council policy;
(c) the allowance is not treated as part of the pensionable remuneration package; and
(d) any existing contracts concluded prior to the Notice are managed in accordance with the transitional provisions of the Notice.

Municipal councils are further advised to strengthen internal controls to prevent the payment of cellphone and data benefits outside the parameters of the Notice.

4.6 Remote allowance

Municipalities may pay a remote allowance only to municipalities listed in Annexure A and within the prescribed percentage of the total remuneration package. A Senior Manager already receiving a market premium, rural or scarce skills allowance is not eligible for the remote allowance.

4.7 Overpayments and irregular expenditure

Municipalities must remunerate Senior Managers strictly within the framework of the Notice. Any remuneration paid outside the Notice constitutes irregular expenditure and must be recovered from the Senior Manager concerned in accordance with Item 12 of the Notice and section 32 of the MFMA.

A municipality that remunerated a Senior Manager in contravention of the criteria governing the offer of remuneration on appointment, and in the absence of a waiver granted by the Minister, must recover any resultant overpayment in accordance with section 32 of the MFMA and other applicable legislation and legal principles governing the recovery of debts.

4.8 Personal-to-incumbent principle

Where the remuneration of a Senior Manager exceeds the applicable upper limits, the personal-to-incumbent principle applies. In such cases, the Senior Manager shall retain his or her current total remuneration package and benefits; however, the Senior Manager is eligible for pay progression and any adjustments to the remuneration package shall be limited to the cost-of-living adjustments determined by the Minister, until the applicable salary scale is aligned through the normal determination of upper limits.

4.9 Salary creep intervention

Item 14(6) of the Notice introduces a targeted corrective mechanism to address persistent salary creep between senior managers and third-level managers.

In essence, where salary creep continues despite the measures in the Notice, the municipal council must, in consultation with the MEC for local government, rectify the anomaly by restoring the appropriate remuneration hierarchy between Senior Managers and third-level managers.

This is achieved by positioning-

(a) the Municipal Manager at the first notch of the applicable salary level that is four salary levels or grades, at minimum notch, above the highest-paid third-level manager; and

(b) a manager directly accountable to the municipal manager at the first notch that is two salary levels or grades, at minimum notch, above the highest-paid third-level manager in the relevant department or directorate.

Municipalities are strongly advised to ensure that **every reasonable effort must first be made to ensure that Senior Managers are remunerated within the prescribed upper limits** provided in the Notice. Accordingly-

(a) Item 14(6) must **not** be used as a primary salary adjustment tool;
(b) it must **not** be used to bypass the upper limits framework;
(c) it should only be considered where genuine salary creep persists after full compliance with the Notice has been achieved; and
(d) The upper limits framework remains the primary remuneration control mechanism.

Importantly, this intervention is exceptional and subject to strict conditions. Before applying the correction, the municipal council must-

(a) verify audited job evaluation outcomes, evaluated in terms of the Municipal Staff Regulation, 2021;
(b) assess the funded status of the MTREF;
(c) confirm compliance of current remuneration with the Notice; and
(d) evaluate prescribed financial health ratios (including employee cost ratio, liquidity, sustainability and cash coverage).

The strengthened framework requires municipalities to prioritise alignment with the prescribed upper limits, to treat Item 14(6) strictly as an exceptional structural remedy, and to maintain comprehensive documentary evidence to support any remuneration decisions. Moreover, municipalities must ensure both affordability and long-term sustainability before implementing any adjustments.

Municipalities are advised, in consultation with organised labour, to review remuneration-related benefits such as travel allowances and other benefits that fall outside the collective bargaining framework. This review is necessary to prevent salary creep, ensure alignment with the prescribed remuneration framework, and confirm that positions are correctly evaluated in accordance with council approved job evaluation system. Any changes arising from such a review should apply prospectively and be implemented for future appointments to ensure fairness, legal certainty and sustainability of the municipal remuneration structure.

4.10 Previous Waiver Applications and Approvals

Items 14(11) and 14(12) of the Notice establishes the transitional mechanism for managing historical remuneration waivers during implementation of the current Upper Limits Notice. These provisions are designed to ensure compliance by –

(a) averting the abrupt invalidation of waivers previously approved by the Minister;
(b) enabling the progressive standardisation of municipal salary structures; and
(c) correcting distortions in internal pay hierarchies that arose as a result of such waivers.

Although transitional in their application, the provisions carry a distinctly corrective intent, aimed at restoring consistency, equity, and regulatory alignment in municipal remuneration practices.

Importantly, the waiver **does NOT** follow the person to a new position. A critical safeguard in sub-item 14 (8) is that no waiver shall apply where a person commences a new position in the same municipality. This has significant implications, as waivers are both post-specific and incumbent-specific, do not attach permanently to the individual, and require full compliance with the current Notice upon any new appointment.

Human Resources Departments must ensure that waiver beneficiaries are correctly placed at the closest matching notch where required; waiver benefits are not extended to new appointments; and recruitment processes do not rely on historic waiver protections.

The Auditor-General is likely to assess the existence of Ministerial waiver approval, evaluate compliance with all conditions attached to the waiver, verify the correct application of the closest match placement methodology, and confirm that waiver benefits are not inappropriately carried over to new posts.

5 TRANSITIONAL ARRANGEMENTS

5.1 Senior Managers previously remunerated at minimum, midpoint or maximum, or whose remuneration falls between notches, must be placed at the closest matching higher notch as provided in Item 14(3).

5.2 Existing lawful council resolutions implemented in reliance on Government Gazette No. 53882 prior to the Notice remain valid as provided for in Item 14(12).

5.3 Where the categorisation of a municipality, as determined in terms of this Notice, is lower than the categorisation assigned under the previous Notice, the municipality shall retain the categorisation prescribed in the previous Notice. The remuneration of Senior Managers already in a post as at 30 June 2024 must not be reduced immediately. In such cases-

(a) Senior managers who were in office on 30 June 2024 must continue to be remunerated in accordance with Items 7 and 8 using the municipality's previous categorisation as determined in Government Notice No. 4897 (Government Gazette No. 50787 of 30 May 2024), provided that the data used by the municipality to determine its category was correct;
(b) These Senior Managers remain entitled to the applicable cost-of-living adjustment, subject to the same condition that the underlying categorisation data used by the municipality is accurate and verified; and
(c) All new appointments must use the municipality's new categorisation and the applicable Items 6 and 7 total remuneration packages.

6 REPORTING OBLIGATIONS

6.1 Executive Mayors / Mayors are hereby requested to ensure that their respective municipalities-

(a) undertake a comprehensive review of all Senior Manager remuneration in accordance with the provisions of the Notice;
(b) duly brief the Municipal Council and the Mayoral Committee on the implications thereof;
(c) reinforce internal control measures pertaining to remuneration–related decisions;
(d) submit all requisite documentation and information to the MEC within the prescribed statutory timeframes including documentation relating to municipalities that were previously granted waivers; and
(e) engage the Department for guidance whenever further clarification is required.

6.2 MECs must analyse information received from municipal councils and submit consolidated provincial reports to the Minister within the prescribed timeframe.

7. WAY FORWARD

7.1 Municipalities are required to immediately align their remuneration practices with the Notice and this Circular.

7.2 The Department will monitor implementation and may issue further guidance where necessary.

7.3 The Department in collaboration with key stakeholders will initiate an investigation into the uniform municipal categorisation for all municipal staff, including Senior Managers and a standardised job evaluation system for local government.

7.4 The Department shall establish and maintain a central, verified register of municipal categorisation outcomes. This register shall constitute the official and authoritative source of municipal categorisation outcomes for purposes of the application of this Notice. The central register shall be accessible to municipalities and relevant stakeholders, and any categorisation determinations, updates or corrections shall be recorded therein.

8. Enquiries

Further enquiries relating to this matter may be obtained from the following officials in the DCoG:

Official	Contact Details
Ms. Nakedi Monyela Director: Municipal HR Systems	Email: NakediM@cogta.gov.za
Mr. Thilibe Maimane Deputy Director: Municipal HR Systems	Email:ThilibeM@cogta.gov.za Cellular: 072 280 1954

Yours sincerely,

MR VELENKOSINI HLABISA, MP
MINISTER
DATE: 14/04/2026