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## GOVERNMENT NOTICE

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### THE PRESIDENCY

No. 1107

15 October 2008

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## INDEPENDENT COMMISSION FOR THE REMUNERATION OF PUBLIC OFFICE BEARERS

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### RECOMMENDATIONS ON SALARIES, ALLOWANCES AND BENEFITS OF PUBLIC OFFICE BEARERS FOR THE FISCAL YEAR COMMENCING 1 APRIL 2008

#### *Introduction and Background*

- 1 The Independent Commission for the Remuneration of Public Office Bearers (Commission) is statutorily obliged by virtue of section 8 (4) and (5) of the Independent Commission for the Remuneration of Public Office Bearers Act, 1997, to make annual recommendations relating to the salaries, benefits and allowances, and to resources required by public office bearers to enable them to perform their respective duties effectively.
- 2 On 30 March 2007, the Commission published a report and recommendations following a major review of public office bearer remuneration (First Review Report). As required by law, the First Review Report was submitted to Parliament and to the President for approval and was published in the Government Gazette. However, the First Review Report did not include a consideration of pension, medical benefits and tools of trade due to public office bearers. After a further and extensive review, the Commission released another set of recommendations (Second Review Report) on pension and medical benefits. The Second Review Report was submitted to Parliament and to the President and thereafter it was published in the Government Gazette on 17 April 2008.



- 3 Neither the First Review Report nor the Second Review Report was adopted or implemented by the President and Parliament. However, in relation to the financial year starting on 1 April 2007 the President and Parliament implemented an alternative recommendation of the Commission premised on an inflation based cost of living increase on existing remuneration. Again, when the Commission made its recommendations in the Second Review Report it also included alternative recommendations informed by inflation related cost of living increase on existing remuneration with effect from 1 April 2008. It follows from what has been said that the Second Review Report of 2008 should be considered together with the First Review Report of 2007.
  
- 4 It is important to keep in mind that the Commission consulted with public office bearer representatives during its processes, communicated its draft recommendations contained in the First and Second Review Report directly to public office bearer representatives, received and considered submissions and only thereafter published its recommendations in March 2007 and April 2008 respectively. Even so, several waves of fresh representations were made to the President, who in turn, sought the advice of the Commission on the new representations. The Commission furnished the President with the advice sought each time it was asked to do so. Regrettably, this repeated process of receiving new representations and referring them to the Commission has led to considerable delay in finalising the major review recommendations contained in the First and Second Review Reports.
  
- 5 Again, as recently as on 19 August 2008, the President requested the Commission to advise him on submissions received from certain public office bearer representatives on the Second Review Report and on an inflation linked percentage increase to all public office bearers for the 2008/2009 financial year, as it would take some time to consider matters raised in the First and Second Review Reports.



*Additional Recommendations effective from 1 April 2008*

6 On 5 September 2008, the Commission met to consider the fresh representations referred to it by the President and having considered all the relevant circumstances, resolved **not** to change its recommendations in the First and Second Review Reports, except in the following respects:

a) By adjusting the remuneration levels recommended in the First Review Report by a CPIX of 11% per annum with effect from 1 April 2008 instead of the 7,5% per annum that was used in the calculations in the Second Review Report published in the *Gazette* of 17 April 2008.

b) By recommending a once-off gratuity or terminal benefit in the following terms:

(i) A member of Parliament or of the provincial legislature who has served a period of 5 years or less should not be entitled to a pension but rather to a once-off terminal payment equal to 45% of pensionable salary for every year of service;

(ii) A member of Parliament or of the provincial legislature who has served more than 5 years and whose term of office has ended be entitled to a once-off gratuity equal to 4 months pensionable salary for every 5 years of service or a pro-rata part of the 5 year period; and

c) By recommending that the allowance provided for in section 8(1)(d) of the Income Tax Act, 1962 be increased from R40 000 per annum to R120 000 per annum in relation to every member of Parliament or of a provincial legislature.

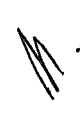
7 From paragraph 6(a) it appears that the Commission has revised its recommendations on remuneration of public office bearers to be found in the



First Review Report by proposing and inflation based increase from 7.5% (that was recommended in the Second Review Report) to 11%. It is necessary to explain briefly that in arriving at the present recommendations, the Commission considered, amongst other factors, the following:

- 7.1 The link between labour costs and inflation that is regarded as a sound basis for making salary adjustments.
- 7.2 Relevant annual and month-on-month CPI and CPIX figures as well as the percentage of remuneration increases for executives, mid management and public office bearers for each year since 2005.
- 7.3 That when recommending the 7.5% increase on 17 April 2008 the inflation target for the 12 months ahead remained slightly higher than the target range of 3% to 6%. Month-on-month CPIX that is believed to be a stable inflationary comparator, for September 2007 was 6.7%. The National Treasury estimated the average inflation (CPIX) for the fiscal year running from 1 April 2007 to 31 March 2008, at 6.5%. Given these factors it was likely that the CPIX for the 2007/2008 fiscal year may be slightly higher than the estimate. The most recent Reserve Bank forecasts at the time indicated a decline in the CPIX, to average at 6.8% for 2008 and 5.3% for 2009.
- 7.4 Private sector salary increases appeared to be higher than inflation. According to a wage settlement survey of Andrew Levy Employment Publications, the average wage settlement for 2007 was 7.3%. Moreover, the Public Service Coordinating Bargaining Council provided for a basic salary increase for public servants of 7.5% for 2007. The recommendation of a 7.5% increase as at 17 April 2008 was a sound recommendation at the time.



- 7.5 Circumstances since April 2008 have changed and the soaring of oil prices, shortage of food and the Reserve Bank increases of interest rates impacted on prior estimates calculated.
- 7.6 The annual and month-on-month CPIX figures from 1998 to 2008 and that whilst the average inflation target from 1998 to 2007 remained between 3.9% to 9.3%, the average inflation target for 2008 is 10.6%.
- 7.7 Month-on-month CPIX for 2008 is reflected at 10.9% for May 2008, 11.6% for June 2008 and 13% for July 2008.
- 7.8 The private sector salary increases appear to be slightly lower than inflation. However, the Public Service Coordinating Bargaining Council has provided for a basic salary increase for public sector employees of 10.5% for 2008.
- 8 In view of the above considerations, the Commission recommends a general percentile increase in salaries, allowances and benefits for all public office bearers from 7.5% recommended in the Second Review Report to 11% per annum with effect from 01 April 2008.
- 9 Accordingly, to this proclamation the Commission attaches tables 37, 38, 39, 40, 41, 42 reflecting the revised levels of remuneration of public office bearers for approval of the President and of Parliament.
- 10 It should be added that table 40 reflecting pay levels of local government public office bearers has been recast to include all grades of municipal councils. The Commission recommends that all municipal councils be entitled to the allowance permitted by section 8(1)(d) of the Income Tax Act, 1962 and that in their case too the amount of the allowance should be R 120 000.
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11 As required by the applicable legislation, the Commission has, consulted with the Minister of Finance, the Minister of Justice and Constitutional Development and the Chief Justice.

12 The Minister of Finance has made it known that he concurs with the recommendations of the Commission on the revised salary scales, on the non-taxable allowance and on the proposal for a terminal payment for members of Parliament and of the Provincial Legislature who have served longer than one term in these legislatures. The Minister of Finance also supports the proposal of the Commission in relation to members of Parliament and of the Provincial Legislature who have served one term or less subject to the reservation that the terminal should meet the requirements of the minimal individual reserve provision in the Pension Funds Act, 2001.

13 The Minister of Justice and Constitutional Development has confirmed that he is satisfied with the recommendations of the Commission contained in this proclamation insofar as they relate to judges and magistrates.

14 The Chief Justice has confirmed with the Commission that he supports the recommendations of the Commission contained in this proclamation insofar as they relate to judges and magistrates.

Signed at Pretoria on 12 October 2008.



**JUSTICE DIKGANG MOSENEKE**

**CHAIRPERSON:**

**INDEPENDENT COMMISSION FOR THE REMUNERATION OF PUBLIC OFFICE  
BEARERS**



<b>TABLE 37</b>				
<b>REVISED REMUNERATION LEVELS PROPOSED IN THE FIRST AND SECOND REVIEW REPORTS AND ADJUSTED BY 11% WITH EFFECT FROM 1 APRIL 2008</b>				
<b>NATIONAL EXECUTIVE AND DEPUTY MINISTERS</b>				
<b>GRADE</b>	<b>PAY LEVEL</b>	<b>POSITION</b>	<b>TOTAL REMUNERATION RECOMMENDED 1 APRIL 2007</b>	<b>PROPOSED TOTAL REMUNERATION 1 APRIL 2008</b>
EA	1	President	1,898,400	2,107,224
EB	1	Deputy President	1,708,600	1,896,546
EC	1	Minister	1,452,300	1,612,053
ED	1	Deputy Minister	1,196,000	1,327,560

<b>TABLE 38</b>					
<b>REVISED REMUNERATION LEVELS PROPOSED IN THE FIRST AND SECOND REVIEW REPORTS AND ADJUSTED BY 11% WITH EFFECT FROM 1 APRIL 2008</b>					
<b>NATIONAL PARLIAMENT</b>					
<b>GRADE</b>	<b>PAY LEVEL</b>	<b>POSITION</b>	<b>TOTAL REMUNERATION RECOMMENDED 1 APRIL 2007</b>	<b>PROPOSED TOTAL REMUNERATION 1 APRIL 2008</b>	
PA	1	Speaker: National Assembly	1,708,600	1,896,546	
		Chairperson: NCOP	1,708,600	1,896,546	
PB	1	Deputy Speaker: National Assembly	1,196,000	1,327,560	
		Deputy Chairperson: NCOP	1,196,000	1,327,560	
PC	2	House Chairperson	1,110,600	1,232,766	
		1	Chief Whip: Majority Party	939,700	1,043,067
			Chief Whip: NCOP	939,700	1,043,067
		1	Parliamentary Counsellor: President	939,700	1,043,067
			Parliamentary Counsellor: Deputy President	939,700	1,043,067
PD	2	Leader of Opposition	939,700	1,043,067	
		Chairperson of a Committee	854,300	948,273	
		1	Deputy Chief Whip: Majority Party	768,900	853,479
			Chief Whip: Largest Minority Party	768,900	853,479
Leader of a Minority Party	768,900		853,479		
PE	2	Whip	713,500	791,985	
		1	Member: National Assembly	643,800	714,618
			Permanent Delegate: NCOP	643,800	714,618

TABLE 39				
REVISED REMUNERATION LEVELS PROPOSED IN THE FIRST AND SECOND REVIEW REPORTS AND ADJUSTED BY 11% WITH EFFECT FROM 1 APRIL 2008				
PROVINCIAL EXECUTIVES AND LEGISLATURES				
GRADE	PAY LEVEL	POSITION	TOTAL REMUNERATION RECOMMENDED 1 APRIL 2007	PROPOSED TOTAL REMUNERATION 1 APRIL 2008
LA	1	Premier	1,366,900	1,517,259
LB	1	Member of Executive Council	1,196,000	1,327,560
		Speaker	1,196,000	1,327,560
LC	1	Deputy Speaker	939,700	1,043,067
	2	Chairperson of Committees	768,900	853,479
		Chief Whip: Majority Party	768,900	853,479
		Leader of Opposition	768,900	853,479
	3	Deputy Chairperson of Committees	723,400	802,974
		Chairperson of a Committee	723,400	802,974
		Deputy Chief Whip: Majority Party	723,400	802,974
		Chief Whip: Largest Minority Party	723,400	802,974
		Leader of a Minority Party	723,400	802,974
LD	1	Parliamentary Counsellor to a King	643,800	714,618
		Whip	643,800	714,618
	2	Member of Provincial Legislature	623,100	691,641

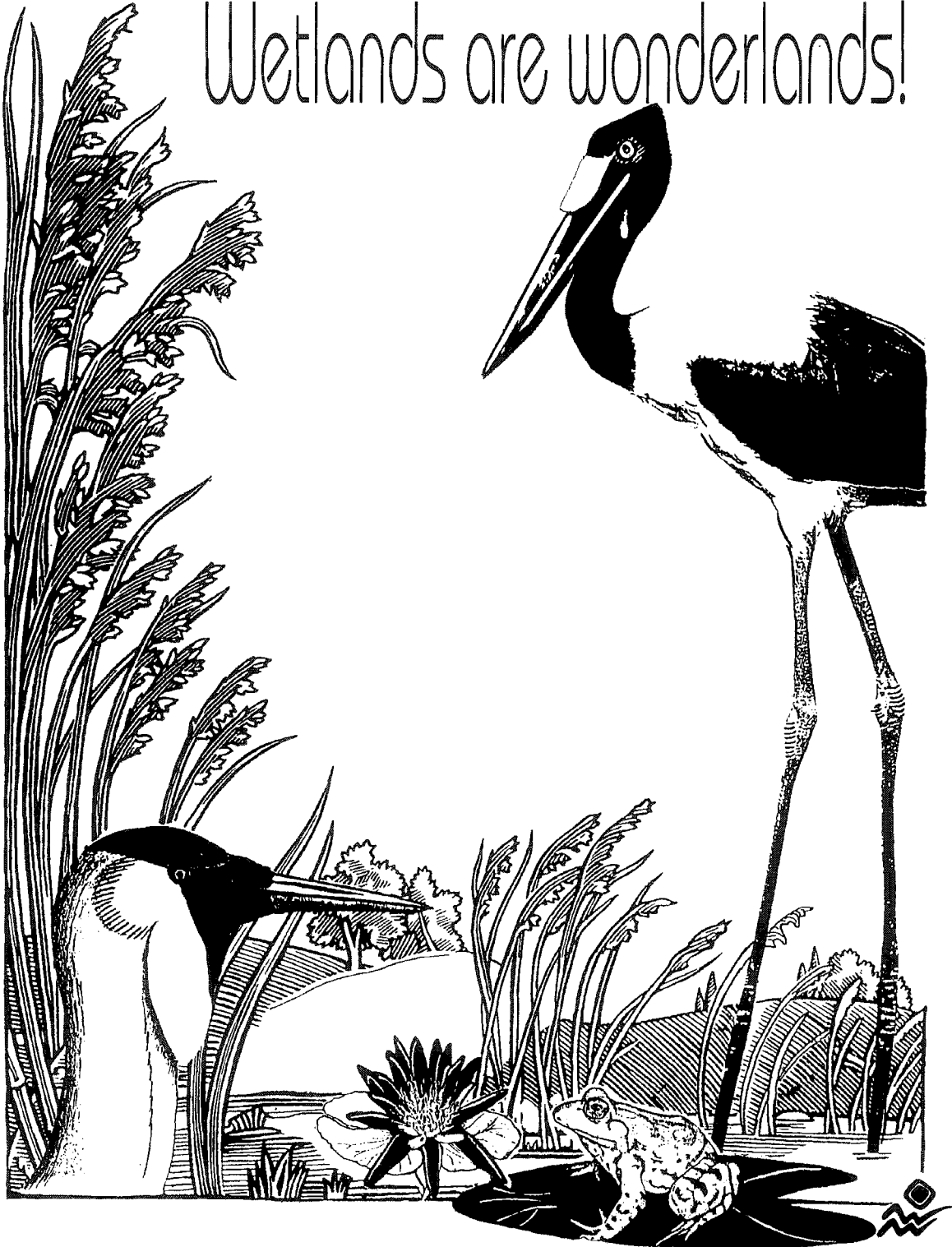
TABLE 40				
REVISED REMUNERATION LEVELS PROPOSED IN THE FIRST AND SECOND REVIEW REPORTS AND ADJUSTED BY 11% WITH EFFECT FROM 1 APRIL 2008				
LOCAL GOVERNMENT				
GRADE	PAY LEVEL	POSITION	TOTAL REMUNERATION RECOMMENDED 1 APRIL 2007	PROPOSED TOTAL REMUNERATION 1 APRIL 2008
MA	1	Executive Mayor	756,900	840,159
		Mayor	756,900	840,159
MB	1	Deputy Executive Mayor	613,500	680,985
		Speaker/Chairperson	613,500	680,985
		Deputy Mayor	613,500	680,985
MC	2	Member of Executive Council	577,700	641,247
		Member of Municipal Council	577,700	641,247
		Chairperson of a Sub-council	577,700	641,247
		Whip	577,700	641,247
MD	1	Municipal Councillor	290,900	322,899

<b>TABLE 41</b>				
<b>REVISED REMUNERATION LEVELS PROPOSED IN THE FIRST AND SECOND REVIEW REPORTS AND ADJUSTED BY 11% WITH EFFECT FROM 1 APRIL 2008</b>				
<b>TRADITIONAL LEADERS</b>				
<b>GRADE</b>	<b>PAY LEVEL</b>	<b>FULL TIME POSITIONS</b>	<b>TOTAL REMUNERATION RECOMMENDED 1 APRIL 2007</b>	<b>PROPOSED TOTAL REMUNERATION 1 APRIL 2008</b>
TA	1	King	708,180	786,080
TB	1	Chairperson: NHTL	501,800	556,998
	2	Full time Chairperson: PHTL	413,300	458,763
	3	Deputy Chairperson: NHTL	383,800	426,018
	4	Full time Deputy Chairperson: PHTL	354,200	393,162
TC	1	Full time Member: NHTL	206,600	229,326
	2	Full time Member: PHTL	177,100	196,581
TD	1	Senior Traditional Leader	129,900	144,189
		<b>PART TIME POSITIONS*</b>	<b>SITTING ALLOWANCE 1 APRIL 2007 (Per Day)</b>	<b>PROPOSED TOTAL REMUNERATION 1 APRIL 2008 (Per Day)</b>
		Part time Member: NHTL	744	826
		Part time Chairperson: PHTL	885	982
		Part time Deputy Chairperson: PHTL	796	884
		Part time Member: PHTL	617	685

\* In addition to sitting allowances, part time members are entitled to their salaries as Traditional Leaders, as well as subsistence costs (reasonable and actual expenses) and transport costs (Department of Transport tariffs for the use of privately owned vehicles), for their attendance of official meetings, seminars, workshops and conferences of the respective Houses)

<b>TABLE 42</b>				
<b>REVISED REMUNERATION LEVELS PROPOSED IN THE FIRST AND SECOND REVIEW REPORTS AND ADJUSTED BY 11% WITH EFFECT FROM 1 APRIL 2008</b>				
<b>JUDICIARY</b>				
<b>GRADE</b>	<b>PAY LEVEL</b>	<b>POSITION</b>	<b>TOTAL REMUNERATION RECOMMENDED 1 APRIL 2007</b>	<b>PROPOSED TOTAL REMUNERATION 1 APRIL 2008</b>
JA	1	Chief Justice	1,708,600	1,896,546
JB	1	Deputy Chief Justice	1,537,700	1,706,847
		President: Supreme Court of Appeal	1,537,700	1,706,847
JC	1	Deputy President: Supreme Court of Appeal	1,452,300	1,612,053
	2	Judge: Constitutional Court	1,366,900	1,517,259
		Judge: Supreme Court of Appeal	1,366,900	1,517,259
	3	Judge President: High/Labour Court	1,281,500	1,422,465
	4	Deputy Judge President: High/Labour Court	1,196,000	1,327,560
	5	Judge: High/Labour Court	1,110,600	1,232,766
JD	1	Special Grade Chief Magistrate	768,900	853,479
		Regional Court President	768,900	853,479
		President: Divorce Court	768,900	853,479
JE	1	Regional Magistrate	683,400	758,574
		Chief Magistrate	683,400	758,574
		Presiding Officer: Divorce Court	683,400	758,574
JF	1	Senior Magistrate	563,800	625,818
JG	1	Magistrate	512,600	568,986

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