

THE INDEPENDENT COMMISSION FOR THE REMUNERATION OF PUBLIC OFFICE BEARERS



PRESS RELEASE STATEMENT ON

ANNUAL REMUNERATION RECOMMENDATIONS FOR 2016/2017

18 November 2016

INTRODUCTION

1. The Independent Commission for the Remuneration of Public Office-Bearers (Commission) is established in terms of the Independent Commission for the Remuneration of Public Office-Bearers Act, 1997 (the Act). The Commission's mandate is to make annual recommendations concerning salaries and/or the upper limits of the salaries, allowances, benefits, and the resources required by some public office-bearers (POBs) to enable them to perform their respective duties effectively.
2. The Commission submitted its 2016/2017 recommendations to the President on 18 October 2016 and to the National Parliament on 03 November 2016. The recommendations were published in Government Gazette No. 40422 of 11 November 2016 and also uploaded in the Commission's website.
3. Subsequent to the publication of the recommendations, the Commission received numerous enquiries and requests from other media houses to discuss these recommendations. As a result, the Commission resolved to convene the present press conference in order to brief the media.

KEY CONSIDERATIONS FOR MAKING RECOMMENDATIONS

4. In compliance with Section 8(6) of the Act, the Commission took the following factors into consideration when making the recommendations:
 - the role, status, duties and responsibilities of the office bearers concerned;
 - the affordability of different levels of remuneration of public bearers;
 - current principles and levels of remuneration, particularly in respect of the organs state, and the society generally;
 - inflationary increases;
 - the available resources of the state; and
 - other relevant factors which include the inputs from relevant stakeholders, the Commission's past recommendations and determinations by institutions mandated to make determinations concerning salaries, allowances benefits and necessary resources for some POBs.

CONSULTATIONS WITH STAKEHOLDERS

5. In considering the 2016/2017 recommendations, the Commission held statutory and courtesy consultations with the Minister of Finance, the Minister of Justice and Correctional Services, the Chief Justice, the Lower Courts Remuneration Committee (LCRC), and the Minister of Cooperative Governance and Traditional Affairs (Cogta).
6. The Minister of Finance expressed serious concerns regarding the current state of the South African economy, the increasing constraints on the fiscus, the inflationary increases and the available resources of the state. Further, the Minister highlighted the significant impact of previous public service wage agreements on the economy.
7. The Minister of Justice and Correctional Services highlighted amongst others, the inability of the POBs to negotiate their salaries, the current salary gaps within the judiciary, and the impact of inflation on the lower level POB's. The Minister indicated his support for differentiated increases in terms of which the lower courts judiciary should benefit more from the adjustments.
8. The Chief Justice expressed his concerns regarding the state of the South African economy. The Chief Justice further indicated that given the state of the economy, the Judges' views were that they would sacrifice an increase in their own remuneration. The Chief Justice requested that consideration be given to increasing the remuneration of the lower courts judiciary, by at least 5% or in line with inflation.
9. The Lower Courts Remuneration Committee highlighted a number of concerns with the overall remuneration structure and indicated its preference for an inflationary adjustment on current remuneration.
10. The Minister of Cooperative Governance and Traditional Affairs (Cogta) submitted a written feedback to the Commission about issues regarding the particular designations of Traditional Leaders. The Minister made a request on the recommendations for the remuneration, benefits and tools of trade for the Principal Traditional Leaders (PTL), and no comments regarding salaries of POBs in local government and other traditional leadership.

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11. Having considered all the factors prescribed by the law, the Commission concluded that 6% would serve as an appropriate basis on which to measure the cost of living adjustment (COLA) in respect of the POBs. Accordingly, the Commission recommends the following cost of living adjustment (COLA) in respect of the POBs:

No adjustment (0%) to the remuneration of:

- All members of National Executive and Deputy Ministers
- All members of National Parliament
- All members of Provincial Executive and Legislature
- All Judges
- Local Government: Positions of Executive Mayor to Whip
- Traditional Leadership: Position of the King/Queen to Full-time Deputy Chairperson of Provincial House of Traditional Leaders

4% cost-of-living-adjustment to the remuneration of:

- Local Government: Municipal Councillor

6% cost-of-living-adjustment to the remuneration of:

- All Magistrates
- Full-time Members of the National House of Traditional Leaders(NHTL) to Headmen / Headwomen, and sitting allowances of all members of National House of Traditional Leaders NHTL and Provincial House of Traditional Leaders

The remuneration scales are reflected in the gazette.

THE PRINCIPAL TRADITIONAL LEADERS (PTL)

12.The Commission discussed the Minister’s request on the recommendations for the remuneration, benefits and tools of trade for the Principal Traditional Leaders (PTL). Due to lack of sufficient information and pending litigation, the Commission has decided to defer recommendations with respect to this position.

“ONCE-OFF GRATUITY PAYMENT” FOR NON-RETURNING MUNICIPAL COUNCILLORS POST THE 03 AUGUST 2016 LOCAL GOVERNMENT ELECTIONS

13.The Commission recommended that only non-returning Municipal Councillors who served for a minimum period of 24 consecutive months prior to the 03 August 2016 Local Government elections qualify to receive the “once-off gratuity payment”.

14.The payment of the “once-off gratuity” must be based on the basic salary and not the annual total remuneration package (ATRP) because the employer’s contributions towards the benefit funds are included in the total package. Accordingly, the Commission has recommended a formula to be used for the calculation of the “once off gratuity”. In terms of the formula, the once off gratuity should be paid as follows:

Gross Gratuity payment = $[(N / N\text{-factor}) \times (\text{Basic salary} \times 3)] \times \text{pro-rata factor}$

Where:

- N represents the number of consecutive months that the Councillor served as a councillor (N to not less than 24)
- N-factor and Pro-Rata Factor depend on the number of completed months for the individual as set out in the table below
- Basic salary means the component of the salary that excludes a travel allowance (25% of the Annual Total Remuneration Package), a housing allowance, the municipal contribution to pension fund (15% of the basic salary), the municipal contribution to a medical aid scheme (2/3 of the membership fee) and any non-pensionable allowance

Table of “N” Factor and Pro-Rata Factors

CONTINUOUS PERIOD SERVED AS A COUNCILLOR	“N” FACTOR	%age OF 3 MONTHS BASIC SALARY (PRO-RATA FACTOR)
60 months and more	N = 62	100%
48 to 59 months	N = 59	80%
36 to 47 months	N = 47	60%
24 to 35 months	N = 35	40%

CONCLUSION

15. The Commission deems it necessary to highlight that the Commission is empowered to make recommendations regarding salaries, benefits and allowances of specific public office bearers, while the power to make determination of the salaries, benefits and allowances resides in different institutions at different levels of the POBs. Such institutions are bound to follow prescribed processes and to amongst others take into consideration the recommendations of the Commission when making determinations.
16. Comprehensive information of the recommendations is published in Government Gazette No. 40422 dated 11 November 2016. The Gazette is available online at www.gpwonline.co.za or remcommission.gov.za.
17. All enquiries and post-briefing enquiries (preferably written) should be directed to the Secretariat of the Commission at Peterm@presidency.gov.za or 012 308 1707.