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## GOVERNMENT NOTICES

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### THE PRESIDENCY

No. 439

17 April 2008

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

##### **RECOMMENDATIONS ON PENSION AND MEDICAL AID BENEFITS OF A RETIRED PRESIDENT**

- 1.1 The Commission is, amongst other things, required, in terms of section 2(5)(a) and (b) and section 2(6) of the Remuneration of Public Office Bearers Act, 1998, to make recommendations to the National Assembly on the pension and medical aid benefits payable to the President upon his or her retirement. In turn, the National Assembly bears the responsibility to determine such benefits in terms of existing law.
- 1.2 After due consideration of all relevant factors, and after completion of a review of pension, medical and other benefits for all public office bearer positions in South Africa, the Commission makes the following recommendations to the National Assembly with regard to appropriate pension and medical aid benefits for the President upon and after his retirement.
- 1.3 In doing so the Commission has had regard to a number of considerations, some of which are contained in the bodies of both this report and the Commission's report on its review of public office bearer pension and medical aid benefits, of April 2008, but also of those contained in a 1998 report of the Independent Commission for the Remuneration of Public Office Bearers of the time.
- 1.4 Section 2(5)(a) and (b) of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) determines that:
  - "5(a) *Upon his/her retirement, the President shall be paid such pension and other pension benefits as may be determined from time to time by resolution of the National Assembly, after taking into consideration the recommendations of the Commission.*
  - (b) *On the President's death, such pension and other pension benefits as may from time to time be determined by resolution of the National Assembly, shall be paid to his/her widow, widower, dependant or nominee, including his/her estate, as he or she may elect."*

1.5 Section 2(6) of the same Act determines that:

*"The State shall contribute to a medical aid scheme of which the President, a former President or his or her widow or widower or dependent is a member, such an amount as may be determined by resolution of the National Assembly."*

1.6 After due consideration of the recommendations of the Independent Commission for the Remuneration of Public Office Bearers of the time, National Assembly resolved on 5 November 1998 that:

- in terms of section 2(5)(a) of the said Act, upon the President's retirement from office, with effect from the day following the day that he/she vacated office, a taxable pension benefit be paid to him/her equal to 75% of the total annual remuneration (salary and allowance) payable to him/her the day prior to his/her retirement, such pension benefit to be increased annually in keeping with the pension increases granted to retired public servants;
- in terms of section 2(5)(b) of the said Act, upon the death of the President or a former President, with effect from the day of his/her death, a taxable pension benefit be paid to his/her widow/widower equal to 50% of the pension benefit payable to the President or former President at the time of his/her death, such pension benefit to be increased annually in keeping with the pension increases granted to retired public servants; and
- in terms of section 2(6)(b) of the said Act, after the retirement of the President, the State shall contribute the full amount payable to a medical aid scheme in respect of membership of that scheme by the President or his/her widow/widower or dependent, as the case may be.

1.7 After having regard to the prior recommendations of the Commission in 1998, and after having completed a major review of public office bearer remuneration and benefits (as have been reported on by this Commission in March 2007 and April 2008), the Commission is of the view that the taxable pension benefit paid to a retired President should be equal to 100% of the annual remuneration paid to him or her on the day prior to his or her retirement from office.

1.8 Furthermore, the Commission is of the view that a taxable pension benefit equal to 50% of the President's pension, should be paid to the President's widow/widower upon the death of the President or

former President. This is consistent with both the Commission's previous recommendations in this regard, and with comparable practices in public service.

- 1.9 With regard to the medical aid benefit of a former President, the Commission is of the view that, after the retirement of the President, the State should contribute the full amount payable to a medical aid scheme of which the President or his/her widow/widower or dependent, as the case may be, is a member. Such a determination is consistent with the Commission's 1998 recommendation, the current parliamentary resolution, and the Commission's review results of April 2008.
- 1.10 The principles upon which the Commission basis the conclusions and recommendations contained herein, appear more fully in the Commission's review report of April 2008.
- 1.11 The Commission has taken careful note of the National Assembly resolution of November 1998 for the determination of pension and medical aid benefits for a retired President, which was based on, amongst others, the recommendations of the Commission at the time. Those recommendations and determination are in some respects inconsistent with the current recommendations contained herein. In view of the statutory mandate of the National Assembly to determine the pension and medical aid benefits of a retired President from time to time, and taking into consideration the review report and recommendations of this Commission of April 2008, it would be advisable for the National Assembly to revisit its November 1998 determination of the pension and medical aid benefits of a retired President, to bring it in line with current review results and recommendations.
- 1.12 A draft Resolution is attached hereto, should the National Assembly adopt the recommendations of the Commission, contained herein.

Signed at Pretoria on 04 April 2008.

**DIKGANG MOSENEKE**  
**CHAIRPERSON**

**ANNEXURE: DRAFT NATIONAL ASSEMBLY RESOLUTION**

1. Draft resolution: That the House resolves that —
  - 1.1 in terms of section 2(5)(a) of the Remuneration of Public Office Bearers Act, 1998 (Act no 20 of 1998), upon the President's retirement from office with effect from the day following the day that he vacated office, a taxable pension benefit be paid to him equal to 100% of the total annual remuneration (salary and allowance) payable to him the day prior to his retirement, such pension benefit to be increased annually in keeping with the pension increases granted to public office bearers;
  - 1.2 in terms of section 2(5)(b) of the said Act, upon the death of the President or a former President, with effect from the day of his death, a taxable pension benefit be paid to his widow equal to 50% of the pension benefit payable to the President or former President at the time of his death, such pension benefit to be increased annually in keeping with the pension increases granted to public office bearers; and
  - 1.3 in terms of section 2(6) of the said Act, after the retirement of the President, the State shall contribute the full amount payable to a medical aid scheme in respect of membership of that scheme by the President or his widow or dependant as the case may be.
  - 1.4 the resolution by the National Assembly of 05 November 1998 be amended in accordance with paragraphs 1.1 to 1.3 above, with retrospective effect from 05 November 1998.