

No. 46, 2008**DETERMINATION OF THE TOTAL REMUNERATION PACKAGES AND THE UPPER LIMIT OF THE CONTRIBUTION TO BE MADE TO THE PENSION FUND OF WHICH PREMIERS, MEMBERS OF EXECUTIVE COUNCILS AND MEMBERS OF PROVINCIAL LEGISLATURES ARE MEMBERS**

1. In terms of section 6(1) of the Remuneration of Public Office Bearers Act, 1998 (Act No 20 of 1998) (hereafter referred to as "the Act"), I hereby determine that the total remuneration packages of the positions of office bearers in Column 3 of Schedule 1 shall be as set out in Column 4 of Schedule 1 with effect from 1 April 2008, subject to the provisions of section 6(2)-(7) of the Act, and terms and conditions set out herein.
2. The total remuneration packages should include the following elements:
 - 2.1. Basic salary component of (60% of total package);

- 2.2. An amount of 120 000 per annum, which is an amount which section 8 (1) (d) of the Income Tax Act, 1962, applies;
 - 2.3. Pension benefit; and
 - 2.4. Flexible portion.
3. The rules relating to structuring of total remuneration packages should be similar to those in respect of senior management positions in the public service.
 4. In terms of sections 8(3)(a) and 8(4)(a) of the Act, I further determine, subject to terms and conditions set out herein, that the upper limit of the contribution to be made to the pension fund of which Premiers, members of the Executive Council or members of provincial council are members (members) shall be as follows:

4.1 RETIREMENT BENEFITS

- The current State contribution, including that of the ASB (Addition Service Benefit), amounts to appropriate 34.5% of salaries. The increased is 20% for all current members on monthly basis. The Member contributions for all should furthermore cease after 15 years of contribution. These increases should be applied retrospectively for existing members.
- The benefit design should have a maximum benefit equal to 92.5 % of pensionable salary as a pension, and this will be reached at different ages for the members. All members will cease to contribute after 15 years. For the younger members, the contributions must be maintained by the State until the benefits reaches the 92.5%. This benefit is the replacement of the full after tax income of the member. On promotion of a member, the maximum benefit will again build up as the contributions accrue in the Fund.

- If major salary increases are granted, the State would have to contribute again to build the reserves after the contributions have lapsed for those members.
- The contribution is fixed for the State until the benefits reach the maximum scale, and thereafter the liability will again be capped at the contribution level for all active members until the benefit reaches the cap again.
- The Normal Retirement Age should remain at age 50.
- The design retirement benefit is extended to all members who exited the Fund since April 1994.
- Cessation of pensions on re-election should form part the pension benefit.
- On demotions or promotions of members, a formula whereby the service at various levels is averaged at the highest revalued fifteen years' salaries could be considered, to reduce cost on promotion or protect the member on demotion.

4.2 ONCE –OFF GRATUITY

- A member 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.

4.3 TERMINAL BENEFIT

- A member of the provincial legislature who has served more than 5 years and whose term of office has ended should 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.

4.4 DEATH BENEFITS

- A maximum death benefit that can be purchased within the applicable risk contributions should apply.

4.5 DISABILITY BENEFITS

- A maximum disability benefit that can be purchased within the applicable risk contributions should apply.

4.6 FUNERAL BENEFITS

- A maximum benefit that can be purchased within the applicable risk contributions should apply.

4.7. SPOUSES' COVER BENEFIT

- A maximum benefit that can be purchased within the applicable risk contributions should apply.

4.8. CONTRIBUTION DESIGN

The pension benefit contribution design should be as follows:

- | | | |
|---------------------------|---|--------|
| ▪ Member Contribution | : | 7.5% |
| ▪ Employer for retirement | : | 37.0 % |

- Employer for ASB : 12.0%
- Employer for Risk and Admin : 5.5%
- **Total Employer Contribution: 54.5%**

The risk costs would then be as follows:

- Death Benefits : 3.6%
- Disability Benefits : 0.8%
- Funeral Benefits : 0.1%
- Spouses' Cover : 0.3%
- **Total Risk Cost : 4.8%**

5. Proclamation No.35, published in the Government Gazette No. 30499 of November 2007, is repealed.

Given under my Hand at Johannesburg on the Twenty-second day of October, Two thousand and eight.



PRESIDENT

Schedule 1			
PROVINCIAL EXECUTIVE AND LEGISLATURE			
Column 1	Column 2	Column 3	Column 4
GRADE	PAY LEVEL	POSITION	TOTAL REMUNERATION AS FROM 1 APRIL 2008
LA	1	Premier	1,517,259
LB	1	Member of Executive Council	1,327,560
		Speaker	1,327,560
LC	1	Deputy Speaker	1,043,067
	2	Chairperson of Committees	853,479
		Chief Whip: Majority Party	853,479
		Leader of Opposition	853,479
	3	Deputy Chairperson of Committees	802,974
		Chairperson of a Committee	802,974
		Deputy Chief Whip: Majority Party	802,974
		Chief Whip: Largest Minority Party	802,974
		Leader of a Minority Party	802,974
LD	1	Parliamentary Counsel to a King	714,618
		Whip	714,618
	2	Member of Provincial Legislature	691,641