

NOTICE 661 OF 2014**INTRODUCTION**

1. The Defence Force Service Commission makes recommendations to the Minister on improvement of salaries and service benefits of members of the Defence Force in terms of section 62B(1)(a) of the Defence Act, 2002 as amended. These recommendations are published in the Gazette in accordance with section 62H(4) of the Defence Act, 2002, as amended

Recommendation on the Cost of Living Adjustment (COLA) for Members of the South African National Defence Force for Financial Year 2014/15

2. In terms of its legislative mandate, the Commission consulted with the Department for Public Service and Administration and Department of Defence to formalise a recommendation to the Minister on the cost of living adjustment for members of the South African National Defence Force with effect from 1 April 2014.
3. Members of the South African National Defence Force employed in terms of the Defence Act 42 of 2002, as amended, do not fall within the registered scope of the Public Service Coordinating Bargaining Council. Therefore Resolution 1 of 2012 for multi-year salary adjustments does not directly apply to the South African National Defence Force. For this reason, the Minister of the Public Service and Administration annually requests the Minister of Defence and Military Veterans to make appropriate determinations to effect equal cost of living adjustments for employees in the Public Service and members of the South African National Defence Force.
4. The Commission also noted the delays with effecting a cost of living adjustment for the South African National Defence Force that would deviate from the determination made for the rest of the Public Service due to the imperative of Section 2A of the Public Service Amendment Act 2007 and other consultative measures with the Minister of Finance as well as the budgetary constraints experienced by the Department of Defence in funding a higher adjustment from within its current allocation.
5. In view of the above findings and considering the extreme financial pressures placed on the Department of Defence's budget, the Commission recommended to the Minister of Defence and Military Veterans to make an appropriate determination for a similar cost of living adjustment for members who are appointed in terms of the Defence Act 42 of 2002, as amended, (Private to Colonel and the General Staff). This should include any additional adjustments required based on differences between the actual and projected averages of the consumer price index for the period 1 April 2013 to 31 March 2014.
6. The financial implications of cost of living adjustments for the past two years (the total increase to the Department of Defence's Human Resource budget) and the

financial implication of this recommendation (excluding additional adjustments required based on differences between the actual and projected averages of the consumer price index for the period 1 April 2013 to 31 March 2014) are reflected in the table below:

Financial Year 2012/13			Financial Year 2013/14			Financial Year 2014/15		
CTC 1 July 2011 (6,8%)	COLA 1 May 2012 (7%)	TOTAL	CTC 1 May 2012 (7%)	COLA 1 April 2013 (6,6%)	TOTAL	CTC 1 April 2013 (6,6%)	COLA 1 April 2014 (7,2%)	TOTAL
1 096 904 390	1 105 453 792	2 202 358 182	1 198 130 013	1 208 742 022	2 406 872 035	1 232 611 964	1 433 415 758	2 666 027 622

Note 1: CTC denotes carry through cost

Note 2: COLA denotes cost of living adjustment