
GENERAL NOTICES • ALGEMENE KENNISGEWINGS

**THE PRESIDENCY
NOTICE 753 OF 2016****EXPLANATORY MEMORANDUM FOR ANNUAL REMUNERATION RECOMMENDATIONS FOR
2016/2017****PART 1****INTRODUCTION**

1. The explanatory memorandum sets out the conclusions and recommendations of the Independent Commission for the Remuneration of Public Office Bearers (the Commission) on the remuneration of Public Office-Bearers (POBs) for the 2016/2017 financial year.
2. In terms of section 8 (4) and (5) of the Independent Commission for the Remuneration of Public Office-Bearers Act, 1997 (Commission Act), the Commission is mandated to make annual recommendations relating to the salaries and/or the upper limits of the salaries, allowances, benefits, and the resources required by some POBs to enable them to perform their respective duties effectively.

STATUTORY AND COURTESY CONSULTATION

3. Furthermore, in terms of the applicable legislation and the provisions of section 12 of the Magistrates Act, 1993, the Commission is required to consult with the Minister of Justice and Correctional Services, the Minister of Finance and the Chief Justice or a person designated by him, prior to the recommendations being submitted to the President, Parliament, and the publication thereof.
4. In considering the annual remuneration recommendations for 2016/2017, the Commission undertook the following statutory and courtesy consultations with:
 - The Minister of Finance on 20 May 2016;
 - The Minister of Justice and Correctional Services on 21 July 2016;
 - The Chief Justice on 21 July 2016;
 - The Lower Court Remuneration Committee (LCRC) on 29 July 2016; and
 - The Minister of Cooperative Governance and Traditional Affairs (Cogta) on 15 August 2016.

Commissioners: Judge CJ Musi (Chairperson); Ms MJ Ramagaga (Deputy Chairperson); Ms TN Mgoduso, Dr R Nienaber; Dr LM Mbabane; Mr AL Pheto; Mr G Barnard and Dr SM Sibandze

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KEY CONSIDERATIONS FOLLOWING THE CONSULTATIONS

5. The Minister of Finance emphasized the issue of the deteriorating state of the South African economy and the increasing constraints exerted on the fiscus. The Minister further highlighted the negative impact of the low GDP, the rising inflation, the poor public sentiment and the significant impact of previous public service wage agreements on the economy. The Minister noted the positive impact that the previous recommendations, albeit below inflation, had on managing the budget. He requested the Commission to seriously consider the impact of increases on the already struggling economy. He informed the Commission that there is no money for salary increases unless the state borrows money for such.
6. The Minister of Justice and Correctional Services requested the Commission to consider amongst others, the inability of the POBs to negotiate their salaries, the current salary gaps within the judiciary, and the impact of inflation on lower level POB's. The Minister indicated his support for differentiated increases where the lower courts judiciary should benefit more from the adjustments.
7. 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 court judiciary, by at least 5% or in line with inflation.
8. In the meeting with the LCRC, the LCRC highlighted a number of concerns with the overall remuneration structure. The Commission noted these but indicated that these could only be addressed through a wider review of the overall remuneration. The LCRC did indicate their preference for an inflationary adjustment on current remuneration.
9. The Minister of Cogta submitted a written feedback to the Commission about issues regarding the particular designations of Traditional Leaders, but made no comments regarding salaries of POBs in local government and traditional leadership.

Economic considerations**Budgetary Constraints**

10. The Minister of Finance, in the *Medium Term Budget Policy Statement* of 21 October 2015, indicated that inflation had been in line with the 2015 budgetary forecasts. The upward pressure on food prices and higher petrol prices were expected to push the consumer price index (CPI) above the 6% target ceiling in the first half of 2016.
11. The 2015 Budget assumed that the public sector wage agreement would not depart significantly from inflation; however, the agreement increased the salaries and benefits of public servants by 10,1%. It was indicated that the escalation in the compensation budget had significant consequences for the fiscus and that resources that were supposed to be allocated to other priorities had been consumed by this agreement.

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12. He further indicated that the public sector wage agreement led to a compensation shortfall of R12.2 billion in the 2015 fiscal year, and an expected R20,6 billion in 2016/17 and of R31,1 billion in 2017/18. He reiterated his deep concern with the growing wage bill and its impact on the economy.

Consumer Price Index (CPI)

13. Any consideration around remuneration adjustments should take into account the effects of inflation. A high inflation rate requires an adjustment in employees' remuneration packages to enable them to maintain their lifestyle. There is a general expectation that higher inflation implies a higher remuneration adjustment. As a starting point, the basis for consideration of an increase and in particular a cost of living adjustment would be taken into account relative to Headline Inflation.
14. There is an economic theory (a principle known as 'Engel's Law') that suggests that the higher earning individuals are not as vulnerable to the effects of inflation as a smaller portion of total income is used for essential food stuff, basic goods and services. On the other hand, lower income earners spend a far higher portion of their disposable income on basic or essential goods and services and are as such significantly more vulnerable to the effects of inflation.
15. Importantly, significant increases in remuneration above inflation and the resulting increase in real disposable income may also lead to further price inflation as the demand for goods and services increases.
16. In order to determine an appropriate level of inflation to be used as a base on which to consider any cost of living adjustments the Commission considered the following:

South African Reserve Bank (SARB)

17. Early in 2016, the Monetary Policy Committee (MPC) indicated that the inflation forecast of the South African Reserve Bank ("the Bank") showed a marked deterioration. Having averaged 4,6% in 2015, inflation was expected to average 6,8% in 2016 and 7,0% in 2017. The forecasts for inflation reduced slightly over the year until the Bank's most recent meeting where the MPC reported on forecasts of the average CPI of 6,6% for 2016 and 6,0% for 2017.

Bureau for Economic Research (BER) – University of Stellenbosch

18. Similarly, the BER First Quarter 2016 Economic Prospects Report indicated that the CPI was expected to accelerate to an average of 6,9% during 2016 and at 6,6%, the CPI was seen to remain well outside the upper inflation target range during 2017. However, in line with the reducing forecasts of the Reserve Bank, more recent BER reports suggest an average CPI of 6,2% for 2016 and 5,8% for 2017.

National Treasury and South Africa's big banks

19. The average forecasts for South Africa's big banks indicated inflation to average 6,6% and 6,5% through 2016 and 2017 respectively, while National Treasury had forecast inflation to average 6,8% in 2016 and 6,3% in 2017.

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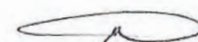
The National Treasury's previous CPI forecast, the Commission's recommendations and the President's determinations

20. The following table sets out the National Treasury's previous CPI forecasts, the Commission's recommendations, and the President's determinations:

Year	National Treasury CPI	Commission Recommendations		President Determinations
2011/12	5%	5%		5%
2012/13	5,7%	5,5%		5.5%
2013/14	5,8%	Sliding Scale (0% to 7%)		5%
2014/15	6.1%	5%: POBs earning more than R1 000 000		5%
		6%: POBs earning less than R1 000 000		6%
2015/16	4,6%	The President, Deputy President, Speaker of National Parliament, Chairperson of NCOP & the Chief Justice	5%	4,4% (Including Kings/Queens):
		Members of National and Provincial Executive, Deputy Ministers, Members of Parliament and Provincial legislatures		
		Deputy Chief Justice to Judge of Supreme Court of Appeal		
		Deputy Judge President of High/Labour Court to Chief Magistrate	5,5%	5,5% (Excluding Kings/Queens)
		Executive Mayor to Whip		
		King / Queen		
		Senior Magistrate to Magistrate	6%	6%
		Municipal Councillor		
		Chairperson of National House of Traditional Leaders to a Full-time member of Provincial House of Traditional Leaders;		
		Senior Traditional Leaders	8%	8%
		Headmen / Headwomen	R 91 000	R 91 000

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Headline Inflation and Commission's base cost of living adjustment

21. While there may be a motivation for the fact that inflation affects individuals in different ways, it makes sense to ensure that an objective measure, such as inflation, is chosen as the base case scenario.
22. Year-on-year CPI for the months of February, March, April and May 2016 has averaged at 6,0%. The Commission agreed that 6,0% would therefore serve as an appropriate basis on which to measure any cost of living adjustment in respect of the POBs.

ANNUAL REMUNERATION RECOMMENDATIONS FOR 2016/2017

23. After consulting with the aforementioned stakeholders, the Commission held a meeting on 22 August 2016 to discuss the feedback received as well as all other factors that the Commission is bound to consider in making the recommendations. At this meeting the recommendations were debated and finalized.
24. In terms of Section 8 (3B) (a) of the Commission Act, the Chairperson of the Commission recused himself during the deliberations on the remuneration of the Judiciary. The reasons expressed in paragraphs 34.1 and 34.2 are those of the Deputy Chairperson and other Commissioners.
25. In deliberating the annual recommendations for 2016/2017, the Commission considered the comments and inputs from the stakeholders and took into account the following factors as prescribed by section 8(6) of the Commission Act:

The role, status, duties, functions and responsibilities of the POBS concerned

26. The Commission considered the above and concluded that, in order to realize the change in the job complexity of the POBs positions, an extensive review of the said positions is urgently required. In its previous deliberations, the Commission had relied on the findings of the First and Second Major Review Report which forms the basis of the current remuneration structure of the POBs.
27. Since the implementation of the Major Review Report in 2008 and subsequent recommendations, the Commission has received numerous requests from stakeholders to review POBs' remuneration packages again, by way of a major review. Due to inadequate financial resources and other constraints, the Commission has not been able to deal with stakeholders' requests in this respect.
28. To this end, the Commission has resolved to implement the remuneration review of the positions of the POBs through a staggered approach which will be phased-in over a few years in respect of the different categories of POBs. The Commission is on the verge of finalizing the review of the remuneration of local government POBs and the report will be released in due course. The review of the Executive and Legislative Sector will commence during 2016 and the anticipated duration of the project is 12 months. The Commission is similarly intending to commence with the review of the remuneration of the Judiciary during 2017.

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Public Service Adjustments

Senior Management Services (SMS)

29. The Minister of Public Service and Administration determined the following differentiated cost-of-living-adjustment (COLA) with effect 01 January 2016:

Position	Level	%
Director	13	4
Chief Director, Deputy Director-General	14 & 15	2.5
Director-General	16	2

Other Public Service Employees

30. Employees on salary levels 01 to 12 received increases of 7% for 2015/2016 and 7,6% for 2016/2017 and the salary adjustments were based on the average projected CPI plus 1%. The adjustment for 2017/2018 will be based on the average CPI plus 1% and the inflation forecasts of National Treasury will be used to determine the average projected CPI.

Local Government

31. In implementing and applying the multi-year salary and wage collective agreement, dated 25 August 2015, the SALGA, together with trade unions (IMATU and SAMWU) agreed on a salary increase of 6%, with effect from 1 July 2016.

Annual Remuneration Recommendations for 2016/2017

32. After considering the relevant legislation and factors mentioned above, including inputs from all stakeholders, the Commission is recommending **no adjustment (0%)** to the remuneration of the following categories of POBs:

- 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 PHTL

32.1. The Commission seriously considered an appropriate inflation-linked increase in order to protect salaries against the increased cost of living. However, due to the dire state of the economy as advised by the Minister of Finance, the Commission resolved that the impact of inflation can be absorbed better by higher income earners than lower earners. Remuneration adjustments focusing only on lower income earners would therefore be appropriate. The Commission is also of the view that it is appropriate for high income earners to make sacrifices in difficult economic times. This is particularly the case for those in leadership positions to be exemplary.

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- 32.2. The Commission considered the precarious state of the fiscus including the higher level of unemployment and the low tax base resulting in inadequate State resources to fund remuneration increases. The economy is reflecting a broader depression, with inflation levels outside the National Treasury's target range of 3% - 6%, therefore impacting on the ability of the South African citizens to maintain their standards of living. It is believed that the remuneration levels of the above POBs provide them with a greater portion of disposable income which can act as a buffer against the effects of inflation.
- 32.3. Significant consideration was given to the consultation with the Minister of Finance and the current economic straits faced by the economy in general and the fiscus in particular. The current economic difficulties cannot be ignored and a significant portion of citizens would be adversely affected. It would be inappropriate for the leaders of the country who play a significant role in the management of the economy to receive an increase while many citizens feel the pinch of economic and fiscus down trends.
- 32.4. The proposed zero adjustment of the salaries of these POBs is a suggestion that all citizens should be aware of our economic situation and make sacrifice in order to avoid the economic meltdown. The Commission therefore calls on the affected POBs to view the zero adjustment as a patriotic sacrifice.
- 32.5. In this context, it is considered appropriate for members of the National Executive, National Parliament, Provincial Executive, Provincial Legislature, and some positions within local government and traditional leadership to receive no adjustment to their remuneration.
- 32.6. The Higher Courts Judiciary is commended for expressing its willingness not to be considered for adjustment for the 2016/2017 financial year. As informed by the Chief Justice, the Judges have indicated that they are in favour of implementing austerity measures, considering the state of the South African economy.
- 32.7. In line with the no adjustment recommendation for the above mentioned POB categories, the Commission considered that the senior POBs at local government level should also be treated in a similar fashion and that no adjustment should be recommended for them. The overarching reason for these recommendations is the economic distress.
- 32.8. The Commission considered that while Traditional Leaders are not elected by their constituents, they have constituencies mostly in the deep rural areas that are very poor and mostly unemployed. The highest echelons of Traditional Leadership are, relatively, already earning very high incomes and would therefore be more resilient to the effects of inflation than the lower earning Traditional Leaders and other lower levels of POBs. The Commission discourages a situation where Traditional Leaders would live in relative comfort while their subjects or constituencies face abject poverty. Hence, the no increase recommendation for this category of POBs, at the senior to top levels of Traditional Leadership.
33. The Commission is recommending a **4% cost-of-living-adjustment** to the remuneration of the following POBs for the 2016/2017 financial year:

- Local Government: Municipal Councillor

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33.1. The Municipal Councillors are part of the wider group of elected officials who provide citizens with services managed by local government. There were different opinions within the Commission on whether they should get an upward adjustment in salary. There was a strong view that they too, as elected officials, should be expected to sacrifice an adjustment to their salaries.

33.2. However, most Municipal Councillors earn less than half of what is earned by the top echelons in the three arms of the State. They are the lowest paid elected officials. There is also the reality that the local government sector is vulnerable in times of service delivery protest. The Ward Councillors are directly elected unlike MPs and MPLs. The Commission therefore considered that a lower than cost-of-living adjustment be recommended for them in order to partially offset the effects of CPI and for them to patriotically sacrifice at least a portion of their salary adjustment.

34. The Commission is recommending a **6% cost-of-living-adjustment** to the remuneration of the following POBs for 2016/2017 financial year:

- All Magistrates
- Traditional Leadership: Position of Full-time Member of NHTL to Headmen / Headwomen, and sitting allowances of all members of NHTL and PHTL

34.1. The Commission accepts that the legislative changes and related directives from the office of the Chief Justice have brought a substantial increase in the workload of Magistrates over time. More than 95% of all cases are adjudicated or commence at this level. The increase of jurisdiction in respect of the divorce, civil and criminal courts has resulted in the proportionate increase to the responsibilities in the administration of the courts. Accordingly, the Commission concludes that the increase of salaries for all levels of Magistrates on the same scale is necessary.


34.2. The Commission acknowledged a number of significant issues that need to be taken into consideration, amongst them their roles and responsibilities, the effects of inflation and the potential disparity in remuneration across the judicial sector. The Commission took into consideration, that structural changes are not possible in the current economic climate and that a more substantial review informing such a recommendation would be required to fully redress these disparities. It was agreed that a full adjustment for cost of living increase be recommended in the interim. This would also assist to close the gap between the highest earning Magistrate and the lowest earning Judge.

34.3. In the context of Traditional Leaders, a consideration was given to the lower income levels received by members of National and Provincial Houses as well as the Senior Traditional Leaders through to Headmen and Headwomen. The Commission agreed that these members would be adversely affected by inflation and in this context; a recommendation for the full cost of living increase is made. The incomes of members at this level are low, relative to those of the top echelons, and they are thus vulnerable to the negative effects of inflation.

35. The remuneration scales are attached as schedule 1 to 7.

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PART 2**The Principal Traditional Leaders**

36. On 16 September 2016 the Commission discussed the Minister's letter dated 18 August 2016 requesting the Commission to consider making recommendations for the remuneration, benefits and tools of trade for the Principal Traditional Leaders (PTL).
37. The Commission on Traditional Leadership Disputes and Claims (CTLDC) released its first report in 2008. The report indicated that out of the then twelve Paramountcies and Paramount Chiefs, only six qualified to be recognized as Kingships and Kings. However, the CTLDC further added that the status quo would remain until it had investigated the incumbency of the Kingships and what would be the new status of the Paramountcies not to be found qualifying to be Kingships.
38. The Traditional Leadership and Governance Framework Amendment Act, 2009 provides that certain kingship and queenship to be principal traditional community and the leadership position to be PTL. In its final report in 2010, the CTLDC decided that those paramountcies who did not qualify for the positions of Kingships/Queenships and the Kings/Queens should be at least at the level of traditional community and Senior Traditional Leader position.
39. The Minister advised the Commission that currently three kingships/queenships who became principal traditional communities and their leadership positions became PTLs are, to date, remunerated at the same remuneration level as determined for Kings/Queens. The Commission is, to date, not aware of any remuneration prejudice to the three incumbents.
40. The Commission engaged the deemed PTLs on 29 July 2016 and convened the Traditional Leaders' Indaba on 26 – 27 August 2016 in order to discuss, amongst others, the PTL position. Due to the divergent views on PTL, it was clear to the Commission that more discussions, reflections and investigations are needed before any recommendation, in relation to this position, can be made. Based on the information gathered, the Commission noted that the PTL do not report to any King/Queen, their roles and responsibilities are the same as that of a King/Queen, and they are recognised by their communities as Kings/Queens.
41. The Commission has found that there is only one senior traditional leader who has accepted the decision of the CTLDC regarding the PTL position. The Commission has been informed that the arrangement has been made with the incumbent's provincial government that any back payment that might arise in future as a result of remuneration recommendation for the position, will be paid accordingly.
42. The Commission's recommendations are based, amongst others, on the role, status, duties, functions and responsibilities of the different categories of traditional leaders as well as the extent of the role and functions of traditional leaders across provincial borders. A thorough investigation is needed before the Commission can make a recommendation relating to remuneration, benefits and tools of trade for PTL.
43. It has come to the Commission's attention that some of the Kings/Queens who were translated to PTLs are challenging the CTLDC's decision through the courts and the extent of the PTL challenges is not clear. The courts might therefore pronounce on the validity of the position, taking

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into consideration the historical development of traditional leadership in the country. The Commission will keep matters relating to the PTL in abeyance pending receipt of sufficient information relating to the pending review applications. In the meantime, the status quo should be maintained in respect of the PTL.

44. The time between the Minister's request and the date on which the recommendations were discussed was insufficient. Therefore, the Commission has decided to defer any recommendations with respect to this position until sufficient information has been gathered in order to make an informed decision.

PART 3

"Once-off gratuity" for Non-Returning Municipal Councillors Post the 3 August 2016 Local Government Elections

45. In May 2011, the Commission was approached by certain stakeholders, including the Minister of Cooperative Governance and Traditional Affairs (Ministry) and SALGA, for the payment of a "once-off gratuity" equal to 3 times their monthly salary for non-returning Councillors, following the 2011 Local Government elections. The gratuity payment was meant to be a financial "bridge" for non-returning Councillors. It had to fill the short term void caused by the lack of remuneration. It not only alleviated financial constraints following their non-election, but also assisted whilst they were making alternative employment arrangements or waiting for the processing of their retirement benefits.

46. The Commission consulted with the National Treasury and it was advised that unlike the MPs and MPLs, most Municipal Councillors are part-time office-bearers and are not remunerated on a full-time basis. The arrangement for MPs and MPLs should therefore not be taken as a precedent for Municipal Councillors.

47. On 26 August 2011, the Commission made the following recommendation - in respect of non-returning or ex-councillors - as part of the general remuneration recommendations for all POBs:

"The Commission further recommends to the President a once-off gratuity for non-returning Local Councillors who have served the recent full term from 01 March 2006 to 18 May 2011. Non-returning Local Councillors whose term has ended and have served a full five years should be paid a once-off gratuity of three months pensionable salary from the National Fiscus. The Commission consulted with various Ministers and the Minister of Finance in this regard".

48. The Ministry issued circulars to the Provincial Departments of Cogta regarding the implementation of the **"once-off gratuity payment" to the eligible ex-councillors** on 17 February 2012 and 27 March 2012".

The Minister's submission to the Commission

49. On 06 April 2016 and 20 June 2016, the Commission's Secretariat was advised by the Ministry about its intention to determine a "once-off gratuity" payment for non-returning councillors and the challenges experienced with the Commission's previous recommendation in this regard. The

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Ministry was advised on the due processes that needed to be followed to determine the said payment and to make a submission to the Commission for consideration.

50. Subsequent to meetings with the Ministry, the Commission received a submission, dated 28 September 2016, from the Minister regarding the "once-off gratuity payment" for non-returning Councillors. The submission highlighted the background, rationale behind the proposed gratuity payment as well as how the process should unfold.
51. The Minister, in his submission, indicated that after the end of the second term of local government (post 18 May 2011 elections), it was discovered that many non-returning Councillors lost their property (cars and houses) when they left office. Some Councillors were also unable to service their debts; buy basic living requirements as well as pay school fees for their children.
52. It was mentioned that the rationale for the payment of the "once-off gratuity" was to allow non-returning Councillors some financial means to adjust to changed circumstances and to assist them to meet current commitments.
53. The Minister advised the Commission that the budget was appropriated for the payment of the "once-off gratuity" post the 2016 local government elections. Consultations with all Provinces and SALGA were conducted and followed by the Local Government Technical MinMEC and MinMEC meetings that were held on 21 July and 02 September 2016 respectively. These consultations informed the Minister's submission to the Commission.

The Commission's response on the Minister's submission

54. The Commission, after considering the proposals contained in the Minister's submission, conveyed the following views to the Minister in its correspondence dated 13 October 2016:
 - 54.1 Councillors receive remuneration for work discharged and the time spent in the office. Many Councillors are immediately redeployed, others return to their previous employment and there are those who held two jobs while being Councillors. The rationale for a termination bonus thus becomes questionable.
 - 54.2 Public office bearers should be aware that their term of office is limited and there are no termination guarantees. They should plan for the eventuality. The planning for the end of the term should be managed during the tenure of the individual which includes providing for a pension and short term savings safety net.
 - 54.3 A theoretically more appropriate long term strategy may be a savings vehicle where Councillors contribute a portion and perhaps the Municipality or National Treasury contributes a matching portion so that the savings vehicle can be accessed on short notice following the end of their term of office.
 - 54.4 The Commission conceded that there is a precedent based on the recommendation for the 2011 term of office and this may have created a legitimate expectation. The Commission understands from the Minister's submission that funds have already been sourced for this purpose. This model is however not sustainable and should be revisited.

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Recommendations

55. The Commission is recommending 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".
56. 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.
57. The following formula is recommended to determine the "once-off gratuity payment" to Municipal Councillors who served for a period of not less than 24 consecutive months:

(i) **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%

* See schedule 8 for payment examples.

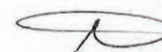
Signed at Sophiatown, Bulga on 10/11/2016



**JUDGE CJ MUSI
CHAIRPERSON**

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SCHEDULE 1 REMUNERATION LEVELS WITH EFFECT 01 APRIL 2016 NATIONAL EXECUTIVE AND DEPUTY MINISTERS				
GRADE	PAY LEVEL	POSITION	01-Apr-15	01-Apr-16
EA	1	President	2 874 851	2 874 851
EB	1	Deputy President	2 716 798	2 716 798
EC	1	Minister	2 309 262	2 309 262
ED	1	Deputy Minister	1 901 727	1 901 727

SCHEDULE 2 REMUNERATION LEVELS WITH EFFECT 01 APRIL 2016 MEMBERS OF PARLIAMENT				
GRADE	PAY LEVEL	POSITION	01-Apr-15	01-Apr-16
PA	1	Speaker: National Assembly	2 716 798	2 716 798
		Chairperson: NCOP	2 716 798	2 716 798
PB	1	Deputy Speaker: National Assembly	1 901 727	1 901 727
		Deputy Chairperson: NCOP	1 901 727	1 901 727
	2	House Chairperson	1 765 934	1 765 934
PC	1	Chief Whip: Majority Party	1 494 191	1 494 191
		Chief Whip: NCOP	1 494 191	1 494 191
		Parliamentary Counsellor: President	1 494 191	1 494 191
		Parliamentary Counsellor: Deputy President	1 494 191	1 494 191
		Leader of Opposition	1 494 191	1 494 191
	2	Chairperson of a Committee	1 358 399	1 358 399
PD	1	Deputy Chief Whip: Majority Party	1 222 607	1 222 607
		Chief Whip: Largest Minority Party	1 222 607	1 222 607
		Leader of a Minority Party	1 222 607	1 222 607
	2	Whip	1 134 517	1 134 517
PE	1	Member: National Assembly	1 033 438	1 033 438
		Permanent Delegate: NCOP	1 033 438	1 033 438

Commissioners: Judge CJ Musi (Chairperson); Ms MJ Ramagaga (Deputy Chairperson); Ms TN Mgoduso, Dr R Nienaber; Dr LM Mbabane; Mr AL Pheto; Mr G Barnard and Dr SM Sibandze

Head of Secretariat: PM Makapan




SCHEDULE 3 REMUNERATION LEVELS WITH EFFECT 01 APRIL 2016 PROVINCIAL EXECUTIVES AND LEGISLATURES				
GRADE	PAY LEVEL	POSITION	01-Apr-15	01-Apr-16
LA	1	Premier	2 173 470	2 173 470
LB	1	Member of Executive Council	1 901 727	1 901 727
		Speaker	1 901 727	1 901 727
LC	1	Deputy Speaker	1 494 191	1 494 191
		Chief Whip: Majority Party	1 358 399	1 358 399
	2	Chairperson of Committees	1 222 607	1 222 607
		Leader of Opposition	1 222 607	1 222 607
		Chairperson of a Committee	1 222 607	1 222 607
	3	Deputy Chairperson of Committees	1 150 258	1 150 258
		Deputy Chief Whip: Majority Party	1 150 258	1 150 258
		Chief Whip: Largest Minority Party	1 150 258	1 150 258
		Leader of a Minority Party	1 150 258	1 150 258
LD	1	Parliamentary Counsellor to a King	1 033 438	1 033 438
		Whip	1 033 438	1 033 438
	2	Member of Provincial Legislature	1 000 210	1 000 210

SCHEDULE 4 REMUNERATION LEVELS WITH EFFECT 01 JULY 2016 LOCAL GOVERNMENT				
GRADE	PAY LEVEL	POSITION	01-Jul-15	01-Jul-16
MA	1	Executive Mayor	1 242 408	1 242 408
		Mayor	1 242 408	1 242 408
MB	1	Deputy Executive Mayor	1 003 393	1 003 393
		Speaker/Chairperson	1 003 393	1 003 393
		Deputy Mayor	1 003 393	1 003 393
MC	2	Member of Executive Council	940 680	940 680
		Member of Mayoral Committee	940 680	940 680
		Chairperson of a Sub-council	940 680	940 680
		Whip	940 680	940 680
MD	1	Municipal Councillor	519 261	540 031

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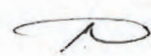


SCHEDULE 5 REMUNERATION LEVELS WITH EFFECT 01 APRIL 2016 JUDGES				
GRADE	PAY LEVEL	POSITION	01-Apr-15	01-Apr-16
JA	1	Chief Justice	2 716 798	2 716 798
JB	1	Deputy Chief Justice	2 445 054	2 445 054
		President: Supreme Court of Appeal	2 445 054	2 445 054
JC	1	Deputy President: Supreme Court of Appeal	2 309 262	2 309 262
	2	Judge: Constitutional Court	2 173 470	2 173 470
		Judge: Supreme Court of Appeal	2 173 470	2 173 470
	3	Judge President: High/Labour Court	2 037 678	2 037 678
	4	Deputy Judge President: High/Labour Court	1 901 727	1 901 727
	5	Judge: High/Labour Court	1 765 934	1 765 934

SCHEDULE 6 REMUNERATION LEVELS WITH EFFECT 01 APRIL 2016 MAGISTRATES				
GRADE	PAY LEVEL	POSITION	01-Apr-15	01-Apr-16
JD	1	Special Grade Chief Magistrate	1 235 489	1 309 618
		Regional Court President	1 235 489	1 309 618
JE	1	Regional Magistrate	1 108 563	1 175 077
		Chief Magistrate	1 108 563	1 175 077
JF	1	Senior Magistrate	918 891	974 024
JG	1	Magistrate	835 444	885 571

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SCHEDULE 7				
REMUNERATION LEVELS WITH EFFECT 01 APRIL 2016				
TRADITIONAL LEADERS				
GRADE	PAY LEVEL	FULL TIME POSITIONS	01-Apr-15	01-Apr-16
TA	1	King/Queen	1 126 058	1 126 058
TB	1	Chairperson: NHTL	817 842	817 842
	2	Full time Chairperson: PHTL	673 603	673 603
	3	Deputy Chairperson: NHTL	625 524	625 524
	4	Full time Deputy Chairperson: PHTL	577 281	577 281
TC	1	Full time Member: NHTL	336 720	356 923
	2	Full time Member: PHTL	288 641	305 959
TD	1	Senior Traditional Leader	215 708	228 650
TE	1	Headmen / Headwomen	91 000	96 460
		PART TIME POSITIONS*		
		Part time Member: NHTL	1 235	1 310
		Part time Chairperson: PHTL	1 470	1 558
		Part time Deputy Chairperson: PHTL	1 322	1 401
		Part time Member: PHTL	1 025	1 086

* 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)

Commissioners: Judge CJ Musi (Chairperson); Ms MJ Ramagaga (Deputy Chairperson); Ms TN Mgoduso, Dr R Nienaber; Dr LM Mbabane; Mr AL Pheto; Mr G Barnard and Dr SM Sibandze

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SCHEDULE 8:**Examples for gratuity payment calculation:****Example 1:**

Councillor X with basic salary of R369 949 per annum or R30 829 per month. Councillor served the full 62 month period in office and would therefore qualify for the following gratuity:

- Gross Gratuity payment = $[(N / N\text{-factor}) \times (\text{Basic salary} \times 3)] \times \text{pro-rata factor}$
Gross Gratuity payment = $[(62/62) \times (\text{R}30\,829 \times 3)] \times 100\%$

Therefore:

Gross Gratuity payment = R92 487.25

Example 2:

Councillor Y with basic salary of R369 949 per annum or R30 829 per month. Councillor served 52 months in office and would therefore qualify for the following gratuity:

- Gross Gratuity payment = $[(N / N\text{-factor}) \times (\text{Basic salary} \times 3)] \times \text{pro-rata factor}$
Gross Gratuity payment = $[(52/59) \times (\text{R}30\,829 \times 3)] \times 80\%$

Therefore:

Gross Gratuity payment = R65 211.35

Example 3:

Councillor Z with basic salary of R369 949 per annum or R30 829 per month. Councillor served only 24 months in office and would therefore qualify for the following gratuity:

- Gross Gratuity payment = $[(N / N\text{-factor}) \times (\text{Basic salary} \times 3)] \times \text{pro-rata factor}$
Gross Gratuity payment = $[(24/35) \times (\text{R}30\,829 \times 3)] \times 40\%$

Therefore:

Gross Gratuity payment = R25 367.93

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