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PROCLAMATION

No. 2, 2008

PROCLAMATION

By the

Premier of the North West Province

IN TERMS OF GOVERNMENT GAZETTE No. 31597, NOTICE No. 52 of 2008

**DETERMINATION OF THE UPPER LIMIT OF THE SALARIES,
ALLOWANCES THE CONTRIBUTION MADE TO THE PENSION FUND
OF WHICH THE PREMIER, MEMBERS OF THE EXECUTIVE COUNCIL
AND MEMBERS OF THE NORTH WEST PROVINCIAL LEGISLATURE**

By virtue of the powers vested in me as stipulated in section 6(3) of the Remuneration of Public Office Bearers Act, Act No. 20 of 1998 (the Remuneration Act), I hereby determine the upper limit of the salaries and allowances of the said above Office Bearers, as follows:

1. In terms of section 6(3) of the Remuneration Act, I hereby determine that the upper limit of the annual salaries and allowances of the various grades of the Office Bearers mentioned in Column 1 of Schedule 1 and Schedule 2, shall be as set out in Columns 2, 3, and 4 of Schedule 1, with effect from 1st April 2006, subject to section 6(2) to (b) of the Remuneration Act.
2. The total remuneration package should include the following elements:

- 2.1 Basic salary component equal to 60% of total package, which is pensionable;
 - 2.2 An amount of R120 000 per annum, which is an amount which section 8(1)(d) of the Income Tax Act, 1962, applies. This amount is included in the basic salary component;
 - 2.3 An employer's pension benefit contribution equal to 22.5% of pensionable salary; and
 - 2.4 Flexible portion.
3. I further determine that, as recommended by the Independent Commission for Remuneration of Public Office Bearers, subject to terms and conditions set out herein, Premier, members of the Executive Council and members of the Provincial Legislatures shall be entitled to the following benefits:

3.1 RETIREMENT BENEFITS

- The current State contribution, including that of the ASB (Additional Service Benefit), amounts to appropriate 34.5% of salaries. The increase is 20% for all current 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 younger members, the contributions must be maintained by the State until the benefits reaches 92.5%. this benefit is the

replacement of the full after tax income of the benefit. 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 of pension benefit.
- On demotions or promotions of members, a formula whereby the service at various levels is averaged at the highest revaluated fifteen years' salaries could be considered, to reduce costs on promotion or protect the member on demotion.

3.2 ONCE-OFF TERMINAL PAYMENT

- Premier, member of Executive Council or member of Provincial Legislature who has served a period of 5 years or less should not be entitled to a pension but rather a once-off terminal payment equal to 45% of pensionable salary for every year of service.

3.3 ONCE-OFF GRATUITY

- Premier, member of Executive Council or member of 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 pro-rata part of the 5 year period.

3.4 DEATH BENEFITS

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

3.5 DISABILITY BENEFITS

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

3.6 FUNERAL BENEFITS

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

3.7 SPOUSES' COVER BENEFIT

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

3.8 CONTRIBUTION DESIGN

- In terms of section 8(3)(a) of the Act, I further determine, subject to terms and conditions set out hereunder, that the upper limit of the

contribution to be made to the pension fund of which Premier, members of the Executive Council or members of the Provincial Legislature are members shall be as set out hereunder:

3.8.1 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%

❖ *22.5% of the total employer's contribution will form part of the total remuneration package.*

❖ *The remaining 32.0% of the employer pension benefit contribution will not form part of the total remuneration package. The State will be liable to inject the cash on annual basis into the pension fund.*

3.8.2 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%

Given under my hand at MMABATHO on this 17th day of November, two thousand and eight



**ACTING PREMIER
NORTH WEST PROVINCE**

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 Minority Party	802,974
LD	1	Parliamentary Counsel to a King	714,618
		Whip	714,618
	2	Member of Provincial Legislature	691,641