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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