

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2324 [NW2970E]
DATE OF PUBLICATION: 07 NOVEMBER 2014

2324. Mr W Madisha (COPE) to ask the Minister of Finance:

Whether with the support of Cabinet he has put any measures in place to prevent government officials and those in charge of public entities from awarding themselves (a) multiple or huge salary increases as happened with the Chief Finance Officer of the South African Broadcasting Corporation which the Public Protector found to have been irregular and (b) bonuses in the face of disastrous financial performance by the respective public entities, (c) any other benefit(s) which undermine government's expenditure savings measures; if not why not, if so what measures?

NW2970E

REPLY:

- a) The Minister of Finance has remuneration-related responsibilities in respect of a relatively few public entities i.e. those public entities for which he exercises Executive Authority over. The Minister of Finance is not the Executive Authority of the South African Broadcasting Corporation (SABC) and for this reason; has not put any measures in place to determine the remuneration levels of officials (including the Chief Financial Officer) at the SABC.
- b) Cabinet has expressed its concern about spiraling executive remuneration both in the private and public sectors. Guidelines have been issued; for example the remunerative allowance for public office bearers of certain statutory and other institutions and the State Owned Enterprise Remuneration Guidelines. These are, however, not strictly adhered to in all cases (as they are guidelines rather than prescripts). Generally, responsibility for setting the actual level of remuneration and bonuses is the responsibility of the Board (Accounting Authority) of a public entity.
- c) A mandate committee consisting of the different Ministers from the various sectors co-chaired by the Minister for Public Service and Administration (DPSA) and the Minister of Finance, meets regularly to consider proposals for the adjustment of remuneration levels of public service officials. In this meeting the Minister of Finance ensures that mandates given are affordable and sustainable. Changes in the Consumer Price Index provide the basis for increases in salaries. The public service implements a performance management system which regulates the awarding of bonuses to public servants. Each department is required to conclude performance agreements with employees for each financial year. Performance evaluations are used to determine whether objectives set at the beginning of the year have been achieved.

Public corporations have Remuneration Committees, whose responsibility it is to recommend compensation levels of executives and other officials as well as bonuses

which are linked to performance agreements. Remuneration practices vary across different public entities depending inter alia on their founding legislation. In general it is the Executive Authority for a public entity/ (public corporation) who has responsibility for approving the remuneration policy. Approval of the remuneration policy does not necessarily mean that the Executive Authority is then required to approve the actual level of remuneration and bonuses of the officials at the public entity.

- d) Benefits in addition to basic salary are also governed by the provisions as set out in (b) above.