



Angry cries of 'gravy train' and

Not such fat cats?

But, argues ALLAN TAYLOR

deserve the pay

He dissects

THE first warning signs of controversy around the Melamet Committee's recommendations was a comment by the Chief Whip, the Rev Arnold Stofile, to the effect that the proposed salaries for ordinary members of parliament were not market related. The resultant exchange between the press, parliamentarians and the general public has been less than helpful. Of particular concern is the way in which parliamentarians have failed to objectively present their case; it has been a public relations disaster.

It should be remembered that the Melamet Committee was appointed by the previous state president on the advice of the Transitional Executive Council. The committee's report was signed on 26 April and presented to the president. Among the signatories was recently appointed Minister of Finance Chris Liebenberg.

The questions about the market-relatedness of the packages is probably the most tricky. The Melamet Committee relied considerably on the advice of consultants Ginsburg Malan and Carsons, who said the time available did not allow for the positions ranging from president to member of the provincial legislature to be determined through a reliable job evaluation method. However, they drew on the recommendations and experience of the 1985 Schiebusch Commission which commissioned Hay-MSL consultants to evaluate similar positions.

Based on the 1985 exercise, Ginsburg Malan and Carsons determined a relationship between the various positions and compared these with management or professional level jobs in the private sector. The packages were reduced by 25 percent and applied to the various public representative positions.

Many MPs feel uncomfortable with private sector comparisons because it conflicts with their traditional view of capitalist employment practices that lead to high wage differentials. Interestingly though, most of the non-governmental organisations that implemented flat salary package structures in the past have been forced by market conditions to abandon these structures in favour of hierarchical ones. MPs' salaries are similarly affected by such market forces.

It is inappropriate, and often bordering on racism, to suggest that MPs should be paid relative to the salaries they were accustomed to before their election. Many indeed earned little or no salary, but the overriding factor should be the need to attract a cross-section of good and experienced people to parliamentary service. This includes trade unionists, community workers, doctors, lawyers and accountants who come to parliament with widely differing salary packages and expectations. Some will take a drop in salary; many will take an increase in salary. Parliament

should not intentionally cater for the highest common factor but it still has to pitch its salaries competitively with the private sector.

An examination of the salary package shows that the figure of R193 200 a year, which has frequently been given as a basic salary, is actually a gross figure that includes two major allowances totalling 35 percent of the amount. The first is a R32 200 car allowance which provides for a small to medium motor car plus running costs. It is taxed according to the normal schedules applicable to motor vehicles and, to receive any substantial tax benefits, MPs have to maintain accurate travel logbooks.

The second allowance of R36 000 is perhaps more controversial and provides for work-related expenses of attending parliament such as subsistence costs (more than 90 percent of MPs have to maintain a second home in Cape Town), secretarial services, stationery and related office expenses. Fringe benefit taxation provides for tax deductions of R150 a day for accommodation, meals and incidental expenses by those who are away from their normal place of residence on normal duty. Various other work-related expenses may also be claimed as deductions. Again, MPs would need to keep substantial records for claiming purposes. If not, they face paying full tax on this allowance which, when added to their taxable income, is likely to be taxed at a marginal rate of 43 percent (plus the five percent transition levy!).

Clearly Cape Town-based MPs are at an advantage since they do not have to spend money on running a second home. Out-of-town MPs who choose to stay in one of the state-provided compounds such as Acacia Park are now required to pay market-related rentals.

Leaving aside these allowances and a small annual entertainment allowance of R2 500, an average MP's true basic salary would be R122 500 a year or R10 208 a month. This would be less if MPs received a 130th cheque or bonus, which is normally the case in the private sector.

The only other benefits received are two free return flights a month, the normal employer contributions to medical aid and pension, and subsidised meals from the parliamentary dining room.

Deductions from salary include: 7.5 percent of gross salary (less car allowance) for pension purposes, this being the employee's contribution, of R12 075 a year; the employee's contribution to the medical aid scheme which for a family of four is R5 076 a year; and PAYE tax of about R40 000 to R50 000 a year (excluding the current transition levy).

Net income after tax and deductions, and assuming that the allowances are used for the purpose for which they were allocated, amounts to about R60 000 a year or R5 000 a month. From this MPs have to pay the full cost of a bond or rental for their normal place of residence since

have resounded in the debate about new government salaries.

have failed dismally in explaining to a sceptical public why they

ended by the Melamet Committee.

salary packages and finds that an MP's net income is R5 000 a month.

They do not receive any housing assistance or subsidy, an allowance frequently provided in the private sector.

The advantage of Cape Town-based members was recognised by the Melamet Committee but they felt that determining a different salary package for these MPs would be difficult (and probably encourage them to move outside of Cape Town!).

A horde of hard-sell sales people are offering newly elected MPs, many of whom have never owned houses or decent cars before, deals on a wide range of goods and services, including houses, cars and investment opportunities. The most recent entrepreneur to try his luck in parliament was selling crocodile skin shoes!

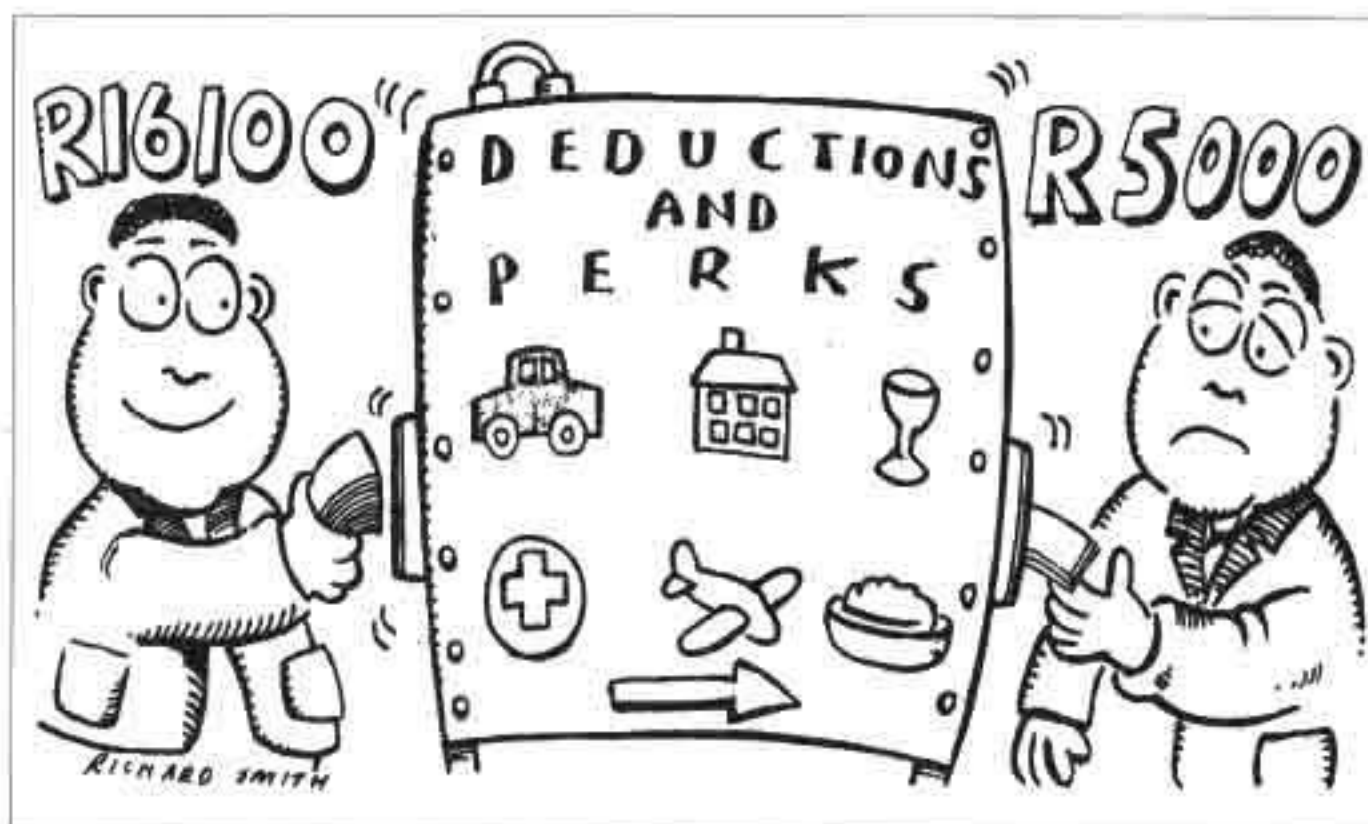
The net salary takes into account the fact that MPs do not get any other substantial cash or non-cash benefits besides those mentioned here. It also assumes that the packages are pitched at a high enough level to ensure that they will serve without having to "moonlight" for additional remuneration.

Those MPs who claim they cannot make it on their present salaries are often forgetting that many of the costs they are now facing are actually the initial non-recurring costs of having to set up homes in Cape Town. It was never intended that out-of-town MPs should be able to buy homes in the city, but rather that they would be renting.

Further demands for bigger packages would be regarded as inappropriate and give rise to more allegations that parliamentarians are creating an increasingly large gulf between themselves and their constituents, especially those elected from the ranks of the liberation movements.

Some parties, such as the ANC and Inkatha, levy a party contribution on their MPs. This is R750 in respect of the ANC and R600 in respect of Inkatha. Although deducted by the employer, there is no favourable tax relief in regard to this amount. Since it was an internal party arrangement, it was obviously not taken into consideration by the Melamet Committee.

Similarly, the committee specifically made no allowance for MPs to do constituency work because they were elected on a basis of proportional representation. Here the voters must be the losers because it is an



important democratic practice to be able to sack your local MP at nomination time if he or she has not performed during the previous period of office. Political parties have started to address this by allocating MPs to specific areas of the country to do "constituency" work. They have successfully claimed R3 000 an MP a month to cover this work. These funds will be paid directly into the account of the MPs' political parties and should be used to cover the cost of setting up and running constituency offices, holding report-back meetings and generally staying in touch with the electorate.

A common criticism of MPs is that they get paid simply for sitting (and sometimes sleeping) through session after session of parliament. All legislatures do, in fact, end up with their fair share of free-loaders but in the main this should not be allowed to happen. Most MPs are allocated to a number of committees (and a resultant number of sub-committees) and other duties. The parliamentary day can begin early in the morning with a series of meetings and end sometimes after seven in

the evening when parliament adjourns for the day.

The problem of accountability and assessment of performance which, to continue the analogy with the private sector, requires systems of appraisal and time-keeping will need to be reviewed and adapted to encourage voter confidence in public representatives. Much of this is the responsibility of the political parties concerned, but parliament as an institution can also establish checks and balances and has started to address this question by instituting a form of clock-in system for MPs. (One sometimes wonders where an MP has been when he or she wanders into the assembly for the first time three or four hours after the session has begun.)

This article has focused on the remuneration of ordinary MPs and not the packages of the cabinet, chairpersons of committees, whips and the like. There has been considerable criticism both from within and from outside parliament about the size of the packages allocated to these categories, especially to the cabinet.

What has happened is exactly what the

Melamet Committee wanted to avoid. Its intention of devising an open and fair remuneration system with similar rules and regulations covering taxation to those in the private sector was achieved – but then it was lost in uninformed argument in the press and elsewhere.

It was fascinating to learn that when a number of non-Cape Town based parliamentary media correspondents recently started adding up the value of their salary packages they soon realised these were not very different to those paid to MPs.

Current legislation before parliament is likely to affect the overall package, with a review of the basic salary and two allowances taking place. A draft bill provides for a commission of non-parliamentarians to make recommendations on remuneration packages, thereby ensuring that MPs do not decide on their own salaries. ■

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Forceful views

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approach used to arrive at the "balance option" of civil-military co-operation should also be used for further policy development. Ad hoc responses to complex defence issues should be avoided at all costs.

Deputy Defence Minister Ronnie Kasrils emphasised that members of the military were not servants of the government of the day but of the Constitution. If the forces were called upon to defend the Constitution in South Africa today, they would be defending democracy.

Responding to comments about problems around the integration of former Apla, Umkhonto we Sizwe and homeland defence force personnel into the SANDF, Kasrils said the force was more democratic now than ever before. It was essential that the integration process worked, but this would require the co-operation of all parties.

"There are tensions. We are not sweeping them under the carpet but we are trying collectively to solve them," he said.

The problem, according to defence standing committee chairperson Tony Yengeni and PAC member of parliament Richard Sizani, was that erstwhile cadres of the liberation movements were being absorbed rather than integrated into the defence force. The process

was taking place entirely on the terms and standards of the defence force, which was also imposing its organisational culture on new members.

Jakkie Cilliers of the Institute for Defence Policy countered that the integration process was imperfect because it was the result of a political deal.

"It is not cost-effective because it is a political deal – but it had to be carried out. There is great scope for criticism but it had to be done."

Opperman urged delegates to have regard for the difficult conditions on the ground and said mechanisms were being created to deal with problems. The legitimacy issue would not be settled until the process was complete, he said.

However, Cilliers painted a bleak picture of defence force capacity in his paper on prospects for stability. He said that he, personally, was "not lulled" by reports that good progress was being made in consolidating the security forces. Indeed, he went so far as to say that a crisis appeared to be in the offing.

"South Africa may be well on its way towards a single, integrated socio-economic policy in the Reconstruction and Development Programme (RDP) but there is no sign of

a concomitant national security plan, without which the RDP will certainly fail," he warned. "Security and development go hand in hand."

Cilliers drew a picture of a discredited and demoralised police force in the throes of a massive transition and without a credible public order force, and of a defence force required to support the police but suffering itself from all the trauma of transition and a decreasing ability to rely on call-ups to augment its full-time strength.

The critical issue, according to Cilliers, was the recently announced moratorium on prosecution of part-time members of the Citizen Force who failed to respond to call-up papers. This effectively deprived the army of a large portion of its mobilisable operational strength at a time of possible instability.

However, Kasrils made it clear that he did not share Cilliers' alarm. He said the defence ministry was committed to maintaining voluntary part-time forces in one form or another and that the matter was still under consideration.

Opperman conceded that the challenges in relation to SANDF capacity were daunting. However, he said the will of the defence force to rise to these challenges should not be underestimated.

He echoed Kasrils's declaration that the retention of part-time forces was under consideration but warned that further cuts to the defence budget would have "dramatic if not catastrophic" consequences for the effectiveness of the SANDF. ■