



NJMPF

Fund Insight

Your news update - August 2022

The South African Local Government Bargaining Counsel Collective Agreement on Rationalisation of Retirement Funds

The rationalisation of retirement funds has been a hot topic in recent months. Circular 12/2022 published by the South African Local Government Association advised municipalities that the proposed rationalisation cannot be implemented in KwaZulu-Natal since our province has regulations published by the MEC that compels municipalities to belong to NJMPF. eThekweni Metro is an exception - members in this municipality have an option to either belong to NJMPF or KZN Pension Fund. This means that NJMPF members can rest assured that their vested interests are protected and that all NJMPF members are protected from the impact of the Retirement Fund Collective Agreement. According to SALGBC, the rationalisation was said to become effective on 1 July 2022 however, an urgent court interdict issued at the Gauteng Division of the High Court suspended the implementation of the RFCA pending hearing of all arguments of the matter in court. The Court agreed that the full facts (called substantive arguments) should be heard in Court first to allow the Court to hear all sides before the RFCA can be implemented. The implementation of the RFCA has since been delayed pending an outcome from the High Court.

What is the Retirement Fund Collective Agreement?

The Retirement Fund Collective Agreement (RFCA) is the final product of protracted negotiations since 1996, when parties in the erstwhile National Labour Relations Forum (NLR) agreed that they will strive for uniform conditions of service. This, inter alia, included annual leave, sick leave, maternity benefits, hours of work, retirement fund agreements, medical aid contributions, etc. The RFCA required all municipal retirement funds to undergo an accreditation exercise to ensure that they met the criteria as set out by the South African Local Government Bargaining Council (SALGBC).

Why did the Fund not apply for accreditation?

The KwaZulu-Natal Joint Municipal Pension/Provident Funds has been providing retirement benefit services to municipal workers in KwaZulu-Natal for the past 80 years. The Fund is underpinned by an implicit commitment to strong corporate governance and compliance with regulatory authorities namely the Financial Sector Conduct Authority, Pension Funds Act. NJMPF is governed by legislation that was published by the MEC of Cooperative Governance and Traditional Affairs. The legislation therefore supersedes the agreement on rationalising retirement funds.

NJMPF believes that members would be susceptible to industry vultures who do not have members best interests at heart. NJMPF is a retirement fund that is cost-effectively managed, its management practices, sound governance and responsible investing is reflected in member benefits and the number of awards the Fund has received in all these years. For over decades, the Fund has consistently received clean audits from the Auditor General which is remarkable considering how rare this is in this sector.

We will, as always, keep you updated on further developments as soon as more information becomes available regarding the Retirement Fund Collective Agreement.

