

NDLAMBE MUNICIPALITY

CORPORATE SERVICES



POST-RETIREMENT MEDICAL AID SUBSIDY POLICY

1. PREAMBLE

One of the key reasons for Ndlambe introducing Post-Retirement Medical Aid Subsidy benefits are to ensure that employees continued to enjoy medical cover in retirement. This has the effect of promoting loyalty amongst staff under it being conditional on and thereby encouraging members to retire from service with that particular employer.

2. DEFINITIONS

All terminology used in this policy shall bear the same meaning as in the applicable legislation.

3. LEGAL FRAMEWORK

In *Nel and Another v Gariep Local Municipality and Others*¹ the court held The First Respondent has a contractual obligation to pay 60% of the monthly premium payable by the Applicants towards the Third and Fourth Respondents (or any other accredited medical aid scheme) in respect of post-retirement medical aid contributions as long as the Applicants remain members of the Third and Fourth Respondents or any other accredited medical aid scheme.

The policy framework also obtains its legal and general mandate from the following prescriptions, which include, but is not limited to the: • Medical Scheme Rules • Main Collective Agreement

4. SCOPE AND APPLICATION

This policy applies to all employees including Municipal Manager and Managers reporting to the Municipal Manager in term of section 56 of the Local Government Municipal Systems Act and regulation 41 (1) of the Regulations on Appointment and Conditions of Service of Senior Manager, that have Retired, including early retirement, ill-health and retrenchment.

5. OBJECTIVES OF POLICY

The purpose of this policy is to outline provisions of the Post Retirement Subsidy to post retirees and to regulate the payment of contribution.

6. POLICY CONTENT

6.1 Eligibility and Medical Aid Structure

6.1.1 All employees that have reached the normal or early retirement age in line with the rules of the Pension or Retirement Fund shall be eligible to join any

¹ *Nel and Another v Gariep Local Municipality and Others* (2512/2013) [2013] ZAECGHC 118 (13 June 2013)

South African Local Government Bargaining Council (SALGBC) accredited medical aid scheme of choice.

6.1.2 Employees that have been terminated due to ill health or medical boarding in line with schedule 8 of the Labour Relation Act.

6.1.3 In terms of this policy and aligned with the Main Collective Agreement the 60/40 principles shall apply to medical aid contribution rate, the maximum employer contribution being 60 and the employee contribution being 40.

6.1.4 The contribution principle mentioned in 6.1.2 above shall change once a Collective Agreement is signed by the relevant parting in the SALGBC mentioned above shall.

6.1.5 The employer shall contribute its maximum contribution towards the medical aid only and not pay the member's share.

6.1.6 The employee shall only contribute its maximum contribution toward the medical aid and the employee will be obliged to pay over his/her contribution on the stipulated date.

6.1.7 Failure to pay over the employees' contribution will lead to the medical aid being suspended.

7. POLICY REVIEW

This policy will be reviewed annually and revised as necessary.

8. DISPUTE RESOLUTION

Any dispute arising from this policy due to ambiguous wording or phrasing must be referred to the SALGBC for Conciliation and Arbitration.