

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2644 [NW3358E]

2644. Ms S J Graham (DA) to ask the Minister of Finance:

- (1) With reference to municipalities that deduct pension fund contributions from employees every month, but in many cases do not pay such contributions over to the pension funds, (a) which municipalities have failed to pay over pension fund contributions since 1 April 2020 and (b) what (i) is the breakdown by municipality of the value of the specified contributions for each month, (ii) is the number of employees' pensions which have lapsed as a result of such non-payment by the municipality, (iii) is the number of employees who are due to retire but are precluded from doing so because their pensions are on hold due to non-payment of the contributions and (iv) is the value of the interest accrued on the outstanding contributions;
- (2) what action will be taken against the specified municipalities for jeopardising the pensions of their employees?

NW3358E

REPLY:

- (1) We are unfortunately, not able to currently provide a comprehensive response to this question. The National Treasury will engage with the Financial Sector Conduct Authority (FSCA) to start collecting such data as part of the regular statutory returns by municipal retirement funds. However, such practice of non-payment of pension contributions to the pension fund by employers, is a criminal offence in terms of section 13A of the Pensions Fund Act, after the Act was amended in 2013. The Act also makes employers personally liable in respect of non-payment of pension contributions to a pension fund.

We have however, received some limited information from municipalities, indicating that there are three provinces that are mostly affected by the default in pension

fund contributions. These are Free State (FS), North West (NW) and Northern Cape (NC). The provinces that do not seem to have cases of non-payment of pension fund contributions are Gauteng (GP), KwaZulu-Natal (KZN), Mpumalanga (MP) and Western Cape (WC). The details as per the Honourable Member's specific questions are attached as Annexure A.



Annexure A -
Pension Fund Defau

- (2) National Treasury will engage with the relevant authorities (provinces, regulators and national departments) to consider more effective and quicker responses for such non-payment of contributions to retirement funds by any organ of state, including making such reporting to the National Treasury or provincial treasuries as part of the current financial reporting system in terms of sections 65(2)(f) and 125(1)(c) of the MFMA. In addition, the Financial Sector Conduct Authority, has published a Draft Conduct Standard for public comment in May 2020, related to requirements for payment of pension fund contributions. The FSCA is currently processing such comments to revise the Draft Conduct Standard and will thereafter submit to the Minister of Finance to submit to Parliament as required by the Financial Sector Regulation Act.