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**Refer to : M Mothekhe**  
**Reference No: 4/4/1**  
**Extension : 8543**  
**Date : August 2022**

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**THE SPEAKER  
COUNCIL ITEM**

**COMPULSORY GROUP FUNERAL SCHEME FOR MMM COUNCIL MEMBERS**

**1. PURPOSE**

The purpose of this memo is to request the Municipal Council to consider and approve a compulsory group funeral scheme for Council members.

**2. BACKGROUND**

During the previous Council term (2011-2016), the administration developed a Council Civic Funeral Draft Policy aimed at regularizing bereavement and funeral of Council members, and after initial consideration processes, the draft policy was routed for public participation engagements. A mixed blend of comments and inputs were received both from stakeholders and National Treasury.

Public engagements took place at this venues, Botshabelo H hall, Botshabelo Nicro hall, Barolong Hall, Bloemfontein Regional Office and Floreat Hall. Four key take-aways are reflected below, namely;

- While community members requested extension of the draft policy, that is, the policy should also be extended to those serving within the ward committee structures, not necessarily at similar scope and context, but that some form or shape of cover be made to include ward committees;
- A strong input was also made, relating to the municipality offering / contributing in kind (free venues, graves, traffic etc, and thus reducing and mitigating financial contributions from the city coffers).
- Most of the community members then, requested a maximum threshold, and proposed a curb of R 25 000 per civic funeral;
- The process towards the finalization of the policy was halted as a result of the comments and remarks made by the National Treasury, which at that time cautioned the city in developing

such a policy, and the view was that the draft policy has limitations and goes against the prescripts of the MFMA and Treasury regulations.

Given the above historical context regarding the development and processing of the Civic Funeral Policy and which has been in the progression channel for the last nine years, but however without the possibility or prospect of finality. It is thus incumbent upon the political leadership of the city to embrace a new paradigm shift, because the reality of the matter is that we continue to lose active Council members and with the highest number of transitory and most unfortunately happening during the previous Council term.

An alternative route is to institute and craft a group funeral scheme for Council members, which will be wholly funded and contributed to, by members on a month to month basis. The administration of such a group scheme is to be done within the administration. The structure of such a scheme is both aimed at maximizing benefits for Councillors and secondly providing a safety net for the nominated beneficiaries of the Councillors. The administration engaged reputable insurance companies to optimize benefits for members.

### **3. DELIBERATIONS**

#### **3.1. Path towards Altering Phase**

Death and Bereavement of Council members had been tragic and at times challenging to process, Council had by way of adopting a resolution, authorized financial contribution towards the burial of members. However, a chorus of questions both internally and externally had been asked to the leadership of the city about the rationale on the financial contributions made towards funeral of councillors (a case in point made by the opposition members of Council and including articles written in the print media). And despite echo's made at SALGA platform to develop a generic framework towards civic funeral guidelines at municipal level, this matter linger unresolved. National Treasury remain opposed to Municipal Councils contributing financially towards funeral of councillors. National Treasury consistently raises five keys matters, namely; increasing impact related to variable factors, primarily legislative prescripts, deteriorating revenue, soaring unemployment throughout the municipal sector, the impact of covid-19, and lastly, the declining economy inducing on municipal debt book. And in recent times the financial viability of MMM had been flagged both by the AG and National COGTA, culminating in the Provincial intervention in December 2019. With unlimited appeal to our collective conscience, that both the Executive and the Legislature of the city should wrestle with this pertinent issue and should take have a paradigm shift and Council members should embrace and manage their benefits themselves.

#### **3.2. Towards a Group Scheme Funeral Cover**

During the intervening periods, the Municipal Council has been approving an allocation of R100 000 towards the funeral contribution of council member. We noted R100 000 as a benchmark and four Insurance companies had been requested to provide a quote for such a level of cover. Note should also be made that, consideration regarding cultural and traditional obligations, religious affiliations and impact there-off, related to scope and continuous escalating funeral costs were scrutinized. It should further be mentioned that it is in the best interest of the municipality to consider or appoint single or one company to cater for full cover of Council members, because it would be cheaper and would have to be negotiated at discounted rates, rather than allow members to spread their choices

across different spectrum of insurance companies, which will not be cost effective or administratively efficient.

MMM should have more or less comfort that Council members, indeed have some kind of protection that is a group scheme or funeral cover. Currently only members who belong to an approved Retirement schemes have some form of funeral cover, the limitation is that the retirement schemes are not compulsory and currently a total of 31 councillors belong to the retirement schemes (12 (MCPF) and 19 (CRF). Majority of councillors do not belong to the retirement schemes and it always strikes a chord when members are deceased, the inadequacies and expectations from the family of the bereaved, but the hall mark has always been the precedent already established. Then the best route to take is to oversee a scheme where members belong to and introduce an internal stop order facility, and to ease uncertainties and ensure adherence.

Three companies were given the following options (Funeral cover & unveiling), to quote;

No.	BENEFIT COVER	MONTHLY PREMIUM
1.	R 80 000	R 150 – R 250
2.	R 120 000	R 250 – R350

The above-table, provide an option a member may take, this mean that Council members, based on choice, age and affordability issues, a premium may slightly change, meaning that Council members may enroll for same benefit cover, but may not be paying the same premium on a month to month basis. The other consideration is that the cover a member takes, also automatically covers the spouse or partner of the member.

#### Comparative analysis;

No.	Company	Cover	Waiting Period	Cover amount	Limitations
1.	<b>SANLAM</b>	Group Care	None	R 100 000	70 years
2.	<b>OLD MUTUAL</b>	Group	None	R 95 000	65 years
3.	<b>LIBERTY</b>	Group	None	R 60 000	65 years
4.	<b>METROPOLITAN</b>	Group Scheme	None	R 80 000	65 years

### 3.3. Enrolling and Instating Stop Order Facility

The Administration will circulate questionnaire forms from Sanlam and Metropolitan off which members will complete and return. All Council members will be required to return the completed forms within two weeks after approval. Each form will be captured, within the registry services in the Committee Services Division and processed and send to Salaries, and the other to Sanlam and Metropolitan who will in turn complete a financial schedule and send back to the Payroll for stop order deduction. Once the schedule is completed, deductions will ensue and members will be covered immediately after the first premium payment. A group insurance cover agreement for all

members between MMM and Sanlam will be signed so that the agreed upon terms and cover is honoured once a member is deceased. During the claim processes, the family and identified beneficiaries will deal directly with Sanlam with the assistance of the Committee services division to ensure that the benefits are fully paid and within the reasonable time-frame.

#### **4. REVIEW PERIOD**

The administration through the direction and oversight of the Section 79 Committee – Remuneration & Benefits must, at least six months prior to the end of the Council term, review the group funeral scheme provided to members, and to assess, gauge best possible options in the market and once completed a report will be submitted to the Municipal Council for consideration and approval. Emphasis should be made that, this is a Members Group Funeral Scheme and thus by way of seeking a Council resolution, it becomes a binding and compulsory scheme for all councillors. For members who do not want to belong to the scheme will be required to complete an indemnity form, which is explained in paragraph 5 below.

#### **5. INDEMNITY FORMS**

Members have an option to choose not to belong to the scheme for various reasons, and for those members choosing not to belong to the scheme, their rights and obligation should be respected. It is in this spirit than an indemnity form by those members should be signed, stating that they have made own arrangements and entered into an individual cover and thus do not wish to belong to the scheme.

#### **6. QUOTATIONS RECEIVED**

Four insurance companies in the in the market had been consulted and only two submitted their quotations, which were thoroughly deliberated at the Remunerations Committee meeting held on the 22 August 2022. The Remunerations Committee is recommending that the councillors should make their choice regarding taking either Sanlam or Metropolitan and the two companies are explained below.

##### **6.1. SANLAM QUOTATION**

Sanlam submitted quotation and is based on the following, namely;

- a) Cover if the individual member and covers the spouse, and up to five children and the cover start at R 100 000 for member, spouse and children from 14 years up to 21 years of age;
- b) Children below 14 years have various cover amount depending on age;
- c) Members are covered immediately after signing or capturing and the is no waiting period;

##### **6.2. METROPOLITAN QUOTATION**

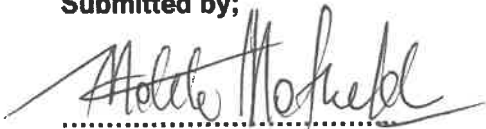
Metropolitan submitted quotation and is based on the following, namely;

- a) Cover is for the individual member and is based on age and gender analysis and the cover is up to R80 000
- b) Member will receive a cash back after 12 months of non-claim; cascade to three years later;
- c) The cover has a waiting period of three months;
- d) Members who are above 65 years of age are excluded from the scheme;
- e) The cover is comprehensive and members who reach the age of 65 will stop with premium payment and will remained covered;

**RECOMMENDATION** that it be resolved;

- (1) That the Municipal Council take note of the report;
- (2) That Council approves a compulsory funeral scheme for all Council members; and members will be required to complete a membership forms prior to registration in the scheme;
- (3) That stop order facility for premiums deductions and payment purposes will commence a month after council approval;
- (4) That the shall be no waiting period for members on the Sanlam group scheme and cover is immediate from the date of first premium payment;
- (5) That members joining Council mid-term will also be required to enroll with the scheme during the first month of the salary payment;
- (6) That Council members will cease to belong to the scheme once they resign or not re-elected provided members choose to continue with the scheme post public office;
- (7) Upon date of Council approval, the Municipal Council shall no longer contribute financially for the bereavement and funeral of Councillors;

**Submitted by;**



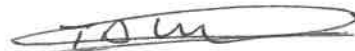
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**MR MOTETE MOTHEKHE**  
**SECRETARIAT SERVICES**

~~SUPPORTED/ NOT SUPPORTED~~



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**COUNCILLOR NTOMBI NHLAPO**  
**CHAIRPERSON: REMUNERATION COMMITTEE**

~~RECOMMENDED/NOT RECOMMENDED~~



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**MR. T MOTLASHUPING**  
**ACTING CITY MANAGER**



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**COUNCILLOR SB LOCKMAN-NAIDOO**  
**SPEAKER OF COUNCIL**