



Municipal Counselors Pension Fund

Trustee Election 2023

Trustee Election Procedure

Presented by

Municipal Councilors Pension Fund (MCPF) Board

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Introduction

The Rules of the Municipal Councillors Pension Fund (the Fund) provide for the Fund to be managed by a Board of Trustees comprised of 9 (nine) provincially elected members (Councillors) plus 2 (two) appointed councilors from South African Local Government Association (SALGA). Member Trustees must be contributing members of the Fund.

Due to the end of the curatorship that was appointed by the High Court of South Africa in 2017, part of handing over the Fund back to its members, member elections are to be held to ensure that the Board of Trustees is properly constituted in terms of its Rules.

The purpose of this procedure is to outline the process and criteria in which the MCPF board of trustees will be nominated and elected. The exercise will be comprised of two phases explained further in this communication. Once elected, the Member Trustees will hold office until the next Local Government elections.

It is important that all members who accept the nomination to stand for election as a Member elected Trustee are familiar with the duties involved and are aware that they will not be paid any additional remuneration for fulfilling their roles. However, they will be reimbursed in terms of the Fund policy with a Monthly stipend allowance.

The duties are:

- (i) To manage the Fund in terms of the Rules of the Fund and in terms of the provisions of the Pension Funds Act, 1956, and the Income Tax Act.
- (ii) To take all reasonable steps to ensure that the interests of members are protected.
- (iii) To act with due care and diligence and in good faith.
- (iv) To avoid conflicts of interest.
- (v) To act with impartiality in respect of all members and beneficiaries.
- (vi) To ensure proper control systems are in place.
- (vii) To ensure adequate and appropriate information is communicated to members.
- (viii) To take all reasonable steps to ensure contributions are paid timeously.

(ix) To obtain expert advice where they lack expertise.

(x) To ensure that the operation and administration of the fund complies with all the relevant laws.

Member elected Trustees will be required to attend meetings bi-monthly as scheduled and to attend other forums from time to time. They will also be required to attend and over and above participate in training sessions, which will be aimed at providing them with the necessary skills and information to perform their duties.

To be able to comply with their duties as Member elected Trustees, they will need, *inter alia*, to become familiar with:

- (i) Fund Rules;
- (ii) Policies;
- (iii) Administration and financial accounting systems;
- (iv) Investments;
- (v) Insurance;
- (vi) Pension Funds Act;
- (vii) Income Tax Act;
- (viii) Any other relevant legislation.

This responsibility is demanding of Trustees. Apart from being directly responsible to members, the duties could demand a great deal of time and effort. Therefore, only persons willing to accept this responsibility should stand for election.

The term of office as a Member elected Trustee is five years. The nominee should appreciate the responsibility associated with being a Member elected Trustee in the event of accepting a nomination. Elections will be held every five years after local government elections and the Member elected Trustee in office will be eligible for re- election.

Nominee Eligibility, Requirements & Responsibilities upon Election

All nominees are subject to conflict-of-interest policy. Board candidates should be able to demonstrate experience in performing fiduciary duties at the corporate or organizational level and making high-level budgetary, contractual, and/or other corporate/executive decisions. Basic knowledge of accounting, actuarial, investment and legal principles will go a long way in laying a strong foundation for trustee's skills. Candidates should be able to attend several in-person meetings held in various locations throughout the year and participate in periodic conference calls.

The criteria for members wanting to serve as board of trustees.

- (i) A member is disqualified from being a director in terms of an order under the Company's Act, 1973. (This would typically be because of being convicted of a criminal offence involving dishonesty, fraud, theft, forgery or breach of fiduciary duty. Minors and unrehabilitated insolvents are also precluded), cannot be elected as a Trustee.
- (ii) The minimum qualifications must be at least a post matric qualification equivalent to the South African Qualifications Authority NQF 5 level.
- (iii) Must not have been declared insolvent, convicted of criminal offense relating to fraud and/or dishonesty and not have been disqualified from being a Trustee
- (iv) Must be able to prove that he/she is competent to manage his/her own financial affairs responsibly by having a clean credit history.
- (v) Must not be a trustee of any other Local Government sector retirement fund.

The following persons may NOT be nominated:

- (vi) any member whose contributions to the Municipal Councilors Pension Fund (MCPF) are not up-to-date or are not in line with contribution rates in terms of the Rules.
- (vii) Municipalities without any councilor contributing to MCPF need not to nominate any person.
- (viii) anyone that has been removed from the Board of Trustees or found guilty of misconduct in terms of the rules and approved policies of the Fund.

Nomination Process Nominator Eligibility

Members of the Fund at the municipal level are requested to make two nominations from each participating Municipality, who will be invited for provincial election of the trustee.

Nominees and nominators should be contributing Members of the Fund

- Municipalities are requested to nominate two contributing MCPF members who will be invited to the

- provincial election meeting as proposed on the plan below who satisfy the listed criteria;
- Where the municipality have one contributing member, such member will automatically be the one attending provincial elections;
- Nominated candidates will then be directly invited to the provincial election meeting;
- Where a province have agreed on a candidate to represent them at MCPF board level, elections processes (fair and transparent) will still be observed, and the recommended candidate can then be elected unopposed;
- Nomination form of the two candidates is attached to be sent back to MCPF.

Communication for Nominations

A formal communication will be issued to each municipality to appoint two contributing Members who will stand a chance in participating for Provincial Member Trustee Appointment. During the nomination period, members will receive hard copy of the Nomination form from their respective HR, councilors support and speakers office. Members will be requested to provide the following information:

- Name of nominator and candidate
- Region/Municipality
- Personal details
- Signature and date

The closing date for submission of nomination forms will be communicated in due course.

Nominations can be submitted electronically to Principal Officer, on the following email address newboard@mcpf.co.za.

Nomination Verification

Nomination Committee will verify that all nominations were submitted by Fund Members and check for any duplication. Ineligible nominations will be rejected, and the nominator and candidate will be notified separately.

The Nomination Committee will proceed with the candidate background checks as required by the legislation to ascertain if all candidates are persons on good standing.

The Nomination Committee reviews all completed nominations to determine that all nominees meet the general criteria for a member of the Board of Trustees. The Nomination Committee will then forward the slate of candidates appointed at the Municipality level to enable convening provincial meeting with all the two Municipality candidate verified to appoint a provincial Trustee by the date to be determined.

Vote Counting and Announcement of Election Results

The Election Committee which incorporates MCPF Curators, and independent body will tally the votes to determine the winners. If the results are finalized and the election process declared free and fair the Fund will confirm the elections.

The Fund will announce the election results via the website and all other form of communication within 7 calendar days of the close of election period.

Proposed Provincial Election Meetings

Once the nominations of two candidates are concluded, the two nominated will attend the provincial election meetings in which a trustee of the province will be elected.

Province	Proposed Dates	Venue	Expected attendees per province, i.e 2 per municipality
EASTERN CAPE	09 April 2024	East London	50
WESTERN CAPE	16 April 2024	Cape town	30
MPUMALANGA	23 April 2024	Nelspruit	38
LIMPOPO	30 April 2024	Polokwane	56
FREESTATE	8 May 2024	Bloemfontein	38
NORTHERN CAPE	13 May 2024	Kimberly	9
NORTHWEST	15 May 2024	Rustenburg	44
GAUTENG	22 May 2024	Johannesburg/Emfuleni	24
KZN	27 May 2024	Durban	98