Supreme Court of Appeal of South Africa

MEDIA SUMMARY-JUDGMENT DELIVERED IN THE SUPREME COURT OF

APPEAL

From: The Registrar, Supreme Court of Appeal

Date: 16 March 2012

Status: Immediate

Please note that the media summary is intended for the benefit of the media and does

not form part of the judgment of the Supreme Court of Appeal.

Natal Joint Municipal Pension Fund v Endumeni Municipality

The SCA today upheld a claim by the Natal Joint Municipal Pension

Fund for payment of an adjusted pension contribution by the Endumeni

Municipality. The claim arose in consequence of a municipal employee

exploiting the rules of the Provident and Superannuation Funds

administered by the appellant to secure that he was credited with 46 years

of pensionable service in the Superannuation Fund, although e was only

43 years old and had only worked for the municipality for some 15 years.

He then resigned his employment and was immediately re-employed on a

contract basis in his former position. However, as a result of his

resignation he became entitled to a payment from the fund of some R2.7

million.

The Fund sought an adjusted contribution from the municipality to cover

the shortfall in funding of this withdrawal benefit. The municipality

successfully resisted this claim in the lower court on the grounds that the

claim was impermissible in terms of the applicable rule of the Fund.

However on appeal the claim succeeded. As a result the municipality will

have to pay an additional contribution to the Fund of some R2.4 million

together with interest and costs.