

Dated: 15 AUGUST 2025

Circular no: 2025/00018

To: INDUSTRY STAKEHOLDERS

Notice: MOTOR INDUSTRY PROVIDENT FUND EXEMPTIONS

Dear MIBCO Stakeholders,

MOTOR INDUSTRY PROVIDENT FUND EXEMPTIONS

A. Lapsing of Collective Agreements

Industry wage negotiations for the enactment of new Industry Collective Agreements commencing 1 September 2025 are in progress, and Parties are yet to achieve consensus on the issues being negotiated. The MIBCO Main Collective Agreement, **Government Gazette 48340, Notice no. R.3226 of 31 March 2023**, the Administrative Agreement, as well as the Motor Industry Provident Fund Collective Agreements (**being the Auto Workers' Provident Fund and the Motor Industry Provident Fund**), will reach their respective expiry dates on 31 August 2025.

As a result of this, MIBCO wishes to advise and inform all Employers who are exempted from contributing to the relevant Industry Funds ("Exempted Employers") in the Industry of the following consequences of this and MIBCO's course of action in this regard:

1. MIBCO is an Administrator approved as such by the Financial Sector Conduct Authority in terms of Sections 13B of the Pension Funds Act 24 of 1956 ("PFA") as amended, and is responsible for ensuring that the monthly contributions are paid timeously to the Funds in accordance with section 13A of the PFA, subject to any exemptions that may be in place from time to time.
2. As indicated above, due to the termination by the effluxion of time, of the Main Collective Agreement and the Motor Industry Provident Fund Collective Agreements, exemptions granted in accordance with the provisions of Clause 8 of the Motor Industry Main Collective Agreement as amended and extended and in terms of Clause 10 of the Motor Industry Provident Fund Collective Agreement ("Fund Exemptions"), will similarly lapse on 31 August 2025.
3. In the event that the Parties have not concluded a new Collective Agreement by 31 August 2025 or that any newly agreed collective agreement is yet to be published and extended by the Minister of Employment and Labour in the Government Gazette, the Rules of the Funds (**both the Auto**



Workers' Provident Fund and the Motor Industry Provident Fund), provide that the last industrial agreement (including any amendments thereto) in force relating specifically to the Funds, between the parties to the Council and approved by the Minister of Employment and Labour in terms of the Labour Relations Act, No. 66 of 1995 shall apply.

4. Accordingly, until the date of publication of a new Collective Agreement, the terms of The MIBCO Main Collective Agreements insofar as they relate to the Funds, namely the ***Motor Industry Provident Fund Collective Agreements*** shall continue to apply, as will the terms of the Fund Agreements relating to Fund Exemptions,
5. Therefore, the Fund Exemptions granted in terms of 4. above shall continue in full force and effect, subject to the following conditions:
 - a. For the purposes of Fund Exemptions, exempted Employers must continue to comply with the requirements of their respective conditions of exemption as indicated in the certificate of exemption issued by MIBCO.
 - b. The exemption continues to be valid only for as long as the benefits of the in-house funds are not changed in such a manner as to cause them to diminish or reduce to such an extent that in the opinion of the Council they are less favourable than the benefits provided by the Industry Funds.
 - c. Employee/s who are not eligible to join the in-house funds will be obliged to join the respective Industry Funds, if such employees are eligible for compulsory membership to the Industry Funds.

B. New Exemptions Process for Currently Exempted Employers

1. Notwithstanding the extension of the lifecycle of the current Motor Industry Provident Fund Collective Agreements, and in order to grant the Exemption, the Council must assess that overall, all the benefits provided by the Alternative/ In-house Fund are equal to or better than all those benefits provided by the Industry Funds.
2. To ensure that this is in fact the case, Exempted Employers shall, by no later than **2 February 2026**, submit to MIBCO in the format provided by MIBCO, a duly certified Confirmatory Affidavit stating on oath, that,
 - a. The Employer is contributing to an alternate Fund (including the name of the Fund) which provides benefits for employee/s, which are considered to be not less favourable than the benefits provided by the Industry Funds as published from time to time by the Industry Funds.

b. Currently, the contributions and benefits provided by the Industry Funds are as follows:

- i.** the Employer shall contribute to the Fund monthly in respect of each employee in service an amount equal to eight percent (8%) of the employee's monthly remuneration,
- ii.** the Employee in service shall contribute to the Fund monthly an amount equal to seven and a half percent (7,5%) of the employee's monthly remuneration,
- iii.** Risk benefits: Death - 3 times annual salary, plus refund of fund credits,
- iv.** Disability - 3 times annual salary, plus refund of fund credits, with no waiting period,
- v.** Allocation to retirement benefits and administration costs:
 - Auto Workers' Provident Fund (Grade 1 to 6 EE' s) – 13.2%, administration costs 0.8%
 - Motor Industry Provident Fund (Grades 7, 8 & Clerical EE's) - 13.40%, administration costs 0.6%
- vi.** Retirement Age: 65 years,
- vii.** Total Investment Costs 0.45%.

c. An official written confirmation by the alternate Fund actuaries of the accuracy of the information provided on oath in terms of 5a and b above.

d. Copy of any special rules.

*** NOTE: The above figures are applicable as at date of publication of this circular and Employers MUST refer to the published Industry Fund fact sheets on the MIRF website in order to enable you to measure whether your Fund complies with the above requirements.**

3. MIBCO shall conduct inspections through its Inspectorate Department in terms of the authority granted by the Labour Relations Act 66 of 1995 as amended and any other Law and Regulation of the Republic of South Africa to ascertain and enforce compliance with this circular and the representations contained in the Confirmatory Affidavits,

4. All employers who have not applied for, nor have any exemptions in place must continue to pay their contributions in terms of their employees membership of the Industry Funds and failure to do so shall attract action against such employers in terms of the relevant remedies available to MIBCO,

including but not limited to the remedies in Section 13B of the PFA of personal liability and criminal prosecution.

C. Exemptions Process for Employers Not Currently Exempted

1. Employers who intend applying for Fund Exemptions during this lapse period will only be granted Exemption subject to the current criteria for granting such Fund Exemptions being met in full, specifically those in Clauses 2. a. b. and c. of this Circular and the terms of the Clause 10 of the Motor Industry Provident Fund Collective Agreements shall apply in this regard.
2. All employers who have not applied for, nor have any exemptions in place must continue to pay their contributions in terms of their employees membership of the Industry Funds and failure to do so shall attract action against such employers in terms of the relevant remedies available to MIBCO, including but not limited to the remedies in Section 13B of the PFA of personal liability and criminal prosecution.

Advocate Michael Manolios

(Chief Legal Officer MIBCO)