

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS OF LA HEALTH MEDICAL SCHEME HELD IN THE AUDITORIUM, NEWTON PARK LIBRARY, CORNER HURD AND FOURTH AVENUE, NEWTON PARK, PORT ELIZABETH, ON WEDNESDAY, 22 JUNE 2016 AT 13H00

PRESENT:

(i) **LA Health Board of Trustees**

Mr. G.J. Beukman	(Chairperson)
Mr. H.A. Deysel	(Deputy Chairperson)
Mr. J. Allan	
Mr. R. Barnard	
Mr. A. Bennett	
Mr. R. Bosman	
Mr. H. Botha	
Ms. C. Botes	
Mr. R. de Bruyn	
Mr. R. Field	
Mr. F. Hoffman	
Mr. A. Lemmer	
Mr. P. Louwrens	
Mr. M.E. Mattheus	
Mr. M.C.T. Schultz	
Mr. A. Vorster	

(ii) **LA Health Executive Management and Staff**

Mr. A.M. de Koker	(Principal Officer)
Mr. L. Schrönen	(Marketing and Operations Manager)
Ms. R. du Toit	(Personal Assistant to Principal Officer)
Ms. Y. Erasmus	(Public Relations/Liaison Officer)

(iii) **Representative of the Administrator (Discovery Health)**

Ms. D. du Toit	(Fund Manager)
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(iv) **Members**

A total of 98 members and 14 observers attended the meeting as per the attendance register.

(v) **Apologies**

Mr. G. Buchholtz	(Chairperson of the Audit Committee)
Mr. B. and Mrs. Y. Matthews	(Membership Number 156488190)

AGENDA

(Proceedings commenced with a MOMENT of REFLECTION observed by all)

1. WELCOME

The Chairperson of the Board of Trustees welcomed all in attendance and declared the meeting properly constituted since a quorum was in attendance.

The notice convening the Annual General Meeting was taken as read.

2. MINUTES AGM 2015

The Minutes of the 2015 AGM were issued to all members present, upon registration.

The Chairperson of the Board of Trustees called for a proposer and a seconder for the adoption of the Minutes of the 2015 Annual General Meeting as a true reflection of the relevant proceedings.

Proposer: Mr. H. Botha

Seconder: Mr. P. Louwrens

Resolved: That the minutes of the LA Health Medical Scheme Annual General Meeting, held on 18 June 2015, be **CONFIRMED**.

At this juncture the Chairperson of the Board of Trustees proposed a change in the order of proceedings, i.e. that Item 4 be considered once all the other Items on the agenda have been concluded.

UNANIMOUSLY AGREED

The Chairperson of the Board of Trustees thereafter called on the Principal Officer, Mr. A.M. de Koker, to address the meeting.

The Principal Officer delivered a PowerPoint presentation and highlighted the following:

(a) Membership:

- (i) LA Health's positioning within the Local Government Industry;
- (ii) LA Health's positioning within the total Medical Schemes Industry;
and
- (iii) LA Health's membership per Benefit Option.

(b) Financial Overview

- (i) LA Health was ranked the second most sustainable medical scheme in South Africa according to a recent report released by Alexander Forbes.
- (ii) The Scheme ended the year with a surplus of just over R 158 million.
- (iii) The Scheme's non-healthcare expenditure increased from R 195 million in 2014 to R 224 million in 2015. This increase in expenditure is linked to membership growth.
- (iv) The Scheme's cash position for 2015 improved by 24% from 2014.
- (v) The income from investments increased from R 35.8 million in 2014 to R 49.9 million in 2015.
- (vi) In 2015 the Scheme paid R 10.7 million in interest on MSA balances;
- (vii) Members' funds continued to show an increasing trend with reserves amounting to R 877 million at the end of the financial year.
- (viii) The Scheme's solvency ratio had been maintained above the 25% level required by the Medical Schemes Act and stood at 37.40% at year end.
- (ix) The non-healthcare expenditure was at 9.57% of total gross contributions.
- (x) The LA Active, LA Focus and LA KeyPlus Benefit Options showed an annual operating surplus in 2015, whereas the LA Comprehensive and LA Core Benefit Options showed an annual operating deficit. The Board of Trustees addresses the sustainability of all benefit options during its annual Strategy Conference and the subsequent budgetary process.

**(c) South African Local Government Bargaining Council (SALGBC):
Salary and Wage Agreement: 2015 to 2018: Clause 8.1 Employer
Medical Aid Contribution**

The Principal Officer informed the meeting that the parties to the SALGBC (SALGA, IMATU and SAMWU) had recently signed a salary and wage agreement for the period 2016 to 2018 that could have a negative financial impact on the Scheme's membership. In accordance with such agreement the employer medical scheme subsidy upper limit has been permanently capped at R 3 871.00 per month with effect from

1 July 2016. A number of employers apply the subsidy upper limit to pensioners and as a result this would have an immediate financial impact on this category of membership.

The aforementioned salary and wage agreement also provides a short term financial gain for employees not yet in receipt of the full employer medical scheme capped subsidy amount. Their financial position could, however, also potentially deteriorate over the period 2017 to 2018 in terms of other provisions within the salary and wage agreement.

The Principal Officer emphasised that LA Health is unfortunately not a party to the SALGBC and therefore cannot be held accountable for the agreement reached between the parties concerned. It would be incumbent on the members to address their concerns through the appropriate representation channels available to them.

NOTED

3. Audited Annual Financial Statements and Auditor's Report for the year ended 31 December 2015

A full set of the Audited Annual Financial Statements was available at the registration table, upon request.

The Chairperson of the Board of Trustees pointed out that earlier the meeting noted the Principal Officer's summary of the Scheme's financial performance. In the circumstances he called for a proposer and a seconder that the Audited Annual Financial Statements and Auditor's Report for the year ended 31 December 2015 be accepted.

Proposer: Mr. R. de Bruyn
Seconder: Mr. M. Mattheus

Resolved: That the Audited Annual Financial Statements and Auditor's Report for the year ended 31 December 2015, be **ACCEPTED**.

4. BOARD OF TRUSTEES ANNUAL REPORT AS PROVIDED FOR IN SECTION 37(1) OF THE MEDICAL SCHEMES ACT

The Chairperson of the Board of Trustees drew attention to the fact that the Board's Annual Report formed part of the Audited Annual Financial Statements and called for a proposer and a seconder that such report be accepted.

Proposer: Mr. A. Vorster
Seconder: Mr. R. Field

Resolved: That the Annual Report of the Board of Trustees, be **ACCEPTED**.

5. Announcement of re-appointment of Scheme's external auditors

The Chairperson of the Board of Trustees announced that the Board of Trustees on 16 October 2014 adopted a recommendation from the Audit Committee that KPMG be re-appointed as the Scheme's external auditors for a further 3 years ending 31 December 2018.

NOTED

6. NOTICES OF MOTION

The Chairperson of the Board of Trustees confirmed that no motions had been received.

NOTED

7. Introduction of the Chairperson's Report

The Chairperson of the Board of Trustees reminded the meeting that the Chairperson's Report for 2015 formed part of the Notice of this AGM, which was circulated to all members of the Scheme.

The Chairperson's Report was taken as read.

In conclusion, the Chairperson of the Board of Trustees paid tribute to the Deputy Chairperson of the Board of Trustees, Tokkie Deysel, for his support and encouragement throughout, as well as to his fellow Trustees, the Scheme's Management and Staff, the Scheme's Audit Committee, the Administrator and Staff, the Scheme's Actuaries and other Advisors for their sterling work always in the best interest of the Scheme and its membership.

Mr. H.A. Deysel, Deputy Chairperson of the Board of Trustees offered reciprocal appreciation to the Chairperson of the Board of Trustees for his stewardship.

The Chairperson of the Board of Trustees called for a proposer and a seconder that the Chairperson's Report 2015 be noted.

Proposer: Mr. P. Louwrens

Seconder: Mr. R. de Bruyn

Resolved: That the Chairperson's Report: 2015 be **NOTED**.

THE MEETING CONCLUDED AT 13h50

CHAIRPERSON

DATE