

GEPF 2018 ANNUAL REPORT (AR) REVIEW

ALL THE ELEPHANTS IN ONE ROOM

In the 2018 AR the GEPF refers to the elephant in the room and then elaborates on certain investments which made headlines during 2017/8. They however do not deal with the biggest elephant in the room namely the PIC, its external investment manager.

My review will shine the light on a couple of other Elephants, who also has been in the room for a while but do not get honorable mentions in the AR. Discrimination against the older Elephants cannot be supported. For completeness sake, they need to be mentioned.

THE FRAMEWORK FOR THE REVIEW



FIRST GLANCE



VISION : GLOBAL LEADER & REPUTABLE PENSION FUND



MISSION 1: SUSTAINABILITY



MISSION 2: DELIVERY OF BENEFITS



MISSION 3: EMPOWERMENT THRU COMMUNICATION



TOTAL RECALL



THE FUTURE: THE NEXT 4 YEARS

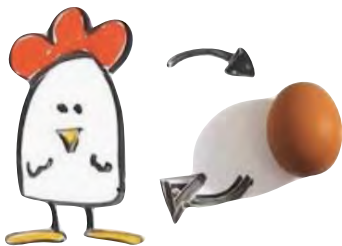
MISSION 3: EMPOWER BENEFICIARIES THROUGH EFFECTIVE COMMUNICATION

MISSION

As the Government Employees Pension Fund is the custodian of a significant portion of the wealth of public servants, our mission is to:

- ensure the sustainability of the Fund;
- provide for efficient delivery of benefits; and
- empower our beneficiaries through effective communication.

THE GEPF'S MISSION IS CLEAR ABOUT WHO NEEDS TO BE EMPOWERED...ITS THE BENEFICIARIES.



**TO ANSWER THE QUESTION ...WHICH IS FIRST....
? THE CHICKEN (EFFECTIVE COMMUNICATION) PRODUCES THE EGG (EMPOWERED BENEFICIARIES)**

Kobus Huysamen, a fellow GEPF pensioner, provided the following wise words:

“ Effective and sound communication practices contribute to the establishment and sustainment of a situation where trust and confidence within the corporate and stakeholder relationship axis is duly institutionalized. Open and frank communication further the goals of an open society and results in concerted efforts to enhance democracy and good governance ideals. “

To these wise words, I can just add that where the frank communication is a two way street, the chances of increased effectiveness is always improved.

COMMUNICATION WITH BENEFICIARIES SHOULD BE TIMELY, RELEVANT, ACCURATE, COMPLETE AND DONE IN A TRANSPARENT MANNER. DISCLOSURES OF INFORMATION MUST BE MADE IN PLAIN LANGUAGE TO FACILITATE UNDERSTANDING.

THE GEPF VALUES EFFECTIVE COMMUNICATION BY..:

- + NOT MISREPRESENTING OR WITHHOLDING INFORMATION ...
- + COMMUNICATING OPENLY AND FREQUENTLY...
- + BEING OPEN TO SCRUTINY AND OVERSIGHT....
- + WORKING COLLECTIVELY AND COOPERATIVELY...

IT FOLLOWS, ANYTHING CONTRARY TO THESE FOUR VALUES WOULD WORK AGAINST EFFECTIVE COMMUNICATION AND DISEMPOWER BENEFICIARIES.

IN THE SPIRIT OF EMPOWERMENT I ATTACH A SELF ASSESSMENT WORKSHEET AT THE END WHERE **YOU** CAN REACH YOUR OWN CONCLUSION ON THE ANNUAL REPORT.

LETS SEE HOW THE GEPF 2018 AR AS COMMUNICATION TOOL STACKS UP AGAINST THESE CRITERIA/VALUES...

NOT MISREPRESENTING OR WITHHOLDING INFORMATION ...

THE GEPF IS A REPUTABLE PENSION FUND.

MISREPRESENTATION TAKES A NUMBER OF FORMS AND IT MAY BE BY DESIGN OR DEFAULT OR ACCIDENT.

THE ASSUMPTION IS THAT ANY MISREPRESENTATION MENTIONED HEREWITH IS PURELY BY ACCIDENT. HOWEVER, ONCE POINTED OUT, ITS EXPECTED THAT CORRECTION SHOULD DULY BE DONE, AND THEN, IF NOT, THE MISREPRESENTATION IS BY CHOICE.

THE RESULT OF MISREPRESENTATION IS THE SAME ...DISEMPOWERMENT OF THE READER. IN THIS CASE THE GEPF MEMBER.

ONE WAY IS THE SO CALLED “MISREPRESENTATION BY SILENCE”

A NUMBER OF EXAMPLES HAVE BEEN PROVIDED IN THE OTHER PARTS TO THIS REVIEW OF WHERE INFORMATION WERE SIMPLY LEFT OUT.... IE. THOSE OTHER INVISIBLE ELEPHANTS. ITS SELDOM THAT POSITIVE ISSUES ARE LEFT OUT. THE MAJORITY OF CASES LEFT OUT WOULD BE A NEGATIVE RESULT OR EVENT.

THEN ANOTHER FORM OF MISREPRESENTATION IS WHERE SOMETHING IS IN FACT DISCLOSED, BUT IN SUCH A WAY AS TO DISAPPEAR AMONGST OTHER INFORMATION. AGAIN, THE POSITIVE IS OVEREMPHASIZED WHILST THE NEGATIVE IS SIMPLY STATED, BUT NOT EMBELLISHED ON.

IF YOU SPEED READ, YOU MAY MISS IT.

BUT THE AR AS ACCOUNTABILITY INSTRUMENT REQUIRES ACCEPTING RESPONSIBILITY FOR THE GOOD AND THE BAD RESULTS. BY EDITING OUT THE NOT SO FAVORABLE RESULTS, DOES THAT IMPLY THE GEFP IS NOT ACCEPTING ACCOUNTABILITY FOR THOSE? SURELY THAT CANT BE CORRECT?

THE LIST OF THOSE INVISIBLE AND PARTLY VISIBLE ELEPHANTS ALREADY REFERRED TO IN THE OTHER CHAPTERS, IS ATTACHED AT THE END OF THIS REVIEW. THE LIST INCLUDES FOR EXAMPLE ISSUES SUCH AS POOR CLIMATE CHANGE DISCLOSURES, THE INCOMPLETE DISCLOSURES IRO MATERIAL GOVERNANCE ISSUES, THE LONGTERM FUNDING RATIO IS LESS THAN 100% FOR 12 YEARS IN A ROW BUT NO COMMENTARY AND NO JOURNEY PLAN INDICATED TO RESTORE THE FUND, ESCALATING INVESTMENT EXPENSES VS REDUCED RETURNS INDICATE INEFFICIENCIES, BELOW EXPECTED INVESTMENT RETURNS IN 2016 WAS ALREADY REGARDED AS A SIGNIFICANT STRAIN TO THE FUND BY THE ACTUARY -THE AR IS SILENT ON THIS AND THE BELOW TARGET BENEFITS PAID ON TIME RATIO OF 71% IS NOT MENTIONED AT ALL IN THE AR.

AND THE REVIEW IS NOT DONE YET.

NATIONAL TREASURY'S (NT) GUIDELINE FOR LEGISLATIVE OVERSIGHT THROUGH ANNUAL REPORTS (2005) PROVIDES GUIDANCE ON PAGE 41. THE GUIDELINE'S AIM IS TO IMPROVE THE PROCESS FOR USING ANNUAL REPORTS AS A KEY OVERSIGHT TOOL. THE QUESTIONS WERE SLIGHTLY ADAPTED TO APPLY TO THE GEFP.

AS GEFP MEMBER YOU CAN ASSIST THE PARLIAMENTARY OVERSIGHT COMMITTEE IN DOING THEIR WORK BY PROVIDING YOUR OWN VIEW. FEEL FREE TO USE THE WORKSHEET AT THE END OR JUST WRITE YOUR OWN COMMENTS.



HEREWITH MY OWN ASSESSMENT USING THE NATIONAL TREASURY'S GUIDANCE (YOU ARE WELCOME TO DISAGREE)

Questions

My Evaluation

- a. Is the annual report transparent about the GEPF's performance? Or is it simply a public relations document?**

PERFORMANCE AGAINST STRATEGY - disclosures falls far short of that required by GEPLaw. Over emphasis on positive news, Avoidance of negative news, targets not met are not disclosed. This is the extent to which Peo reported .. "...the GEPF met 90% of its targets in terms of its performance against strategic objectives, namely: • Improve benefits administration; • Improve member and beneficiary communication and education; • Improve investment monitoring and evaluation; • Review of the governance and operating model; • Enhanced risk management architecture; and • Improve stakeholder relations. These strategic objectives and their results were reviewed at the annual strategic planning session."

THE AR IS NOT TRANSPARENT ABOUT WHICH TARGETS WERE MET, WHICH WERE NOT, WHICH WERE EXCEEDED.

b. To what extent has the GEPF met its aims, objectives and performance targets and quality standards? What were the reasons for any failures?

Overall strategic objectives 90%. (See above) Trustee target 100% long term funding level not met for the 12th year. Updated actuarial valuation not finalized. Sustainability under threat negative operating cashflows. All Contributions not invested. Trustees performance appraisal not conducted again. No PAIA manual. Ombudsman project not finalized, overdue since 2016/7.

No reasons provided in the AR for a number of failures.

c. How have the GEPF's performance targets changed over time? Are service delivery targets increasing in line with increases in funding?

Cant determine in absence of detail.

d. What examples are there of good practice (GLOBAL BEST PRACTICE) in how the GEPF has delivered its services?

None identified.


e. What changes have been made in the services provided to GEPF MEMBERS? How can greater GEPF MEMBER choice be provided in future?

Changes see 2018 AR page 63. . The Government Gazette, dated 29 September 2017 amended the following rules: • Rule 14.1.2: Gratuity paid in terms of rule 14.1.1 and 14.1.2 to be subject to a minimum of the benefit calculated in terms of rule 14.4.1. • Rule 14.9.1: Funeral benefits payable in relation to the member, pensioners, eligible child or stillborn are stipulated. • Rule 21.1: Allow employers to cease participation in the fund subject to provisions of the law, particularly section 32. • Rule 4.1.4 and 4.1.8: Should the duly elected chairperson/vice-chairperson vacate the position, a replacement is elected from among the trustee ranks at the next duly called meeting of the Board. The above rules came into operation on 1 October 2017.

f. What are GEPF MEMBER views on the nature and quality of services and the way in which they have been provided and have these views altered over time?

Services satisfaction survey indicates overall 94%, however only 71% of benefits were paid on time.

My biggest issues with the GEPF relates to confidentiality were transparency is required, not providing information to address enquiries, receiving stock answers where detail is available but withheld for unknown valid reasons.

MY OVERALL CONCLUSION - is the Annual Report simply a public relations document? ( Yes)

THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL HOPEFULLY, IN THEIR OWN REVIEW, CONCLUDE ON THESE QUESTIONS AND THE ISSUES MENTIONED IN THE REVIEW IN ORDER TO PROVIDE GUIDANCE TO THE GEPF TO IMPROVE THE BALANCE OF ITS ANNUAL REPORT.

UPDATED PENSION LIABILITIES

ANOTHER FORM OF MISREPRESENTATION IS TO TELL ONLY HALF THE STORY.

THE BEST EXAMPLE OF THIS IS THE MANNER IN WHICH THE GEPF WILL FOCUS THE ATTENTION ON THE GROWTH OF THE ASSETS (THE 1,8TRILLION) YET REMAIN SILENT ON THE INCREASE IN THE PENSION LIABILITIES AND RESERVES. (SILENCE ON THE CONTEXT)

THE TRUSTEES HAVE SET A TARGET OF 100% FOR THE ASSETS TO COVER THE LIABILITIES AND RESERVES. THIS TARGET AND THE PROGRESS TOWARDS IT DOES NOT ENJOY THE SAME WORD SPACE, PROMINENCE AND EMPHASIS FROM THE CHAIRPERSON AND THE PEO AS DOES GROWING THE ASSETS, OR THE RETURN

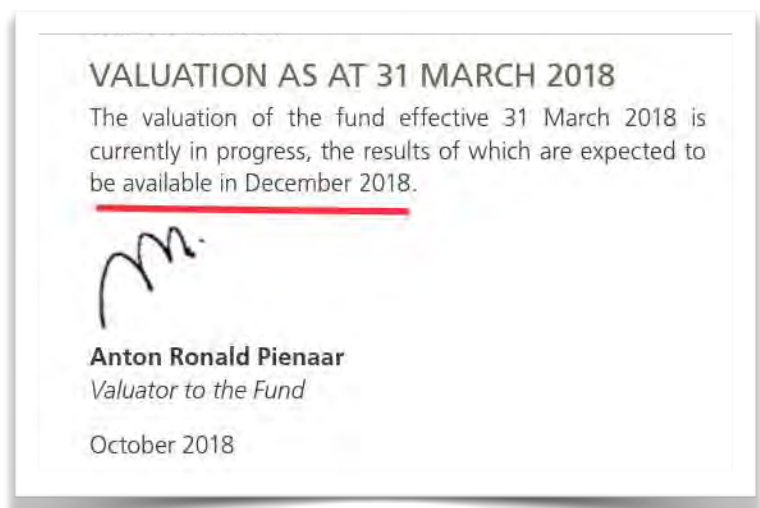
ON ASSETS. IN FACT, THE ONLY COMMENT ON THIS TARGET CAN BE FOUND IN THE AUDITORS REPORT.

BOTH THESE ISSUES (ASSETS VS LIABILITIES + RESERVES) SHOULD BE MENTIONED IN THE SAME BREATH. AS THE ASSET BALANCE IS REGULARLY UPDATED SO SHOULD THE PENSION LIABILITIES AND RESERVES. AFTER ALL, DOES THE GEPF NOT FOLLOW A ASSET LIABILITY MODELING SO THAT THE INVESTMENT STRATEGY CAN BE ALIGNED TO MEET THE PROFILE OF ITS LIABILITIES? BOTH SHOULD BE COMMUNICATED SIMULTANEOUSLY.

AND ITS NOT ONLY IN THE AR WHERE THIS TYPE OF MISREPRESENTATION OCCURS. IT IS REPEATED DURING THE COURSE OF THE YEAR.

THE ISSUE OF THE UPDATED ACTUARIAL VALUATION HAS BEEN MENTIONED IN PREVIOUS SECTIONS. DOES THE GEPF REALLY HAVE NO IN HOUSE CAPACITY TO PLACE AN UPDATED VALUE ON THE PENSION LIABILITIES? SEE EXTRACT FROM THE 2018 AR PAGE 30 HEREWITH. THIS INFORMATION MUST SURELY BE AVAILABLE TO THE BOARD OF TRUSTEES (BOT) AND ITS SUBCOMMITTEES? BECAUSE IF NOT, HOW CAN THEY (THE TRUSTEES) EXECUTE THEIR FIDUCIARY DUTIES PROPERLY? IT FOLLOWS THAT IF THE INFORMATION IS/WAS AVAILABLE TO THE TRUSTEES DURING 2017/8, IT SHOULD HAVE BEEN MADE AVAILABLE AND DISCLOSED TO THE BENEFICIARIES.

THE 2018 AR ON PAGE 50 INDICATED THAT THE UPDATED VALUATION WILL BE AVAILABLE IN DECEMBER 2018.



CONSIDERING THAT IN TERMS OF RULE 19 OF THE GEPLAW, MEMBERS ARE ENTITLED TO RECEIVE THE LATEST VALUATION, IT IS OF A CONCERN THAT TO DATE (6 JANUARY 2019) THE UPDATED VALUATION IS STILL NOT AVAILABLE, 9 MONTHS AFTER THE APPLICABLE DATE.

WHAT DO YOU THINK? IS THIS SITUATION ACCEPTABLE? REASONABLE? PROTECTING THE RIGHTS OF BENEFICIARIES TO INFORMATION?

THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL NEED TO DETERMINE IF THIS IS SO, WHAT THE CAUSE OF IT IS AND TO RECOMMEND CORRECTIVE STEPS.

COMMUNICATING OPENLY AND FREQUENTLY...

EVENTS DURING 2017/8

DURING THE COURSE OF 2017/8 A NUMBER OF EVENTS OCCURRED WHICH REQUIRED OPEN AND FREQUENT COMMUNICATION.

THE FIRST IS STEINHOFF

THE STEINHOFF EXAMPLE.... IN THE AR VIA THE NARRATIVES ON PAGE 13, ACTUALLY NO NEW INFORMATION IS PROVIDED. THE AR REPEATS THE TWO PRESS RELEASES ISSUED WHEN THE STORY BROKE A YEAR AGO.

THERE IS A SAYING THAT IN THE EVENT OF A CRISIS YOU CANNOT OVER COMMUNICATE.

NOW WHETHER STEINHOFF IS/WAS A CRISIS OR NOT, ITS ONE OF THE BIGGEST CORPORATE SCANDALS TO AFFECT INVESTORS AND A NUMBER OF PENSION FUNDS, INCLUDING THE GEPF.

NOW IF THE GEPF WAS REALLY OPEN ABOUT THIS INVESTMENT AND THE ACTUAL LOSS SUFFERED AND UPDATED BENEFICIARIES FREQUENTLY, THERE SHOULD HAVE BEEN MORE THAN TWO PRESS

RELEASES ISSUED ON STEINHOFF SINCE DECEMBER 2017. CLARITY SHOULD HAVE BEEN PROVIDED ABOUT THE CLASS ACTION LEGAL CASE, BUT MOST OF ALL, THE EFFORTS SPEARHEADED BY THE GEPF, THE BIGGEST INVESTOR IN STEINHOFF, TO BRING THOSE RESPONSIBLE TO JUSTICE SHOULD HAVE CONVEYED A SENSE OF URGENCY.

BUT THE STEINHOFF CASE GOES FURTHER THAN JUST ONE INVESTMENT GONE BAD.

IT REQUIRED SOME SERIOUS INTROSPECTION ABOUT INTERNAL PROCESSES, THE MONITORING OF BOTH THE PIC AS WELL AS THE INVESTEE COMPANIES.

CORONATION, ANOTHER SIGNIFICANT INVESTOR IN STEINHOFF, HAS ALREADY DONE SUCH AN INTERNAL REVIEW OF ITS INVESTMENTS. MORE IMPORTANTLY, THEY COMMUNICATED THIS ACTION TO THEIR STAKEHOLDERS. CONTRAST THIS ACTION WITH THAT OF THE GEPF.

ON PAGE 13 OF THE 2018 AR THE GEPF PROMISES THE FOLLOWING:

The GEPF continues monitoring the developments in the Steinhoff case and will report once the investigations and hearings have been finalised.

PERHAPS THE GEPF DO NOT REALIZE THAT WHAT THEY PROPOSE TO DO IN FUTURE IS SOMETHING WHICH THE MEDIA ARE ALREADY COVERING AND WHICH MEMBERS ARE ALREADY DOING FOR THEMSELVES IE. MONITORING THE INVESTIGATIONS AND HEARINGS.

MEMBERS CAN READ ABOUT THE EFFORTS OF OTHER AGENCIES AND BODIES AS IT IS REPORTED COMPREHENSIVELY IN THE NEWSPAPERS. ALTERNATIVE THESE MATTERS ARE COVERED ON THE TV NEWS.

FROM A GLOBAL LEADING PENSION FUND, MEMBERS EXPECT MORE IE. HOW ABOUT KEEPING MEMBERS CONTINUOUSLY INFORMED ABOUT THE ACTIONS TAKEN BY THE GEPF ITSELF TO MINIMIZE THE LOSS AND TO ENSURE CONSEQUENCES DO HAPPEN SPEEDILY TO THOSE IMPLICATED IN WRONG DOING.

THIS IS WHAT MEMBERS WANT TO SEE. NOT REPEATED NEWS OF WHAT OTHER PEOPLE HAVE DONE OR ARE STILL BUSY DOING.

THE OMBUD EXAMPLE

THE 2018 AR PROVIDES NO UPDATE ON THIS ISSUE WHEREAS THE PREVIOUS THREE AR'S AT LEAST HAD SOME COMMENT ON THE MATTER IE. ACKNOWLEDGED THE NEED FOR AN OMBUD AND THAT A PROCESS WAS UNDERWAY TO ADDRESS THIS.

THIS IS A TYPICAL EXAMPLE OF THE MISREPRESENTATION BY SILENCE VARIETY.

THE OMBUD POSITION WAS RE-ADVERTISED DURING FEBRUARY 2018. THERE HAS BEEN NO FURTHER COMMENTS BY THE GEPF ABOUT WHAT THE CURRENT STATUS IS, WHY IT HAS TAKEN SO LONG, WHAT IS THE COST INVOLVED TO DATE?

FREQUENT COMMUNICATION? CAN THE GEPF REALLY BELIEVE THAT TO PROVIDE "UPDATES" ONCE A YEAR VIA THE AR'S WILL BE REGARDED AS FREQUENT AND SUFFICIENT? (AND THEN THE ISSUE IS LEFT OUT ALTOGETHER IN THE 2017/8 AR?)

IN THE 2015/6 AR ON PAGE 13 THE PEO INDICATED THAT THE IMPLEMENTATION OF THE OMBUD

GEPF members and pensioners currently do not have access to an independent ombudsman to assist them in resolving complaints they may have against the Fund. Some of the complainants turn to the courts to resolve matters between them and the GEPF, which is a very costly and time-consuming process. The Board approved in principle the establishment of an independent complaints handling mechanism. Local, as well as international benchmarking was done and the implementation of this structure should take place during the 2016/2017 financial year.

STRUCTURE WILL TAKE PLACE DURING THE 2016/7 FINANCIAL YEAR.

WELL, WE ARE 2/3 (66%) DONE WITH THE 2018/9 FINANCIAL YEAR (9 MONTHS AFTER THE 2017/8 FINANCIAL YEAR END) AND THIS STRUCTURE IS STILL NOT IN PLACE OR OPERATIONAL!

THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL HOPEFULLY LOOK CLOSELY AT THIS MATTER AND AS A START WILL GET ANSWERS TO THE QUESTIONS POSED ABOVE.

LATEST FINANCIAL DOCUMENTS

RULE 19 OF THE GEPLAW STATES...

“A MEMBER, PENSIONER OR BENEFICIARY HAS THE RIGHT TO HAVE ACCESS, AT ALL REASONABLE TIMES AT THE REGISTERED OFFICE OF THE FUND, TO THE RULES, THE LATEST FINANCIAL DOCUMENTS AND THE LATEST VALUATION REPORT OF THE FUND.”

FOR SOMETHING TO BE RELEVANT IT NEEDS TO BE TIMELY.

THE GEPF'S AR, BY THE TIME IT REACHES MEMBERS, CONTAINS FINANCIAL INFORMATION WHICH IS AT LEAST 8 MONTHS OLD. EFFECTIVELY THE GEPF IS ALREADY 66% DONE WITH THE NEXT FINANCIAL YEAR 2018/9 BY THE TIME WE RECEIVED THE 2017/8 INFORMATION.

ALTHOUGH FINANCIAL REPORTING DEALS WITH HISTORY, ITS IN THE HANDS OF THE GEPF TO EMPOWER MEMBERS WITH INFORMATION ABOUT ITS CURRENT AND MOST RECENT FINANCIAL AFFAIRS.

THERE IS DEFINITELY A NEED FOR THE GEPF TO RELEASE UPDATED FINANCIAL INFORMATION ON A QUARTERLY BASIS.

A GOOD EXAMPLE TO FOLLOW IS THE DUTCH PENSION FUNDS LIKE ABP WHO IS SETTING AN INTERNATIONAL BENCHMARK: [HTTPS://WWW.ABP.NL/IMAGES/ABP%20PRESS%20RELEASE%20QUARTERLY%20REPORT%20Q3%202018.PDF](https://www.abp.nl/images/ABP%20PRESS%20RELEASE%20QUARTERLY%20REPORT%20Q3%202018.PDF)

AT A TIME WHEN GEPF MEMBERS KNOW WHAT THE FUNDS PENSION LIABILITIES WERE IN 2016, OUR DUTCH COUNTERPARTS ALREADY HAVE UPDATED INFORMATION AS OF 31 DECEMBER 2018. THE DUTCH PENSION FUNDS ARE OPERATING IN A DIFFERENT TIMEZONE IE. 2 AND A HALF YEARS AHEAD.

REMEMBER, THE GEPF ASPIRES TO BE A GLOBAL LEADER AMONGST PENSION FUNDS.

IN TODAYS ELECTRONIC AGE, TO OPERATE ON INFORMATION TWO YEARS OLD IS DEFINITELY A NO GO. THE GEPF'S SUBCOMMITTEE STRUCTURES AND WORK FLOW ALREADY IS GEARED TO QUARTERLY MONITORING. ALL THATS NEEDED IS RELEASING THE INFORMATION TO MEMBERS AND THE EXTERNAL OVERSIGHT BODIES.

WILL QUARTERLY INFORMATION ALSO ASSIST THE WORK OF THE PARLIAMENTARY OVERSIGHT AND/OR PORTFOLIO COMMITTEES?

SURELY THE ANSWER MUST BE YES!

WORKING COLLECTIVELY AND COOPERATIVELY...

THE 2018 AR ON PAGE 44 STATES:

“ STAKEHOLDER ENGAGEMENT FORMS AN IMPORTANT PART OF THE INTEGRATED COMMUNICATIONS STRATEGY. GEPF STAKEHOLDERS WITH WHOM WE ENGAGED DURING THE YEAR INCLUDED MEMBERS OF THE FUND, PENSIONERS, BENEFICIARIES, THE BOARD OF TRUSTEES, GOVERNMENT DEPARTMENTS, THE MEDIA, PUBLIC SERVICE COORDINATING BARGAINING COUNCIL (PSBC), PARLIAMENT, TRADE UNIONS, STAKEHOLDER ASSOCIATIONS/ORGANIZATIONS AND THE INVESTMENT INDUSTRY.”

OTHER THAN THE SATISFACTION SURVEY RESULTS MENTIONED PRIOR, ITS UNCERTAIN WHAT THE PERCEPTION (AND EXPERIENCE) IS OF THE VARIOUS OTHER GROUPS IN TERMS OF COOPERATION. THIS IS NOT COVERED IN THE ANNUAL REPORT.

ACTIVE MEMBERS ARE WELL REPRESENTED VIA THE VARIOUS LABOUR UNIONS. HOWEVER, ONCE ON RETIREMENT, PENSIONERS AS A COLLECTIVE IS NOT REALLY REPRESENTED BY ANY GROUPING. THIS NEED GAVE BIRTH TO THE CREATION OF ONE SUCH STAKEHOLDER ASSOCIATION NAMELY AMAGP.



GO VISIT THE AMAGP WEBSITE AND DECIDE FOR YOURSELF THE DEGREE OF COOPERATION EXTENDED BY THE GEPF TO THIS NON PROFIT GROUP.....

<https://www.amagp.co.za/>

ITS UNFORTUNATE THAT AT THIS TIME, IT APPEARS AS THOUGH THE TRUSTEES ARE NOT INTERESTED IN DIALOGUE WITH THIS GROUP, WHO AS THEIR NAME INDICATES, IS AN ADVOCACY AND MONITORING GROUP PRIMARILY FOCUSSED ON THE SUSTAINABILITY OF THE FUND.

THE APPOINTMENT OF THE MPATI COMMISSION OF INQUIRY COULD VERY WELL HAVE BEEN AVOIDED IF RECOGNITION AND CO OPERATION FROM THE GEPF'S SIDE WAS ON AN HIGHER LEVEL. THE VERY MATTERS THE MPATI COMMISSION IS GOING TO INVESTIGATE HAS BEEN CONVEYED TO THE GEPF SINCE 2016 BY MEMBERS FROM THE AMAGP ALREADY.

PERHAPS THE NEWLY APPOINTED HEAD OF STAKEHOLDER MANAGEMENT AND COMMUNICATIONS HAD A YEAR TO REFLECT AND MAY BE ABLE TO FACILITATE AN IMPROVEMENT IN CO OPERATION.

BEING OPEN TO SCRUTINY AND OVERSIGHT....

THE WORD OVERSIGHT IS USED 13 TIMES BY THE GEPF IN ITS 2018 ANNUAL REPORT, AND DESCRIBES IN THE MAIN THE PROCESSES AND ACTIONS AS PERFORMED BY THE GEPF TRUSTEES AND ITS COMMITTEES. THE WORD IS FREQUENTLY USED IN CONJUNCTION WITH MONITORING AS PER THE EXAMPLE FROM PAGE 7 OF THE 2018 AR.

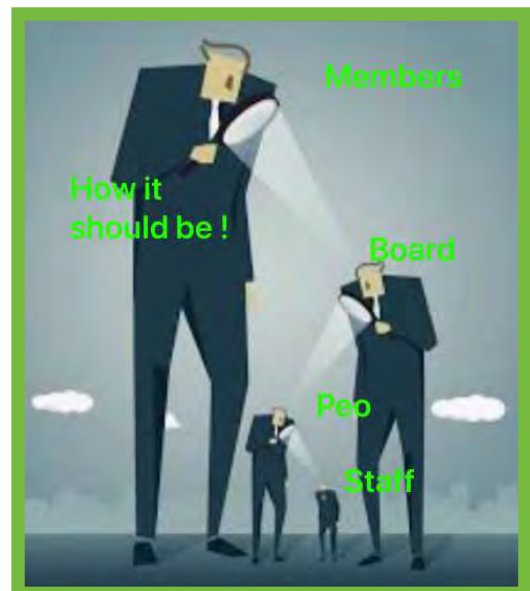
OVERSIGHT AND MONITORING OF INVESTMENTS

The GEPF has policies and processes in place to govern its investment function. The GEPF Board established the GEPF Investment Committee that monitors the pension fund's investments and oversees the implementation of the GEPF investment policy and strategy.

MY FOCUS IS ON THE SCRUTINY AND OVERSIGHT FROM OUTSIDE THE GEPF IE EXTERNAL OVERSIGHT.

BECAUSE THE GEPF HAS ITS OWN PENSION LAW, IT DOES NOT FALL UNDER THE REGULATORY SCRUTINY OF THE FSB (NOW FSCA). AS STATED BEFORE, THE GEPF ALSO DOES NOT HAVE A AGM, SO NO OPPORTUNITY FOR EXTERNAL OVERSIGHT OVER THE DELIVERABLES OF THE TRUSTEES THROUGH THIS MEDIUM.

THIS LEAVES THE PROCESS FACILITATED BY PARLIAMENT'S STANDING COMMITTEES TASKED WITH ACCOUNTABILITY AND OVERSIGHT NAMELY THE STANDING COMMITTEE FINANCE (SCOF) AND SCOPA.



THE GEPF'S PERFORMANCE IN PARLIAMENT

THE TRUSTEES ARE NOT NORMALLY VISIBLE TO MEMBERS. HOWEVER WE DO CATCH GLIMPSES OF OUR TRUSTEES WHEN THEY APPEAR IN PARLIAMENT.

THE PERFORMANCE OF THE TRUSTEES (THE CHAIR OR VICE CHAIR OF THE BOARD) FOR MOST OF THESE INTERACTIONS APPEARS TO BE LIMITED TO MAKING INTRODUCTORY COMMENTS AND THEN TO LET THE PEO AND OR SOME OF THE EXECUTIVES DEAL WITH THE BUSINESS END OF THE PRESENTATION.

ONE PARTICULAR PERFORMANCE DURING 2017/8 IN PARLIAMENT STANDS OUT. SEE THE EXTRACT FROM A NEWS CLIP HEREWITH.



[HTTPS://SALIFE.CO.ZA/GEPFS-MOKATE-UNDER-FIRE-FOR-DODGING-STATE-CAPTUREQUESTIONS/](https://salife.co.za/gepfs-mokate-under-fire-for-dodging-state-capturequestions/)

CONSIDERING THAT THE SCOF'S MAIN TASK IS OVERSIGHT, NOT PROVIDING A STRAIGHT ANSWER IS VERY FAR REMOVED FROM BEING OPEN TO SCRUTINY AND OVERSIGHT AND DEMONSTRATING BEHAVIOR IN SUPPORT OF THE KING4 CODE OF GOVERNANCE.

THIS WAS DEFINITELY A BAD DAY FOR THE GEPF IN TERMS OF ENHANCING ITS REPUTATION.

A YEAR LATER AND WE NOW HAVE A SEPARATE COMMISSION OF INQUIRY (MPATI) INTO THE AFFAIRS OF THE PIC. THIS FACT (THE INVESTIGATIONS AT THE PIC) AS ALSO ELSEWHERE HIGHLIGHTED IN THIS

REVIEW, DOES NOT FEATURE IN THE GEPF'S 2018 ANNUAL REPORT.

I AM LOOKING FORWARD TO THE BOT RESPONSES TO THE FINANCE COMMITTEE ON THIS AND OTHER MATTERS. HOPEFULLY THERE WILL NOT BE ANY DODGING OF QUESTIONS THIS TIME AROUND.

TO EXPAND ON THE ABOVE-MENTIONED DISCUSSION AND THE DISEMPOWERMENT OF THE MEMBERS OF PARLIAMENT BY THIS INCIDENT, LETS CONSIDER JUST HOW EMPOWERED GEPF BENEFICIARIES ARE THROUGH EFFECTIVE COMMUNICATION BY CONSIDERING THE FOLLOWING ISSUES/EXAMPLES...

- ✦ PERFORMANCE AGAINST STRATEGY
- ✦ PAIA COMPLIANCE AND ACTIVITY
- ✦ ACCESS TO THE TRUSTEES
- ✦ SATISFACTION RATING

PERFORMANCE AGAINST STRATEGY

WHEN WE DEAL WITH THE ANNUAL REPORT, IT IS WORTH REMEMBERING THAT IT IS BASICALLY THE ONE REPORT THAT MEMBERS DO RECEIVE FROM TRUSTEES AND AS SUCH IT NEEDS TO BE COMPREHENSIVE. AS SUCH, TO HOLD THE TRUSTEES ACCOUNTABLE ITS IMPERATIVE TO BE ABLE TO MEASURE THE ACTUAL PERFORMANCE AGAINST THAT PLANNED.

WHEN WE GO TO PAGE 15 OF THE AR THE PERFORMANCE AGAINST STRATEGIC OBJECTIVES IS SUMMARIZED. THE PEO INDICATES THAT OVERALL 90% OF TARGETS WERE MET.

THATS IT!

PERFORMANCE AGAINST STRATEGY

I am happy to report that during 2017/18, the GEPF met 90% of its targets in terms of its performance against strategic objectives, namely:

- Improve benefits administration;
- Improve member and beneficiary communication and education;
- Improve investment monitoring and evaluation;
- Review of the governance and operating model;
- Enhanced risk management architecture; and
- Improve stakeholder relations.

These strategic objectives and their results were reviewed at the annual strategic planning session.

THIS TYPE OF REPORTING AND DISCLOSURE OF INFORMATION IS NEITHER INFORMATIVE NOR CLEAR.

SO WHICH TARGETS WERE MET? THEN THE 10% TARGETS WHICH WERE NOT MET, WHAT WAS THE CAUSE? WHAT ACTIONS WILL BE TAKEN TO CORRECT MATTERS? WERE THERE NO TARGETS EXCEEDED?

THIS DISCLOSURE (TARGETS EXCEEDED) IS CRITICAL TO VALIDATE THE PERFORMANCE BONUSES PAID TO EXECUTIVES. (2018 AR PAGE 34 REFERS)

THE 2018 AR SHOULD HAVE UNPACKED THESE ISSUES IN CLEAR AND UNDERSTANDABLE LANGUAGE.

THIS PARTICULAR ISSUE WAS ALSO RAISED DURING THE REVIEW OF THE 2017 AR TO WHICH THE GEPF RESPONDED.. *"THE GEPF'S STRATEGIC OBJECTIVES ADDRESS THE AREAS THAT DRIVE ITS OFFERING TO MEMBERS AND PENSIONERS. THE GEPF BOARD AS THE APPROPRIATE GOVERNING BODY ANNUALLY APPROVES AND MONITORS A BALANCE SCORECARD TO ENSURE THAT THE FUND REACHES ITS STRATEGIC OBJECTIVES"*.

SO WHY IS THE GEPF SO RELUCTANT TO PUBLISH THE BALANCE SCORECARD? WHY THE SECRECY?

THE STRATEGIC OBJECTIVE : IMPROVEMENT OF BENEFICIARY COMMUNICATION AND EDUCATION

WITHOUT THE DETAIL ACHIEVEMENTS VS THE TARGETS IT IS BASICALLY IMPOSSIBLE TO DETERMINE THE ACTUAL DEGREE AND THE EXTENT IN RESPECT OF "EFFECTIVE COMMUNICATION" WAS ACHIEVED.

THIS SHOULD HAVE BEEN POSSIBLE IF THE GEPF ACTUALLY ADHERED TO THE REQUIREMENTS OF GEPLAW SECTION 10 IN SO FAR AS PROVIDING MEANINGFUL DISCLOSURES WITH THE NECESSARY DETAIL. UNFORTUNATELY THEY DID NOT AND THE **RESULT IS AN AR THAT IS NOT COMPLETE AND DOES NOT DISCLOSE ALL THE RELEVANT AND REQUIRED INFORMATION ACCURATELY AND COMPLETELY.**

10 Report by Board on state of affairs, business and financial position of Fund

(1) The Board of Trustees shall together with its annual financial statements submit to the Minister a report with regard to the state of affairs, the business and the financial position of the Fund and the degree in which the objects of the Fund have been furthered.

(2) Such a report shall in addition-

- (a) set out the functions and objects of the Fund;
- (b) set out the extent to which the objectives of the Fund for the financial year in question have been achieved;
- (c) contain relevant performance information with regard to the economical efficient and effective application of the resources of the Fund; and
- (d) indicate the total amount of all money received from the Government in respect of the financial year in question and contain information of all financial commitments by the Government in favour of the Fund.

THE ABSENCE OF THE REQUIRED DISCLOSURES ALSO IMPACTS THE WORK OF THE AUDITORS, WHO SHOULD, IN TERMS OF GEPLAW S13(2)(A)(II), PROVIDE A REPORT ON....” WHETHER THE INFORMATION FURNISHED IN TERMS OF SECTIONS 9 AND 10 **IS FAIR** IN ALL MATERIAL RESPECTS AND, IF APPLICABLE, ON A BASIS CONSISTENT WITH THAT OF THE PRECEDING YEAR.”

BUT THE AUDITORS CANNOT PROVIDE SUCH AN CONCLUSION ON FAIRNESS BECAUSE THERE IS NOTHING DISCLOSED IN A WAY THAT ALLOWS THEM TO AUDIT AND THEN TO REPORT IN THIS MANNER.

THE NON COMPLIANCE WITH THE REQUIREMENTS OF THE GEPLAW WAS POINTED OUT TO THE TRUSTEES IN DECEMBER 2017 ALREADY.

IN THE ABSENCE OF COMPREHENSIVE REPORTING AGAINST PREDETERMINED OBJECTIVES IN THIS ANNUAL REPORT, I AM NOT SURE HOW EFFECTIVE THE GEPF WAS IN ACHIEVING THEIR MEASURABLE TARGETS FOR 2017/8, AND IN PARTICULAR, HOW FAR THEY

PROGRESSED WITH IMPLEMENTING THE COMMUNICATION STRATEGY DURING 2018.

ITS DOUBTFUL THE GEPF PROGRESSED FAR BECAUSE THE GEPF 2018 AR ON PAGE 44 STATES...

"DURING THE YEAR UNDER REVIEW, THE GEPF BEGAN IMPLEMENTING THE NEW GEPF INTEGRATED COMMUNICATION STRATEGY, WHICH WAS APPROVED BY THE BOARD DURING THE PREVIOUS FINANCIAL YEAR. THE PRIMARY OBJECTIVE OF THE STRATEGY IS TO PROTECT AND ENHANCE THE REPUTATION OF THE GEPF AMONG ALL ITS STAKEHOLDERS AND INFORM AND EDUCATE MEMBERS AND PENSIONERS. "

IN ADDITION, A SENIOR EXECUTIVE WAS ONLY APPOINTED IN JANUARY 2018, SO IN ALL FAIRNESS, THIS PERSON BARELY HAD TIME TO FIND HIS FEET BEFORE THE END OF THE REPORTING PERIOD ON 31 MARCH 2018.

ITS TRUSTED THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL LOOK CLOSELY AT THIS MATTER TO DETERMINE IF THE LETTER AND SPIRIT OF THE GEPLAW HAS BEEN ADHERED TO ITS COMPREHENSIVE REPORTING AGAINST PREDETERMINED OBJECTIVES. IN ADDITION THEY NEED TO LOOK CLOSELY AT THE OTHER ROLE-PLAYERS IN THE COMBINED ASSURANCE FRAMEWORK REGARDING THIS MATTER.

PAIA COMPLIANCE AND ACTIVITY

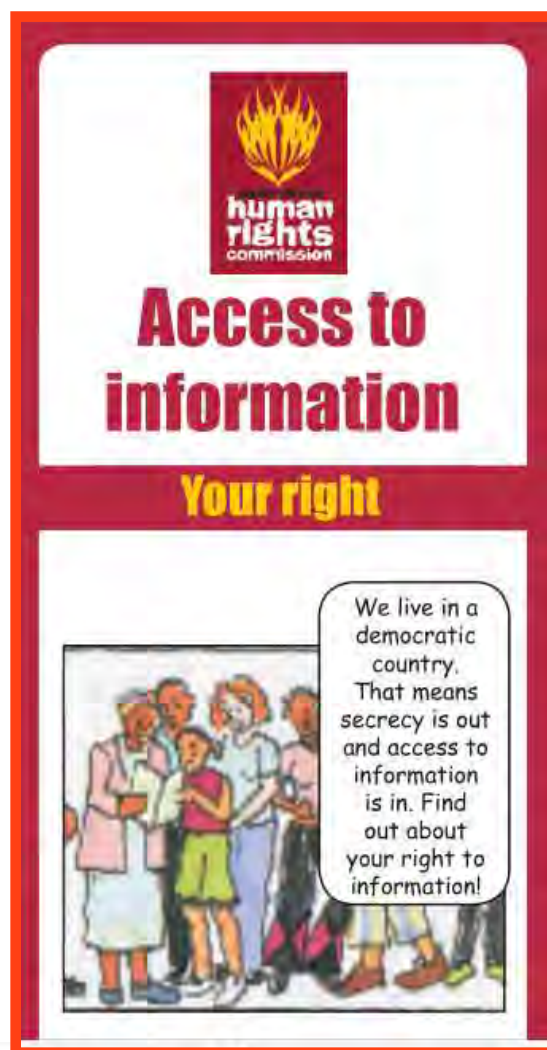
THE PROMOTION OF ACCESS TO INFORMATION ACT, OF 2000 (PAIA) WAS PROMULGATED IN ORDER TO FOSTER A CULTURE OF TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC AND PRIVATE BODIES. THIS EXTRACT IS FROM THE HUMAN RIGHTS COMMISSION BOOKLET ON PAIA...

THE GEPF AR PROVIDES NO STATISTICS ON PAIA REQUESTS RECEIVED AND HOW DEALT WITH. (PAIA ACTUALLY REQUIRES ANNUAL STATS)

PAIA ALSO REQUIRES ENTITIES (PUBLIC AND PRIVATE) TO COMPILE A PAIA MANUAL. **IN THIS RESPECT THE GEPF HAS NOT COMPLIED WITH THE PAIA FOR THE LAST 17 YEARS.**

NOTWITHSTANDING THE NON COMPLIANCE WITH PAIA, THE TRUSTEES SIGNED OFF ON THE ANNUAL REPORT ON PAGE 52 BY CERTIFYING THAT...

"THE BOARD OF TRUSTEES (THE BOARD) BELIEVES THAT, DURING THE YEAR UNDER REVIEW, IN THE EXECUTION OF ITS DUTIES IT: WAS NOT AWARE OF NON-COMPLIANCE WITH ANY APPLICABLE LEGISLATION; AND....."



STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

for the year ended 31 March 2018

RESPONSIBILITIES

The Board of Trustees (the Board) believes that, during the year under review, in the execution of its duties it:

- ensured that proper registers, books and records of the fund were kept, inclusive of proper minutes of all resolutions passed by the Board;
- ensured that proper internal control systems were implemented by or on behalf of the fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid in a timely manner to the fund;
- obtained expert advice on matters where it required additional expertise;
- ensured that the rules, operation and administration of the fund complied with the applicable laws;
- was not aware of non-compliance with any applicable legislation; and
- ensured that investments of the fund were made and maintained in accordance with the fund's investment strategy.

THE GEPF WAS REMINDED IN DECEMBER 2017 THAT NO PAIA MANUAL EXISTED AT THAT TIME.

AS SUCH, THE SIGNED OFF TRUSTEES RESPONSIBILITY STATEMENT IS NOT CONSISTENT WITH THE ACTUAL SITUATION UP TO THE FINANCIAL YEAR END 31MARCH 2018.#

THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL HOPEFULLY LOOK CLOSELY AT THESE MATTERS TO DETERMINE IF THERE WAS ANY MISREPRESENTATION REGARDING THE STATEMENT OF RESPONSIBILITY.

(# A PAIA MANUAL IS NOW ON THE GEPF WEBSITE, THIS DOES NOT CHANGE THE MISREPRESENTATION DURING 2017/8 AS DETAILED ABOVE)

ACCESS TO THE TRUSTEES

THE 2018 AR IS BASICALLY THE ONLY COMPREHENSIVE REPORT BY THE TRUSTEES TO THE BENEFICIARIES IN ANY GIVEN YEAR.

WE HAVE SEEN THAT INFORMATION NEEDS TO EMPOWER THROUGH EFFECTIVE COMMUNICATION.

THE AR AS SUCH SHOULD BE THE EMBODIMENT OF EFFECTIVE COMMUNICATION AND TO DEMONSTRATE ACCOUNTABILITY.

THE BOARD IS ACCOUNTABLE FOR THE GOOD AND THE BAD, THE POSITIVE AND THE NEGATIVE RESULTS. AS SUCH, THE AR NEEDS TO BE BALANCED. THE KEY IS TRANSPARENCY.

SO HOW EFFECTIVE COMMUNICATION TOOL IS THE AR?

IF MEMBERS HAVE QUESTIONS ON THE CONTENT OF THE AR WHAT DO THEY DO?

THE AR ITSELF DOES NOT INVITE QUESTIONS, IT DOES NOT CREATE A PLATFORM FOR ENGAGEMENT. FOR

INSTANCE CIRCULAR PF130 PROVIDES FOR AN ANNUAL GENERAL MEETING. NO SUCH MEETING HAS EVER BEEN CONVENED BY THE GEPF TO DEAL WITH THE AR.

SO AS A GEPF MEMBER YOU WRITE TO THE CHAIRPERSON OF THE BOARD WITH YOUR ENQUIRY. ITS REASONABLE TO EXPECT TO GET A REPLY FROM THE CHAIRPERSON - RIGHT?

AND WHEN YOU DO GET A REPLY, IT SHOULD ADHERE TO THE VALUES OF NOT MISREPRESENTING OR WITHHOLDING INFORMATION, BEING OPEN, CLEAR AND UNDERSTANDABLE. WHERE REQUIRED, MORE DETAIL WILL BE PROVIDED TO INFORM AND EDUCATE.

FOLLOWING THE RELEASE OF THE 2017 ANNUAL REPORT I TRIED TO GET ANSWERS FROM THE TRUSTEESBUT I FAILED.

ENQUIRIES ABOUT THE 2017 AR, ALTHOUGH PROMPTLY DEALT WITH BY THE PEO, LACKED SUBSTANCE, PROVIDED STOCK ANSWERS WHERE DETAIL WAS NEEDED. AT TIMES, THE PERCEPTION CREATED WAS ONE OF STOP WASTING MY TIME, I HAVE MORE IMPORTANT MATTERS TO ATTEND TO.

CO-INCIDENTALLY, I AGREE WITH THE PEO ON THIS. I DID NOT WISH TO USE ANY OF HIS TIME, MY QUESTIONS SHOULD HAVE BEEN ANSWERED BY THE TRUSTEES LEAVING THE PEO TO FOCUS ON HIS JOB, WHICH IS DEMANDING IN ANY EVENT, WITHOUT HAVING TO ANSWER QUESTIONS ON BEHALF OF THE TRUSTEES.

BEING OPEN TO OVERSIGHT AND SCRUTINY IS LISTED AS A VALUE AT THE GEPF BUT THE PERCEPTION CONVEYED BY SOME OF THE REPLIES RECEIVED APPEARED TO TAKE EXCEPTION TO THE QUESTIONS IE. HOW DARE YOU QUESTION THE TRUSTEES OR WORSE, SECOND GUESS THEM?

BUT HERE IS THE THING, BEING ACCOUNTABLE IS TO PROVIDE ANSWERS AND UNFORTUNATELY THE ONE THING THAT CANNOT BE DELEGATED BY THE TRUSTEES IS TO ANSWER FOR A RESPONSIBILITY CONFERRED.

THE TRUSTEES SHOULD BE CAPABLE AND WILLING TO ANSWER QUESTIONS ON THE AR FOR THEMSELVES.

AS I UNDERSTAND IT, THE FIRST PART OF THE ACCOUNTABILITY ARRANGEMENT IS FOR THE TRUSTEES TO RELEASE THE ANNUAL REPORT.

THE SECOND PART IS FOR THE TRUSTEES TO BE AVAILABLE TO ANSWER QUESTIONS ITS MEMBERS MAY HAVE. REMEMBER ALSO.....TO INFORM AND TO EDUCATE. BECAUSE THIS PART DOES NOT HAPPEN, THE USE OF PAIA WAS CONSIDERED. BUT AS POINTED OUT IN THE PREVIOUS SECTION, THE GEPF DID NOT FACILITATE THE PROPER USE OF PAIA AS A METHOD TO OBTAIN THE ANSWERS.

TO DATE THE GEPF TRUSTEES HAVE NOT SUCCEEDED IN ...

- + CREATING A COMMON PLATFORM FOR MEMBERS TO ASK QUESTIONS ON THE AR**
- + PROVIDING ANSWERS THEMSELVES WHERE QUESTIONS WERE FORTHCOMING**

IT IS HOPED THAT THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL FACILITATE INCREASED GEPF MEMBER PARTICIPATION AS ALLOWED FOR PER NATIONAL TREASURY'S GUIDELINE FOR LEGISLATIVE OVERSIGHT THROUGH ANNUAL REPORTS (2005).

SATISFACTION RATINGS

SERVICE HIGHLIGHTS

THE 2018 ANNUAL REPORT DOES CONVEY THE EFFORTS TO COMMUNICATE VIA WORKSHOPS, ROADSHOWS, WALK IN CENTERS. THERE IS MENTION OF A SATISFACTION RATING OF 94% ON PAGE 45 OF THE AR.

THE 94% SATISFACTION RATING IS DERIVED FROM THE EFFORTS OF THE GPAA AND THIS SATISFACTION RATINGS FLOWS FROM THOSE MEMBERS WHO ACTUALLY PARTICIPATED IN THE SURVEYS.

WE DON'T KNOW HOW MANY MEMBERS DID NOT BOTHER TO PARTICIPATE IN THE SURVEY.

THEN THE % CUSTOMER SATISFACTION RELATES TO : OPENNESS, CONSULTATION, INFORMATION, COURTESY AND SERVICE STANDARDS.

IN ADDITION, THE FOLLOWING IS IMPORTANT NAMELY THE PROVISION OF ACCURATE INFORMATION AND HANDLING OF ENQUIRIES IN A PROFESSIONAL AND IN A FRIENDLY MANNER.

ALL GOOD AND WELL, BUT WHAT ABOUT ENQUIRIES AND CORRESPONDENCE DIRECTED TO THE GEPF EXECUTIVES AND THE TRUSTEES THEMSELVES?

SERVICE HIGHLIGHTS

Over the period under review, the GPAA received 73 957 pension claims (compared with 74 689 in 2016/17) and paid 73 336 of these claims (compared with 73 764 in 2016/17). The benefits in respect of these claims were R95 billion (compared with R88 billion in 2016).

In addition, the administration agency collected R70.4 billion in contributions (compared with R65 billion in 2016/17). Member and pensioner communication and documentation of 218 862 were received and processed (compared with 181 383 in 2016/17). The communication and information included, among other things, nomination forms, change of address information and updates of personal details.

Service interactions with beneficiaries:

- Visitors at all GEPF Offices: 474 779
- Telephone calls attended to: 764 794
- Visitors received at mobile offices: 90 634

94% satisfaction rating was received through the variety of channels (regional offices, call centres, emails, mobile offices and outreach activities)

GEPF EXECUTIVE MANAGEMENT

THERE IS NO SATISFACTION MEASURE OR DISCLOSURE IN RESPECT OF THE INTERACTIONS AND COMMUNICATION BY THE GEPF EXECUTIVE MANAGEMENT.

LAST MENTIONED IS IMPORTANT AS THE ISSUES RELATED TO THE ANNUAL REPORT, THE ACTUARIAL VALUATION AND THE AUDITORS REPORT IS NOT DEALT WITH BY THE GPAA BUT BY THE GEPF HQ.

AS SUCH, THESE ACCOUNTABILITY MATTERS AND THE OVERSIGHT OF THE GEPF'S AR FALLS OUTSIDE ANY SATISFACTION SURVEY.

HOWEVER, BY MEANS OF INFERENCE WE CAN SEE HOW SATISFIED THE TRUSTEES ARE WITH THE SERVICES RENDERED BY THE PEO AND HIS EXECUTIVE TEAM. PERFORMANCE BONUSES ARE ALLOCATED FOR "ABOVE-AVERAGE PERFORMANCE AND BEYOND"

FURTHER ITS STATED:

"WHEN PERFORMANCE TARGETS ARE EXCEEDED AND THE PENSION FUND PERFORMS WELL, THE PENSION FUND REWARDS EMPLOYEES THROUGH A SHORT-TERM INCENTIVE SCHEME."

IN TERMS OF BONUS PAYMENTS THE EXECUTIVE TEAM REALLY EXCELLED CONSIDERING THE 30% RATIO OF BONUS TO BASE SALARY IN 2018. (SEE EXTRACT FROM THE AR ON PAGE 34 HEREWITH)

EXECUTIVE REMUNERATION 2017/18

Name	Title	Cost to Company	Short-term incentive	Total
Abel Sithole	Principal Executive Officer	R3 780 331	R1 177 290	R4 957 621
Musa Mabesa	Head: Corporate Service	R1 353 805	R492 800	R1 846 605
Linda Mateza	Head: Investments and Actuarial	R2 378 525	R705 372	R3 083 897
Babs Naidoo (Appointed 1 January 2018)	Head: Stakeholder Management and Communications	R435 934	–	R435 934
Adri van Niekerk	Company Secretary	R1 692 434	R506 297	R2 198 731

AGAIN, WITHOUT THE DETAIL OF THE PERFORMANCE AGAINST STRATEGY PROPERLY DISCLOSED IN THE AR ITS DIFFICULT TO CONNECT THE PAYMENT OF THESE BONUSES TO THE ACHIEVEMENTS OF THE GEFP AS A WHOLE?

IT IS HOPED THAT THE PARLIAMENTARY OVERSIGHT COMMITTEES GET THE NECESSARY DETAIL TO ENSURE THERE IS A CLOSE CORRELATION BETWEEN THE OVERALL PERFORMANCE OF THE FUND AND THE PAY FOR PERFORMANCE ON EXECUTIVE LEVEL.

THE TRUSTEES

CIRCULAR PF130 REQUIRES ASSESSMENT ANNUALLY AND EXPLAINS THAT THE SYSTEM OF APPRAISAL FOR THE BOARD IS A KEY COMPONENT OF GOOD CORPORATE GOVERNANCE.

THE BOARD HAS IN THE 4 YEARS IN OFFICE (2015 TO 2018) ONLY MANAGED TO PERFORM ONE ASSESSMENT. THAT WAS WAY BACK IN 2016.

IN THE 2017 ANNUAL REPORT, AFTER NOT PERFORMING AN ASSESSMENT, THE TRUSTEES CREATED THE FOLLOWING EXPECTATION:

"A FORMAL ASSESSMENT IS ANTICIPATED DURING THE 2017/18 PERIOD."

SO 2017/18 ARRIVES BUT ALAS, NO ASSESSMENT, AGAIN!. (PAGE 28 OF THE 2018AR REFERS)

REMEMBER, THIS IS THE EXAMPLE SET BY THE VERY SAME BOT WHO REQUIRES THE HIGHEST LEVEL OF CORPORATE GOVERNANCE STANDARDS FROM THOSE IT INVESTS IN.

CONSIDERING THAT BOARD MEETINGS ARE CLOSED, TRUSTEES DON'T ANSWER MEMBER QUESTIONS ON THE AR THEMSELVES, ITS IMPOSSIBLE TO BE ABLE TO CONFIRM BY OWN EXPERIENCE THE DESCRIPTIONS OF "ROBUST" AND "INSIGHTFUL".

**BUT IN THE END,
NO AMOUNT OF
“ R O B U S T ”
DISCUSSIONS
DURING BOARD
MEETINGS CAN
COMPENSATE
FOR THE SIMPLE
MATTER OF
PERFORMING
THE BOARD
PERFORMANCE**

BOARD PERFORMANCE ASSESSMENT

No formal performance assessments were conducted on the Board and its committees during the 2017/18 financial year. However, trustees received training in areas that needed updating and strengthening, such as ESG and corporate governance mentioned above. Participation at board and committee level was robust and insightful during the year under review. There are plans to conduct a formal assessment of the new GEPP Board of Trustees during the 2018/19 period.

**ASSESSMENT ONCE A YEAR WHEN DUE IN ACTIVE
SUPPORT OF GOOD CORPORATE GOVERNANCE.**

PERHAPS THE INTRODUCTION OF A NO ASSESSMENT
NO TRUSTEE FEE SYSTEM AS PART OF CONSEQUENCE
MANAGEMENT AT THE GEPP WILL REINFORCE THE
RIGHT TONE AT THE TOP AND CONVEY MEMBERS
EXPECTATIONS BETTER.

IT WILL ALSO PUT THE BRAKES ON THE RAPIDLY
RISING EXPENDITURE ON TRUSTEES. IN FOUR YEARS
THE EXPENSES DOUBLED, THIS WHILST WE STILL
HAVE THE SAME NUMBER OF TRUSTEES AND THE

Trustees expenditure	Rands Million	Increase Millions	Increase %	Board performance assessed?
FY2015	5,7			No
FY2016	6	0,3	5,3%	Yes
FY2017	8,7	2,7	45,0%	No
FY2018	11,5	2,8	32,2%	No

**AVERAGE CPI PER ANNUM INCREASE WAS ONLY 5,2%.
OUTCOMES HAS NOT DOUBLED, AND ONLY 1/4
ASSESSMENTS WERE DONE OVER THE 4 YEAR PERIOD?**

CONSIDERING THAT THE LEADERSHIP TONE IS SET AT THE TOP, IT IS HOPED THE PARLIAMENTARY OVERSIGHT COMMITTEES WILL LOOK VERY CLOSELY AT THE RAPIDLY RISING TRUSTEE EXPENDITURES AS WELL AS THE ABSENCE OF PERFORMANCE ASSESSMENTS BY THE HIGHEST DECISION MAKERS AT THE GEPPF.

**IN SUMMARY:
EMPOWER BENEFICIARIES
THROUGH EFFECTIVE
COMMUNICATION**



**FOLLOWING THE RELEASE OF
THE GEPF'S AR2018 -**

- + HOW EFFECTIVE IS THE GEPF'S COMMUNICATION?**
- + HOW EMPOWERED ARE BENEFICIARIES?**

VALUES COVERED AND EXAMPLES GIVEN WHERE THE GEPF...

- + MISREPRESENTING OR WITHHOLDING INFORMATION**
- + COMMUNICATING OPENLY AND FREQUENTLY**
- + BEING OPEN TO SCRUTINY AND OVERSIGHT**
- + WORKING COLLECTIVELY AND COOPERATIVELY**

**THE GEPF'S STANDOUT PERFORMANCE IN PARLIAMENT WAS
ONE OF DODGING QUESTIONS**

**EXAMPLES OF COMMUNICATION THAT DISEMPOWERED GEPF
BENEFICIARIES:**

- + PERFORMANCE AGAINST STRATEGY - DISCLOSURES FALLS
FAR SHORT OF THAT REQUIRED BY GEPLAW**
- + PAIA - NO MANUAL TO ASSIST MEMBERS. 17 YEARS OF NON
COMPLIANCE**
- + ACCESS TO THE TRUSTEES**
- + SATISFACTION RATINGS**
- + 94% RATING RELATES TO THE GPAA EFFORTS**
- + NO RATINGS FOR GEPF EXECUTIVE MANAGEMENT AND THE
TRUSTEES**

GEPF ANNUAL REPORT 2018 SELF ASSESSMENT WORK SHEET

AS GEPF MEMBER YOU CAN DO YOUR OWN REVIEW OF THE GEPF ANNUAL REPORT 2018. ASSIST THE PARLIAMENTARY OVERSIGHT COMMITTEE IN DOING THEIR WORK BY PROVIDING THEM WITH YOUR REVIEW NOTES.

PART 1 - GUIDELINE QUESTIONS

- a. Is the annual report transparent about the GEPF's performance? Or is it simply a public relations document?**

- b. To what extent has the GEPF met its aims, objectives and performance targets and quality standards? What were the reasons for any failures?**

- c. How have the GEPF's performance targets changed over time? Are service delivery targets increasing in line with increases in funding?**

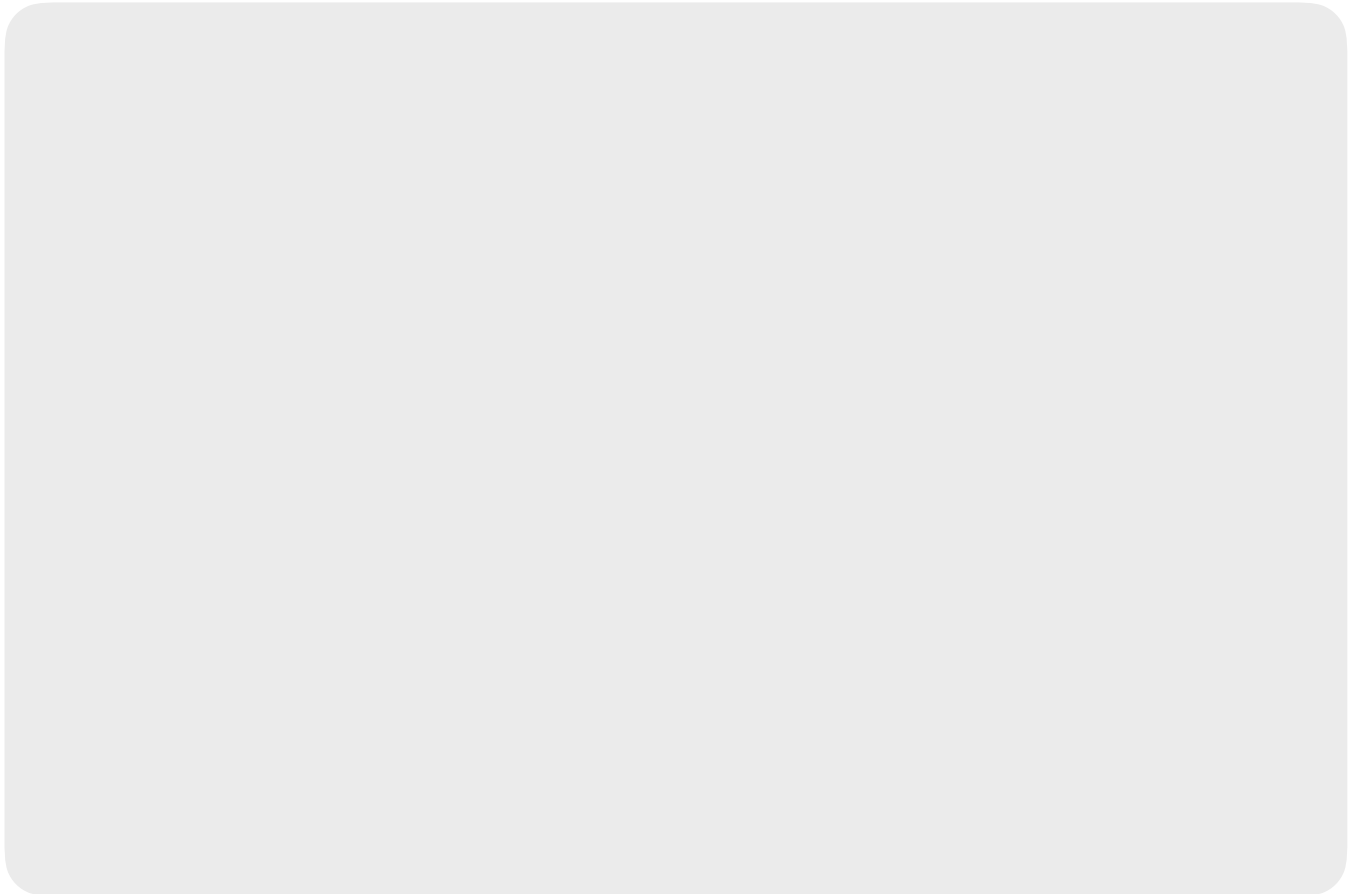
- d. What examples are there of good practice (GLOBAL BEST PRACTICE) in how the GEPF has delivered its services?**

- e. What changes have been made in the services provided to GEPF MEMBERS? How can greater GEPF MEMBER choice be provided in future?**

- f. What are GEPF MEMBER views on the nature and quality of services and the way in which they have been provided and have these views altered over time?**

OVERALL CONCLUSION - is the GEPF 2018 Annual Report simply a public relations document? (☒ Yes / No ☐)

THE MAIN REASONS FOR THIS CONCLUSION IS ...



PART 2 - LIST OF ISSUES ALREADY IDENTIFIED

THE ISSUES LISTED HEREWITH FOLLOWS THE SEQUENCE OF THE VISION AND MISSION OF THE GEPF.

**CONSIDER FOR YOURSELF IF THE ISSUES LISTED ARE PROPERLY DISCLOSED IN THE ANNUAL REPORT. WAS IT WRITTEN IN PLAIN LANGUAGE AND UNDERSTANDABLE? THE CURRENT DISCLOSURES, DOES IT SUFFICIENTLY (YES/NO):
INFORM YOU?
EDUCATE YOU?**

AFTER READING THE ANNUAL REPORT, ARE YOU THE GEPF MEMBER/BENEFICIARY PROPERLY EMPOWERED?

GLOBAL LEADER

- 1. DIRTY ENERGY ENABLER & SUPPORTER**
- 2. LEADING THE CHARGE AGAINST CORRUPTION**
- 3. CLIMATE CHANGE DISCLOSURES**
- 4. DISCLOSURES IRO MATERIAL GOVERNANCE ISSUES**
- 5. MPATI COMMISSION OF INQUIRY AND REPUTATION RISK**

SUSTAINABILITY

- 6. THE LONGTERM FUNDING RATIO IS LESS THAN 100% FOR 12 YEARS. NO COMMENTARY, NO JOURNEY PLAN TO RESTORE.**
- 7. PENSION LIABILITIES UPDATED VALUATION - THE 2018 ACTUARY VALUATION WAS NOT COMPLETED IN TIME**
- 8. THE PRODUCTION CAPACITY OF INVESTMENTS - HAS INVESTMENTS REACHED THE POINT OF DIMINISHING RETURNS**
- 9. INTEREST ON INVESTMENTS NOT KEEPING PACE WITH THE GROWTH OF INVESTMENTS OVERALL**
- 10. ESCALATING INVESTMENT EXPENSES VS REDUCED RETURNS - EVIDENCE OF INEFFICIENCIES**
- 11. BELOW EXPECTED INVESTMENT RETURNS REGARDED BY ACTUARY SINCE 2016 AS A SIGNIFICANT STRAIN TO THE FUND.**
- 12. ACTUARY COMMENT - THE NET PRE RETIREMENT DISCOUNT RATE WAS REDUCED AGAIN, THIS IMPACTS (INCREASES) TO PENSION LIABILITIES**

DELIVERY OF BENEFITS

- 13. ONLY 71% OF BENEFITS PAID OUT ON TIME**
- 14. THE UNCLAIMED BENEFITS BALANCE INCREASED 35% YEAR-ON-YEAR**
- 15. ADMIN COST PER MEMBER INCREASED VS A PLANNED DECREASE**

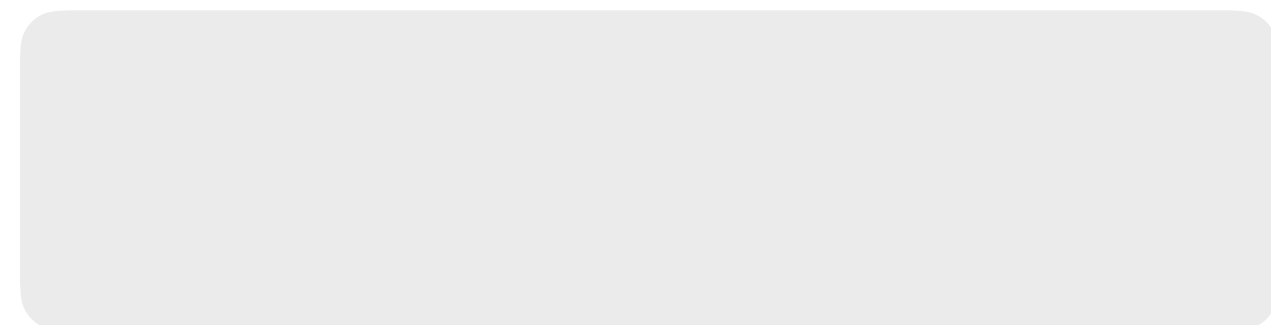
EMPOWERED THROUGH EFFECTIVE COMMUNICATION

- 16. GEPF VALUE EFFECTIVE COMMUNICATION BY NOT MISREPRESENTING OR WITHHOLDING INFORMATION. THE ANNUAL REPORT ASSESSMENT AND UPDATED PENSION LIABILITIES VALUATION WAS DELAYED**

- 17.COMMUNICATING OPENLY AND FREQUENTLY. THIS VALUE WAS TESTED AGAINST THE EXAMPLES OF STEINHOFF, THE OMBUDSMAN ISSUE AND TIMELY FINANCIAL INFORMATION
- 18.BEING OPEN TO SCRUTINY AND OVERSIGHT. VALUE WAS TESTED USING THE DISCLOSURES OF ACTUAL PERFORMANCE AGAINST STRATEGY (PDO)
- 19.PAIA COMPLIANCE AND ACTIVITY. FOCUS AREA - ABSENCE OF A PAIA MANUAL YET TRUSTEES CERTIFY NO KNOWLEDGE OF NON COMPLIANCE.
- 20.ACCESS TO THE TRUSTEES BY MEMBERS. FOCUS AREAS BOARD MEETINGS CLOSED, TRUSTEES DO NOT ANSWER QUESTIONS ON AR. DODGING QUESTIONS IN PARLIAMENT
- 21.SATISFACTION RATINGS DISCLOSED WAS GPAA SERVICE RATINGS. NO RATINGS FOR GEPF EXECUTIVE MANAGEMENT (PERFORMANCE BONUSES INDICATES EXCELLENT RATINGS) TRUSTEES HAVE NOT DONE PERFORMANCE RATINGS FOR THE LAST TWO YEARS.

JUST WRITE DOWN THE ITEM NUMBER...

ISSUES NOT DISCLOSED...



ISSUES DISCLOSED BUT MORE CLARITY REQUIRED

