



MEDIA RELEASE 4/2022

Issued on behalf of the Association for the Monitoring and Advocacy of Government Pensions. (AMAGP)

Cape Town
29 August 2022

GOVERNMENT EMPLOYEES' PENSIONS SHOULD NOT BE INVESTED IN THE BUSINESS OF THE EMPLOYER

The Association for Monitoring and Advocacy of Government Pensions (AMAGP) argues strongly that government employees' pensions should not be invested in the 'business of the employer'

Eskom is financially in dire straights with vocal voices advocating the use of government employees pension funds (via the Public Investment Corporation: PIC) to rescue Eskom. The South African Airways is about to be resurrected from business rescue inter alia by a consortium that received, via the PIC, government employees pension funds: a process that received intensive attention at the Mpati Commission of Investigation into the PIC.

It is fundamentally flawed for the PIC to invest funds obo of the Government Employees Pension Fund (GEPF), 'in the business of the employer' i.e. to promote the policies of the state and the government of the day such as 'the facilitation of job creation, economic empowerment and transformation'. The Mpati Commission, which investigated the investment practices of the PIC, 'has concluded that, among other things, there has been substantial impropriety at the PIC'. This 'impropriety' involved GEPF money and 'exposes it to substantial financial vulnerability'.

The Pension Funds Act (which regulates private pension funds) allows for only 5% of the fair value of that pension fund to be invested 'in the business of the employer' – good investment policy to prevent abuse by the employer of its employees' pension funds and in the best interest of that pension fund!

The Government Employees Pension Law (GEPLaw - which regulates state pension funds) however does not have a similar stipulation – government employees are not similarly protected by the present wording of the 'GEPLaw'.

The pension funds of government employees are at present abused by the State to further 'the business of the employer'. It is inconceivable that public sector employees do not enjoy the same statutory protection as re the management of their pension fund compared to what is enjoyed by private sector employees.

Investment 'in the business of the employer' is not in the best interest of government civil service employees, retirees or the GEPP as pension fund entity.

Investment 'in the business of the employer' is direct and unfair discrimination against government civil service employees and pensioners.

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