

**The Association for Monitoring and Advocacy of Government Pensions: An independent group of pensioners and civil servants concerned about the long term viability of the GEPF and sustainability of its return on investments.**

[](https://solidariteit.co.za/die-gepf-weier-steeds-om-inligting-bekend-te-maak/)

**NEWSLETTER VOL 2 NO 9**

**AMAGP – Association for Monitoring and Advocacy of Government Pensions**

**BOT – Board of Trustees [of the GEPF]**

**GEPF - Government Employees’ Pension Fund**

**PIC – Public Investment Corporation**

**PSA – Public Servants’ Association**

**SC – state capture**

**SCF – Standing Committee on Finance**

**SCOPA - Standing Committee on Public Accounts**

**SOE – state owned entities**

***There are more than 1 200 000 government employees contributing to the GEPF, and more than 400 000 pensioners. The GEPF is about R 1,8 trillion strong. IF it is isn’t mismanaged, or captured and plundered.***

**The Editor’s Word**

"***"First they ignore you, then they laugh at you, then they fight you, and then you win." – attributed to Mahatma Gandhi***

The MG has been registered as a non-profit organisation at the Department of Social Development.  In this process a name change was insisted on, for various reasons. To maintain the original name would have required more time and postponed the registration process that the MG didn’t regard as to the advantage of pensioners or contributors. It was just quicker to accept their proposal for an amended name. The new name for the MG is the

**"Association for Monitoring and Advocacy of Government Pensions" [AMAGP]**

**Die Afrikaanse weergawe**

**“Vereniging vir Monitering en Voorspraak van Regerings Pensioene"**

The same abbreviation will be used for both languages. All references to the MG will change in due course, so don’t get excited if you see both being used in this newsletter.

When you read the quote above, decide for yourself after reading the newsletter where we are in the process of awareness that future pensioners must all benefit from the GEPF as they expect to.

Sustainability: **a:**of, relating to, or being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged <https://www.merriam-webster.com/dictionary/sustainable> dd 24 November 2017

The daily reporting of government misuse of our taxes, state capture, investigations into corruption and fraud at SOE and similar enterprises, make horrific reading if you take the time to keep track. At the same time the MG is trying its best with its limited resources to make parliament, the general population, civil servants and pensioners aware of the dangers to our GEPF, no longer just lurking but immediate.

The continued viability of the GEPF and its investment agent the PIC, is at stake. More than this, the sustainability of the GEPF’s investments must receive your undivided priority attention. In this respect there is information in this issue about the poor performance of only some of the PIC investments for the GEPF, as the PIC and GEPF BOT decline to inform us of the reality of all the investments. Even this little information should give you heartburn. The BOT receive remuneration of R 8,732 million according to their annual report…

The PSA is increasingly playing a role in voicing concern about the sustainability of the GEPF investments, see the PSA members Public Service Co-ordinating Bargaining Council Informus 28/2017 date 20 November 2017. If you haven’t received it yet contact the PSA for your copy. The PSA is affiliated to Fedusa, which also is asking serious questions about the sustainability of the GEPF. I suspect their questions will become more insistent the more noncommittal or no answers they receive from the GEPF/PIC.

While all this is happening, the MG/AMGP hasn’t been resting but is active in providing support to parliamentarians, media statements especially down south as the newspapers in Jozi seem to relish sensation more than facts, and communication with various stakeholders. Mr Maynier of the DA is evidently busy with a private bill about the PIC; any co-operation between PSA/AMAGP/DA/Fedusa hopefully will deliver results in next year.

Pensioners may evidently retain their membership of the PSA after retiring, on condition of remaining a member. Of course, pensioners don’t work, unions are for workers not ex workers! Thus no incentive to remain a member, well you can now see why you should become and remain a member. Unfortunately there is currently no provision to join the PSA if you are a pensioner; however the PSA is investigating possible solutions. Don’t get your hopes up soon. For those of you who are still serving civil servants, it might be a good idea to join the PSA for the advantages and the added numbers giving the PSA more voice in negotiations. The PSA is one of the organisations that is going to fight your pensioner battles for you. No, I don’t get commission from you joining neither does the AMAGP.

I have been privy to correspondence between a pensioner and the GEPF. The correspondence indicates that the GEPF will answer to the point questions without answering them, ie such generally evasive answers that might as well have been quotes from university textbook. I think the more questions they get the more threatened they will feel up to the point where they will implode.

The Steinhof disaster [R 25 billion loss] - there were warnings as far back as 2015 evidently, of things not right in Steinhof. There have been acrimonious media statements about the GEPF/PIC from the PSA and Fedusa with promises of more strident demands to come. I believe it is still too early for complete clarity on the Steinhof disaster, depending on what actually happened. However, what is becoming ever clearer is the role the BOT should be playing in oversight and due diligence of the sustainability of the investments, at least some transparency is essential. At the same time why did the PIC not note and act on the early warnings about Steinhof? The size of the investment [R 28 billion] alone justifies more than occasional due diligence. The same for Lonmin, Independent Media, Eskom, etc. This might be the moment the BOT wake up? Don’t get excited too soon.

 See the Informus of 18 December 2017 for the official PSA view of the Steinhof debacle. [No 32 of 2017]

The very large platinum producer, Lonmin, continues its troubled existence, with falling revenue, stale market, etc. Under company law if the shareholding goes over the threshold of 35% that person or company has to make an offer to buy out the remaining shareholders. The AMAGP is informed that Sibanye-Stillwater bought Lonmin, evidently in November 2017, and that the PIC has 10% shareholding in the purchasers. Hmm, what is the total shareholding now, as the PIC already holds more than 29%? Where does that place the GEPF shareholding risk?

Zandi Moneyweb. Shabalala and Barbara Lewis, Reuters /14 December 2017 09:32.

Nou moet ons darem ook sê: Aan die begin van die MG se bestaan was daar baie klagtes oor die swak administrasie en kommunikasie van die GEPF. Die MG was toe in gesprek met die GEPF daaroor. By ‘n latere vergadering van die Groeptak Pensioentrekkers van die Kaapse Skiereiland in November 2016 in Kaapstad is verskeie vrae daaroor aan trusteelid, Genl Maj Dries de Wit, gerig, Hy het geantwoord dat die GEPF aandag aan die probleem skenk gee en beoog om onder andere ‘n ombudsman te skep. Kommunikasie en administrasie sou glo verbeter word, met ‘n teikendatum Augustus 2017.

Sedertdien het die stroom klagtes opgedroog. Die GEPFnews kom deesdae gereeld uit en bevat baie interessante inligting. Enkele klagtes, en daar is deesdae min, word na n trusteelid verwys, en volgens oorlewering vinnig opgelos. Nou word die pos vir n ombudsman adverteer soos beloof.

Met dank aan die GEPF dat hulle doen wat hulle sê, altans in hiedie geval.

Dit is interessant dat Deloitte die ouditeure van die gefaalde African Bank was, asook vir Steinhof, en KPMG die van verskeie staatsdepartemente met erge skuldgevoelens, en ander. Internasionaal gerespekteerde maatskappye albei; laat mens wonder wat nog kom en wat hulle alles *nie* gedoen het nie.

A few PIC investments:

Eskom R 89 Billion of which the youngest bonds mature in 2042.

Independent Media R 1 billion plus

Naspers R 161 billion.

Steinhof R 28 billion [current loss of R 25 billion if you use the drop in share price]. SANLAM and Old Mutual together loss of only R 9 billion in Steinhof. Hmm.. What dit they know that PIC missed?

Let us not forget the initiative reaching back to 2016 for one inclusive centralised pension fund for SA. This will swallow up the more than 5 000 current pension funds and create about R 3 trillion to invest, the biggest investment fund in Africa. This kind of money adds to the already overabundant temptation. However, such a pension fund works in other countries so it could here too, but they don’t have our level of SC, corruption, etc.

Editor

**NEWS NEWS NEWS**

*The letter below is unattributed but it is placed as it makes interesting reading*.

“From a friend

PRODUCTIVITY AT ESKOM. HOW IS THIS FOR A MULTIPLIER EFFECT?

I went to an Allan Gray Presentation yesterday and Andrew Lapping (excellent speaker) gave some fascinating information on Eskom.

The background to this was the mini-budget and how Govt spending has increased dramatically but unfortunately has been used in a very unproductive manner.

He mentioned that we all hear about how the SOE’s are being run badly but to give more perspective on this, he drilled down into Eskom, the biggest SOE.

From 2003 to 2017, the electricity output has remained flat (i.e.no increase at all). Now if a company’s production remained flat over a 14 year period, one would assume that there had been a reduction in costs and that the company had become more efficient and productive with fewer resources.

Now let’s look at Eskom…

In 2003, they had 32 000 employees. In 2017, they have 47,000 employees (a 50% increase in employment with zero increase in productivity).

One could think that maybe they employed many low paid employees to help the unemployment situation.

Not so …

In 2003, the 32,000 employees had an average annual salary of R 200 000. In 2017, the 47,000 employees have an average annual salary of R 825 000 (if they had inflationary increases, it would have been an average income of R 400 000.

So in summary, over the 14 year period, their production remained flat, their employment increased by 50% and their average annual salary quadrupled.

Could your company survive if it did anything like Eskom?

And now we know where our tax money is going!”

*Comment*

*I have been informed that the PIC is obliged to invest ia in SOE according to the Act. However, it does seem to be risky to keep investing and adding to investments in a non-performing entity such as Eskom.*

*Synopsis*

**Eskom’s latest work on energy policy plan rejects nuclear**

Nov 24 2017 07:08

Chris Yelland, investigative editor, EE Publishers

<https://www.fin24.com/economy/eskom/eskoms-latest-work-on-the-irp-for-the-doe-rejects-nuclear-20171124?utm_medium=email&utm_source=Fin24|AMUpdate&utm_term=www.fin24.com/economy/eskom/eskoms-latest-work-on-the-irp-for-the-doe-rejects-nuclear-20171124>

Johannesburg - The findings of the latest work on the draft Integrated Resource Plan for Electricity [IRP 2017] by Eskom for the Department of Energy (DoE) are proving to be somewhat problematic for Energy Minister David Mahlobo. As a result, this latest work by Eskom and all further work on IRP 2017, has now been taken out of the hands of both Eskom and the DoE planning technocrats by Mahlobo and his nuclear team so they can “massage” it further with “policy adjustment”.

The Eskom work confirms studies by other respected research bodies in South Africa and abroad that the new-nuclear option for South Africa is both unnecessary and costly. After modelling numerous scenarios in the latest work by Eskom, the study focusses on five broad scenario options, referred to by Eskom as the reference case; the optimum plan; the low growth scenario; the carbon budget plan; and the forced nuclear scenario.

In the forced nuclear scenario, some 9.6 GW of new-nuclear power is “hardwired” (or forced) into the IRP model in the years to 2050, because none of the other scenarios modelled come up with this particular outcome, which appears to be preferred by the DoE nuclear team and the Zuma administration.

For the first time, this latest work by Eskom incorporates the cost of transmission infrastructure. Eskom concluded that the total cost of grid integration of renewable energy, coal, gas or nuclear is actually minimal in comparison to the cost of the generation component.

Based the studies and again contrary to what is often heard from nuclear evangelists including those within Eskom itself, the latest Eskom study shows that the overnight capital cost of new nuclear in SA is the highest by far of all the generation technologies.

In response to this article, Eskom has indicated that it unable to comment as is not aware of the contents of the IRP. “The Eskom team is only involved in terms of providing the modelling work, with the approach and inputs given by the Department of Energy,” said Eskom spokesperson Khulu Phasiwe. The DoE did not respond when given the opportunity for right-of-reply.

In summary, the Eskom modelling work makes it clear that the unconstrained least-cost scenario of the optimum plan does not include any new nuclear power. Furthermore, the modelling shows that the only way to getting new nuclear into the IRP is by artificially constraining renewable energy, or by taking a hardwired “forced nuclear” approach.

Perhaps it is these realities highlighted in the latest modelling work and findings by Eskom that are giving the DoE planners and nuclear team some headaches, leading to the delay in the release of IRP 2017.

***Comment***

*How likely is it that Eskom is unaware of the contents of the IRP?*

**Media Statement by the MG**

A P Stemmet

Insttution: GEPF Monitor Group  
Capacity: Spokesman

Cape Town  November 2017

**Statement**

  The GEPF Monitor Group (MG) has taken note of the discussions of and resolutions by the Standing Committee on Finance about matters concerning the Government Employees Pension Fund.

  It is noted that there is a possibility that a Committee Bill amending the PIC Act will be considered shortly. Apparently most of the Unions agreed to most of the matters to be attended to in the Bill. It should be pointed out that there are 1 273 784 active members and 437 051 pensioner members of the fund and that a substantial percentage of them do not belong to a union. The proposed amendments to the PIC Act will have a direct effect on them and it is felt that they should also be consulted properly.

  The MG respectfully points out that the emphasis during the discussions was, as in the past, on the wrong instance, the PIC, and not where it belongs in terms of the relevant Act of 1996: the Board of Trustees of the Pension Fund. The PIC can be regarded as a mere investment agent seeing that other agents can also be used by the GEPF. It is for instance part of the investment policy of the GEPF to appoint black asset managers. Seeing that the GEPF is refusing to answer questions put to them by the MG, it is not known whether this has happened in the past. It is, however, noted that Dr Dan Matjila, CEO of the PIC, stated to the Standing Committee that the PIC was gradually redirecting funds to black owned fund managers. Why should this happen via the PIC, in this case a third party and not direct by the GEPF to these asset managers? This can be an unnecessary and costly matter.

  If the PIC Act is amended to make provision for representation of union members on the board of the PIC and the GEPF then decides, as they are entitled to do, to make use of other asset managers than the PIC, the interests of the workers and pensioners would not be taken care of. A possible solution is that stricter control should be exercised by the Board of Trustees. The unions are in the excellent position to ensure that this happens, simply by appointing suitably academically qualified and experienced members as trustees

  Regarding the possibility of making the PIC the sole asset manager, I wish  to refer to a statement on 20 November 2017 by Mr Ivan Fredericks, General Manager of the PSA in which he strongly objects to this proposal.  In preliminary discussions between him and members of the MG it was decided that our two organisations will for obvious reasons jointly oppose this possibility. There are many reasons for this but suffice to say at this stage that some of the problems experienced at this stage stem from the fact that the PIC is at present in effect the sole asset manager. Add to this the fact that the Board of Trustees of the GEPF does not at present as required by law exercise proper control over investments made on their behalf by the PIC.   It should also be remembered that the PIC is a government corporation and being the sole investment agency of pensioners' money then becomes unthinkable. This matter as well as other proposals to the Standing Committee will be discussed shortly between the PSA and MG with a view to making joint proposals to the Standing Committee.

  The possibility of creating a housing scheme requires much more deliberation. The argument that money can be saved by the GEPF directly administering such a scheme does not appear to be sound. During July 2016 it was announced that the GEPF made available R10,5 bn for housing through SA Home Loans. In the Annual Report for 2017 it was reported that the GEPF has participated in 646 housing projects which has facilitated access to 44 625 housing units. Indeed a good record using a system which should perhaps not be tampered with.

End of statement

Adamus P Stemmet

Durbanville

*Synopsis*

**Auditor-General eyes corrupt officials’ pensions**

*Lesetja Malope*2017-11-25 15:26



Auditor-General Kimi Makwetu PHOTO: Elizabeth Sejake

Corrupt officials may soon find themselves personally liable for losses incurred by the state if Auditor-General (A-G) Kimi Makwetu has his way.

Makwetu has proposed a review of the Public Audit Act to enable his office to refer undesirable audit outcomes for further investigation and, where financial losses were incurred through flagrant mismanagement, a debt would be raised against officials fingered.

Makwetu addressed attendees at this week’s presentation by the SA Institute of Chartered Accountants on the Public Finance Management Act audit outcomes. Speaking at the event, he said his office wanted the reviewed legislation to raise a debt in the state pension funds of those officials who had acted recklessly, to ensure that the debt incurred was settled by the guilty party.

According to Makwetu’s spokesperson, the procedures to support Makwetu’s proposal to Parliament to grant him extended powers are yet to be determined and will be articulated in a set of regulations after the amendments to the act are promulgated.

“The Public Audit Act, in its current form, does not require the A-G to report criminal activity to the law enforcement agencies. Indicators of suspected criminal activity are reported to management, who is charged with the responsibility to report those infringements for further investigation and possible prosecution,” he said.

Source: City Press

***Comment***

*We need more like him. Hopefully he stays long enough to make a real difference and keep them honest.*

*This is a letter compiled and sent by a concerned pensioner to Mr Collocot. The articles are included a bit later. Author’s name may be provided on request.*

“Good evening Mr ……..

I recently revisited two excellent articles by yourself:

PIC and the GEPF: An overview

AND

Addressing the concerns of government pensioners

In the later it’s stated:

*If there are any concerns on the part of GEPF members or pensioners, they should take up this standing offer and convey their concerns to the GEPF directly. The membership of the GEPF Board of Trustees is set out in the annexure.*

I decided to follow your suggestion and communicate directly via my pensioner elected Trustee about certain issues.

First issue: Investment policy.

Result:  Info not avalable as it was deemed to be Confidential.

Second issue: Annual Report 2017.

Result: Mixed results.  Replies received on majority of topics BUT very low on detail. Questions about Investment Performance not answered at all.

Third issue:  Board Charter.

Result: Matter passed on to the Officials. Still waiting.

Please find attached the correspondence /summary related to the above.

Whilst it’s true that in theory the members can ask for information and require answers, the current modus operandi at the GEPF only results in some answers, if you are lucky.

Key words in the current GEPF dictionary is

- Confidential

- Details of operational matters that it is for the Board to determine and supervise

Last mentioned was even used in replies to questions posed by the FSC!

It was disappointing to experience the distance Trustees keep in answering (being accountable) for anything directly towards members/pensioners.  Being accountable goes further than just to answer, it also involves being available and facilitating information flow.

It’s worth remembering that the GEPF does not have an AGM although the FSB's guidance PF130 indicates the desirability of this.  Also, Board meetings are not open to members and the minutes are also confidential, so in year visibility is also restricted.

If the PEO does all the answering, then the trillion rand question would be

when AND

to whom

does the Board of Trustees then actually account?

Last mentioned is not only of relevance to members and pensioners of the GEPF but to each and every taxpayer courtesy of the Governments guarantee of benefits. As such the GEPF is well and truly not like other pension funds.

I trust you may find this to be of use.

Regards”

*The next two articles are the ones mentioned in the letter above*.

*Synopsis*

**PIC and the GEPF: An overview**

Charles Collocott |

15 June 2017

Charles Collocott looks at the need for transparency and the framework within which they invest

**The Public Investment Corporation and the Government Employees Pension Fund – an overview**

This Brief considers the overall structures of the Public Investment Corporation (PIC) and Government Employees Pension Fund (GEPF), with a focus on transparency and the framework within which they invest. The need for transparency has been highlighted since the PIC invested over R 1 billion in Independent Media in 2013.

**The Public Investment Corporation**

The PIC manages assets of over R1.857 trillion. It is a registered financial services provider wholly owned by the government.  The Minister of Finance is the shareholder representative.

The PIC invests funds on behalf of the following public sector entities:

|  |  |
| --- | --- |
| **Clients** | **% of assets under management** |
| Government Employees Pension Fund (GEPF) | 88.2% |
| Unemployment Insurance Fund (UIF) | 6.7% |
| Compensation Commissioner(CC) | 1.9% |
| Compensation Commissioner Pension Fund (CP) | 0.9% |
| Associated Institutions Pension Fund (AIPF) | 0.7% |
| Other | 1.6% |

According to the PIC, “[all] investment decisions are directed by detailed client mandates, which are negotiated individually with each client [including benchmarks] in line with their investment profile and risk appetite. These client mandates comply fully with the requirements of the Financial Services Board (FSB), with which the PIC is registered as an approved financial services provider.” [1]

Relevant legislation determines that the PIC as a government-owned corporation is subject to the Companies Act; accountable to Parliament for its financial management.

The main investment objective of the PIC is to “achieve strong long-term capital returns above clients’ benchmarks, supported by robust risk management while contributing to the broader social and economic development of South Africa and the rest of Africa.” [1]

**The PIC’s Asset Management Divisions**

1. Fixed Income

The PIC invests only in instruments listed on the Bond Exchange of South Africa and holds more than 42% and 50% of Government and SOE bonds respectively. Eg the PIC holds around 80% of Eskom’s bonds maturing in 2023 and 2026, and over 30% of Eskom’s bonds maturing in 2033 and 2042.  Concern has been raised about the PIC buying Eskom bonds in private placements since 2014 instead of public auctions. [3]

2. Listed Equities

The PIC is according to its own account one of the largest institutional investors in South African equities. According to the PIC’s annual report 31 March 2016, 48.03% of the PIC’s R1.857 trillion in assets was invested on the JSE, and on that date the JSE market cap was near R 15.260 trillion. Thus the PIC in fact owned 5.8% of the JSE in March 2016.

Approximately 80% of the GEPF’s equities portfolio is managed internally by the PIC on a ‘passive’ enhanced index basis. The remaining 20% is managed externally by active asset managers. The GEPF mandate allows up to 10% of equities to be invested outside of South Africa. Currently PIC claims 5% is invested offshore and the remaining 5% will be invested in the rest of the Africa.

3. Properties

This includes property asset management, development and acquisitions. Among the companies in which PIC Properties invests includes:

- Pareto Limited, owns premier shopping centres around the country,

- V&A Waterfront, and

- Airports Company South Africa (ACSA).

Property made up 5.22% of the PIC’s assets, or R96.94 billion in 2016.

4. Isibaya Fund

Isibaya was established in 1999 to invest in projects across Africa. The focus areas are private equity, developmental investments, finance to private and public sector organisations or to intermediaries (such as fund managers). Isibaya makes up 2.96% of the PIC’s assets, or near R55 billion with the size of the Isibaya Fund more than doubling since 2014.

The PIC Annual Report sets out the different asset classes as a percentage of assets under management, but specifics aren’t available. In October 2016 the PIC provided Parliament’s Standing Committee on Finance with a detailed list of its Isibaya Fund investments, but there has been no indication that such disclosure will be regular.

**The Government Employees Pension Fund**

GEPF is governed by the Government Employees Pension Law to manage and administer pensions and other benefits for government employees.

A Board of Trustees governs the Fund and is accountable for administrative and investment performance.  It also determines the investment policy in consultation with the Minister of Finance.  The Board approves the annual financial statements, and these are presented to Parliament by the Minister.  The Board consists of equal numbers of representatives from members/pensioners and those nominated by the employer (i.e. government).  Government is responsible for meeting the Fund’s obligations, provided any change in investment policy is subject to the approval of the Minister of Finance.

The GEPF’s investment strategy is determined by the magnitude and time profile of liabilities, i.e. pension payments. GEPF’s assets are managed primarily by the PIC. As opposed to the PIC, specifics of GEPF’s investment holdings are disclosed in full detail within GEPF’s Annual Reports.

The strategic and actual allocation of the GEPF is as follows:

|  |  |  |
| --- | --- | --- |
| **Asset class** | **Asset allocation range (%)** | **Asset allocation 31 March 2016 (%)** |
| Cash and money markets | 0 - 8 | 1 |
| Domestic bonds | 26 - 36 | 33 |
| Domestic property | 3 - 7 | 5 |
| Domestic equity | 45 - 55 | 53 |
| Africa (ex-SA) equity | 0 - 5 | 1 |
| Foreign bonds | 0 - 4 | 2 |
| Foreign equity | 1 - 5 | 5 |

The Fund shows an annualised return of 11.1% over the three years ended 31 March 2016.

In terms of the GEP law and the Fund’s rules, an actuarial valuation has to be carried out at least every three years.  The most recent Annual Report, dated March 2014, shows that its liabilities are 121.5% funded (including a reserve of R252 billion).

**Independent Media Group**

In 2013 the Irish owners of the Independent Media Group (the old Argus group) sold the business to Sekunjalo Investments. At the time it was understood the PIC financed most of this purchase in the form of loans to Sekunjalo and took for itself a 25% equity stake.

The prudence of this investment has received wide speculation in the press since 2013. There has however been no clarity on the issue due to a lack of information provided by the PIC. All that has been disclosed is an aggregate amount of R 1.275 billion invested by the PIC in Independant Media as presented Parliament in October 2016. This amount invested includes both an equity investment of R 166 333 000 and a loan of just over R 1.1 billion.

**SAA**

Comments recently about the GEPF or PIC as potential equity partners in state-owned entities have raised the danger of pressure to fund ventures in order to assist government. These would likely not be sound investments for pension funds.

SAA has incurred operating losses during the past five years and it admits that “[cash] flow will remain a critical issue until the airline receives an equity injection to reduce its expensive reliance on debt funding.” [4]

Poor SOE governance was a major reason for South Africa’s sovereign credit downgrade, with SAA’s poor governance being well publicized. The only reason SAA can be classified as a going concern is because of debt it has been able to raise thanks to government guarantees totalling R 19.1 billion. So far no pension funds have been directed at bailing out the ailing airline.

**Conclusion**

It is important for the PIC and GEPF to be completely transparent. While GEPF does disclose its investments (which make up 88% of the PIC’s assets), the value of PIC investments not regularly disclosed is significant and the PIC should consider providing detailed presentations on a regular basis to achieve and maintain good governance.

*Charles Collocott, Researcher, Helen Suzman Foundation.*

*This article first appeared as an HSF Brief.*

*Notes*

*[1] www.pic.gov.za/  
[2] See*[*here*](https://www.dailymaverick.co.za/article/2017-06-10-scorpio-prasa-treasury-investigation-recommends-sfiso-buthelezi-be-criminally-charged/#.WUEMsmh97IU) *[3] See*[*here*](https://www.moneyweb.co.za/moneyweb-opinion/government-employees-are-propping-up-eskom/) *[4] South African Airways Group Integrated Annual Report for the Year Ended 2016  
[5] See*[*here*](http://www.timeslive.co.za/politics/2017/05/23/Gigaba-endorses-Dudu-Myeni%E2%80%9A-SAA-board)*.   
[6] Section 22, Rules of the Government Employees Pension Fund, Schedule 1 to the Government Employees Pension Law 1996.*

Source: Politicsweb 6 December 2017

*Synopsis*

**Addressing the concerns of govt pensioners**

Charles Collocott | 03 August 2017

Charles Collocott looks at possibility of changes to mandate of the PIC in light of suggestions made by the finance minister

**Addressing the Concerns of Government Employee Pension Fund Members and Pensioners**

Introduction

The Minister of Finance has recently made his thoughts public on changing the mandate of the Public Investment Corporation (PIC) in order to drive government policy. Given that the PIC manages funds on behalf of the Government Employees Pension Fund (GEPF), with its more than 1.2 million active members and in excess of 400 000 pensioners and beneficiaries, one needs to consider the potential implications of these statements.

**GEPF Governance**

GEPF is required to comply with the requirements of the Government Employees Pension Law (GEP Law) which is binding on the State. According to the GEP Law:

- A Board of Trustees (The Board) governs the Fund and is accountable for administrative and investment performance.

- The Board consists of equal numbers of representatives from members/pensioners and those nominated by Government.

- The Board determines the investment policy in consultation with the Minister of Finance.

- The Board approves the annual financial statements, and these are presented to parliament by the Minister.

- Government is responsible for meeting the Fund’s obligations, provided any change in investment policy is subject to the approval of the Minister of Finance.

- A member or pensioner has the right to communicate directly with the Fund in regard to any matter which affects him or her personally.

**The PIC, GEPF and Oversight**

The PIC manages assets of over R 1.8 trillion, of which R 1.6 trillion are managed on behalf of the GEPF. As an example of the possibility of a broadening of the investment portfolio, National Treasury told parliament’s Standing Committee on Finance that it was considering the PIC as a potential equity partner to recapitalise South African Airways (SAA). Given SAA’s financial situation and prospects, an investment of this nature would be of legitimate concern to GEPF members and pensioners, and so the GEPF released a statement a week later which contained the following:

Speaking at a briefing at the ANC’s recent Policy Conference, the Minister of Finance, Malusi Gigaba, who is government’s shareholder representative for the PIC, said that as part of the drive towards “radical economic transformation” it was necessary to “review PIC’s role in driving transformation instead of it being seen narrowly as an instrument for empowerment of a few elites” [1]. No substantiation was provided for the reference to elites.

According to the PIC, “[all] investment decisions are directed by detailed client mandates, which are negotiated individually with each client in line with their investment profile and risk appetite. These client mandates comply fully with the requirements of the Financial Services Board (FSB), with which the PIC is registered as an approved financial service provider.” [4]

Fortunately for GEPF members and pensioners, the GEPF is a juristic entity, separate from government and governed by a board of trustees and FSB rules such as Circular PF No. 130, entitled *Good Governance of Retirement Funds*. The preamble of Circular PF No, 130 states:

The assets of a retirement fund are administered for the main purpose of providing the benefits promised in terms of the registered rules of that fund. The board of management (sometimes referred to as trustees) therefore holds fund assets in trust for those persons who will ultimately benefit from them.

Against this background, GEPF members and pensioners would want to rely on a dedicated Board of Trustees to look after their interests and not to succumb to political pressure being applied to it in an attempt to divert funds to investments which may not be suitable for pension funds.

Furthermore, Parliament’s Finance Standing Committee (FSC), to whom the PIC and GEPF report, cannot be relied on for adequate oversight.  In a presentation on 18 October 2016 by the PIC to the FSC, the FSC Chairperson Yunus Carrim said that “On the whole the Committee was impressed with PIC (sic), although it did not have the technical capacity to form a true assessment.”  Added to this, full analysis of the FSC, PIC and GEPF interaction shows that the FSC has little concern for the prudence of investments made on behalf of the GEPF, but instead tried convincing the PIC and GEPF to invest in projects or areas they in their limited technical capacity saw fit. Lastly, the FSC “[C]ongratulated the PIC for providing the information on the PIC unlisted investments and were satisfied with these.” However, it has long been acknowledged that there has been a gross lack of transparency in the PIC’s unlisted investments.   The most well-known example is the R1 billion unlisted investment in Independent Media in 2013.

**Conclusion**

It would not be unreasonable to assume that the PIC and GEPF will be under increasing pressure to make investments to assist state-owned enterprises or other companies with close links to Government, which would, in the normal course, be considered less than prudent.  If the GEPF Board of Trustees acts as they should in representing their members and pensioners, irresponsible investment decisions will not be made.

As mentioned earlier in this brief, in terms of the GEPF rules, any member or pensioner has the right to communicate directly with the Fund in regard to any matter which affects him or her personally.  If there are any concerns on the part of GEPF members or pensioners, they should take up this standing offer and convey their concerns to the GEPF directly. The membership of the GEPF Board of Trustees is set out in the Annexure.

*By Charles Collocott, Researcher, HSF, 3 August 2017*

*Comment*

*In recent [2017] FSC due diligence the Chairperson was not impressed with the PIC. The PIC and GEPF next meeting with the FSC is going to be interesting, especially with the new information becoming available daily.*

*Synopsis*

**Public servants union still suing Gigaba over PIC concerns**

Dec 07 2017 06:20

Yolandi Groenewald

<https://www.fin24.com/Economy/public-servants-union-still-suing-gigaba-over-pic-concerns-20171207-2>

Johannesburg - The Public Servants Association (PSA) said this week it planned to continue with legal action against Finance Minister Malusi Gigaba to protect public servants’ pension investments, despite a letter from Gigaba asking for a meeting in January with its leaders. Gigaba’s continued failure to respond to the union’s demands left it with no other option, it said in a statement.

The union said it had requested the minister in three letters dated September 5, 12 and 26 October 2017, to engage with labour about the management of public servants’ pensions invested at the Public Investments Corporation (PIC) through the Government Employees’ Pension Fund (GEPF).

But for the past three months the minister simply ignored the correspondence. This compelled the PSA’s attorneys to issue a letter of compliance to the minister at the end of November. The minister then responded in a letter, dated December 1, 2017, indicating that a meeting with the union would be scheduled during the third week of January 2018.

PSA Deputy General Manager Tahir Maepa said Gigaba’s response has not addressed the specific issues raised by the PSA. “The PSA is determined to ensure that public servants’ pensions are protected, and to make sure the PIC management team is not forced into shady deals,” he said. “The union will thus continue with court action in this matter.”

In the 3 letters to Gigaba, the PSA requested him to amend the Memorandum of Incorporation to include GEPF representation on the PIC board and to fill three existing vacancies on the board with labour representatives. In addition the union also demanded that 80% of the PIC’s board must comprise of public servants and called for the removal of current board members with conflicting interests.

The PSA also wants full disclosure of non-listed companies that have already been granted funding by the PIC and the freezing of funding for new investments of this nature. It also asked the Minister to investigate the possibility of an independent forensic audit ordered by Gigaba. Maepa reiterated that Gigaba’s probe was an effort to get rid of “sound managers” at the PIC. This is to “bring their own people to have access to the PIC money”, he alleged.

Previously Matjila said that Treasury has no say in the investment mandate of its clients. He also said that although it may be possible for the corporate management of the PIC to be captured, it would be difficult to capture its clients and their mandates as there are a "fair amount" of checks and balances.

***Comment***

*The PSA [affiliated to Fedusa] is showing teeth that will certainly make the Minister and his advisors reconsider. Hopefully there will be renewal of thinking will be starting in the GEPF BOT, especially if any legal action starts to involve them personally.*

*Synopsis*

**GEPF investments should be closely scrutinised**

Government guarantees may in time be hoist by their own petard.

Barbara Curson  /  4 December 2017 00:47

The Board of Trustees, responsible for the overall governance of the fund, is headed by Dr Renosi Mokate. The board agreed that the GEPF will focus on the following five strategic objectives for the 2017/18 financial year:

·      Improve benefits administration;

·     Improve member and beneficiary communication and education;

·      Improve investment monitoring;

·      Risk management architecture; and

·      Improve stakeholder relations.

The sixth objective should be to make the financial statements more transparent. No details are provided of direct loans to unlisted entities of R12.2 billion, and no details are provided of equity investments in unlisted entities of R11.1 billion. Nor have any details been provided of the investment debtors of R2.7 billion which are included under Accounts Receivable (note 5 to the AFS).

Recently, on being questioned by members of parliament as to whether the GEPF is vulnerable to state capture, Dr Mokate was accused of evading the questions.

Much lip service is given to the assurance that the GEPF payments to beneficiaries are guaranteed by the government. Taking into account existing government guarantees given to state-owned entities, South Africa’s low growth rate, failure to stimulate the economy, the looming final downgrade, the rising government debt and the exceedingly high interest rates on government bonds, these guarantees may in time be hoist by their own petard.

The actuarial present value of promised retirement and other benefits in respect of contributing members is R1.0 trillion. The fund valuator, Howard Buck, is satisfied that the net assets available for benefits of R1.6 trillion is sufficient to meet the future liabilities of the fund.

I do question however whether this value has not been eroded by unsound investments?

The GEPF holds R85.9 billion of Eskom bills and bonds. This represents 16.2% of local bills and bonds. An additional R9.4 billion was invested in Eskom bills and bonds in 2017. These bonds are guaranteed by government. Eskom is faced with mounting problems, and one wonders if there is a risk of the GEPF having to increase its bond exposure to Eskom?

The GEPF has invested R46 billion in unlisted entities and R40 billion in direct loans to unlisted entities.

The GEPF’s investment strategy uses a “liability-driven benefit approach, based on asset liability modelling”. Asset liability modelling is an approach to examining investment risks to be able to set informed policies for asset allocation and the funding the future payments of defined benefits. Recently, the PIC had to submit details of the investments in unlisted investments to parliament, contained in the Isibaya Investment Schedule as at March 31 2017. The Isibaya Fund is a division of the PIC, which provides finance for projects that support long-term economic, social, and environmental goals for South Africa.  R1,691 trillion (87.72%) of the PIC’s funds represent assets managed on behalf of the GEPF.  Hence, one can assume that 87.72% of the Isibaya Fund would belong to the GEPF.

It is also to be noted that “investments” include direct loans. One doesn’t require a complex strategy to understand that an investment is a process of investing money for profit, and the higher the risk, the higher the profit. This begs the question, should a pension fund be investing in loans to unlisted companies?

The GEPF should provide more clarity on the following matters in question:

1.    Where the market value of a debtor’s loan is revalued, does the difference represent interest not paid?

2.    If not, on what basis can a debtor’s loan be revalued?

3.    Does the GEPF insist on security on loans granted to entities, individuals and funds?

4.    What valuation methodology is used to value an equity investment in an unlisted entity?

5.    Short-term investments, included under cash and cash-equivalents (note 7 to the AFS), are R27.7 billion. There is no breakdown of this material amount, other than “money-market instruments of three months or less are classified as cash and cash-equivalents”. Does this amount include maturing bonds in state-owned entities (SOEs) or short-term loans granted to unlisted entities?

The external auditors as well as the valuator have given the GEPF a clean bill of health. Nonetheless, I am still of the view that the current investments should be scrutinised through a magnifying glass, and that future investment decisions should be more transparent.

***Comment***

*I recommend you read the full article on Moneyweb, there is more detail the concerned reader should take note of. Since Deloitte and KPMG audit reports should be viewed with the suspicion they deserve, especially if your money is invested there.*

*Synopsis*

**Naspers CEO accused of destroying R600bn in value. Investment advisor writes an open letter to the CEO.**

[Antoinette Slabbert](https://www.moneyweb.co.za/?author=340004) /  15 December 2017 00:01    [12 comments](https://www.moneyweb.co.za/news/companies-and-deals/dear-bob-your-value-destruction-is-picking-up-pace-saporta/#to-comments)

[**NASPERS-N**](https://www.moneyweb.co.za/tools-and-data/click-a-company/?shareCode=NPN)R3,450.67149.5712/21/2017, 5:00:29 PM



Albert Saporta sent a second open letter to Naspers CEO Bob Van Dijk. Picture: Moneyweb

Albert Saporta a director of Geneva-based investment advisory firm AIM&R on Thursday accused Naspers CEO Bob Van Dijk of destroying a total of R600 billion value since taking the helm in April 2014.

The allegations are contained in the second open letter Saporta has sent to Van Dijk in which he responds to Van Dijk’s statements at an [Investor Day](https://www.moneyweb.co.za/news/companies-and-deals/naspers-is-ready-to-fix-its-tencent-problem/) in New York the day before. Van Dijk said that Naspers will consider “structural options” if the value gap with its stake in Tencent Holdings persists.

In response to the latest letter, Naspers head of investor relations Meloy Horn said: “At the recent Investor Day in New York, Naspers management covered the views on and efforts to narrow the discount extensively and we refer to those materials. It is unfortunate that given his views Mr Saporta did not attend the day and take advantage of the opportunity to engage with management on the matter or make any other attempts to engage with us directly.

Naspers’s 33% stake in Chinese internet giant Tencent is valued at $158 billion, compared to the market value of Naspers as a whole at $112 billion, Bloomberg recently reported.

Moneyweb [published](https://www.moneyweb.co.za/news/companies-and-deals/stop-the-naspers-value-destruction/) Saporta’s first open letter to Van Dijk in June this year. He then wrote to Van Dijk: “Since your appointment to the helm of Naspers, the value of the Tencent stake relative to Naspers’ market capitalisation has grown from 90% to 130% today and seems to accelerate. Correspondingly, as implied by the market, the value of Naspers’ dozens of other investments and businesses has declined from a value of R34 billion to negative R300 billion. This can be simply calculated by subtracting the value of the Tencent stake from Naspers’ market capitalisation. In other words, in the last three years, R334 billion of shareholder value has been destroyed.”

He questioned the fact that Van Dijk’s remuneration is based on the appreciation of the share price, which is driven by Tencent. Van Dijk is however not responsible and has no influence over the performance of Tencent. Saporta called for the unbundling of Tencent.

In the latest letter, Saporta says since his previous letter Van Dijk presided over a further R300 billion value destruction – totalling R600 billion since his appointment in April 2014.

Saporta says: “You finally recognised that the size of the discount was too big and that there may be structural reasons for that.”

He reiterates his recommendations made in his previous letter, “which had they been implemented at the time would have saved shareholders at the very least R300 billion, and more.”

Saporta says contrary to market reaction (which erased R100 million of value after the New York meeting), “I am encouraged by the new ‘body language”.

The Naspers share price has dropped from R3 624 on Monday to R3 432.65 on Thursday afternoon.

*Comment*

*Another PIC investment needing full time not occasional due diligence.*

*Synopsis*

**Now Deloitte faces double probe**

Dec 17 2017 06:00

**Justin Brown**

[**-[https://cdn.24.co.za/rebuild/24com/accreditation/city_press_red_small_logo.png](https://www.fin24.com/City-Press)**](https://www.fin24.com/City-Press)



Johannesburg - Deloitte South Africa is facing a double whammy of being probed for its role as Steinhoff International’s auditor and a disciplinary hearing for its work at the time of African Bank’s failure. This makes it the second of the Big Four auditing firms to come under scrutiny, following similar action against KPMG over its role in state capture and compiling a controversial SA Revenue Service report.

CEO of the Independent Regulatory Board of Auditors (Irba) Bernard Agulhas said their disciplinary advisory committee had decided to refer the matter of Deloitte’s involvement in African Bank’s failure in August 2014 to a disciplinary hearing.

Lwazi Bam, Deloitte Africa CEO, said that Irba had informed it would face a disciplinary hearing relating to the 2013 audit of African Bank Investments Limited (Abil) and African Bank. In addition, Irba would investigate the auditing work the company did on Steinhoff’s 2014, 2015 and 2016 financial statements, following Steinhoff’s share price collapse and allegations of accounting irregularities that saw Markus Jooste resign as Steinhoff CEO.

Local auditors have been under great pressure. Since June, Irba has been investigating KPMG’s audit of Gupta-owned Linkway Trading, which was allegedly involved in diverting public funds from the Free State provincial government to pay for a lavish Gupta family wedding at Sun City in 2013.

In addition, 13 000 Hlumisa and Eyomhlaba shareholders are suing Deloitte and Abil directors for R2.1bn. The former Abil empowerment partners also filed a complaint against Deloitte with Irba. In court papers, they blame the loss of R41bn on the bank’s directors and Deloitte.

Gigaba said a regulatory task team would be assembled to have a look at Steinhoff. It would consist of the Financial Services Board (FSB), Irba and the SA Revenue Service to deal with the matter decisively, he said.

Treasury director-general Dondo Mogajane expressed concerns that any stumble in Steinhoff’s performance could affect the government’s revenue collection, which was already below forecast.

On Thursday, Wiese stepped down as chairman to resolve questions about any possible conflict of interest between his position and his being the largest shareholder in Steinhoff. His move followed a statement by the Government Employees’ Pension Fund (GEPF) and the Public Investment Corporation (PIC), in which they expressed their discomfort about the lack of independence of the Steinhoff board. They questioned the conflict of interest related to Wiese’s role as interim executive chairman.

The GEPF and the PIC insisted that they be allowed to appoint two independent nonexecutive directors to the boards of Steinhoff and Steinhoff Africa Retail.

Steinhoff shares were down 7.7% by about 4pm on Friday, at R8.23, off the R6 low the share hit on Friday, December 8, but off the level of about R56 before the accounting irregularities were made public.

Earlier this week, the department of trade and industry and the Companies and Intellectual Property Commission said they would launch investigations into the allegations regarding non-compliance with the Companies Act and other regulations.

Other entities probing the Steinhoff debacle are PricewaterhouseCoopers, the JSE, the FSB and German authorities.

This week, three parliamentary committees – the standing committee on public accounts (Scopa), the portfolio committee on public service and administration, and the standing committee on finance – demanded that action be taken.

“This crass greediness of senior executives in the private sector is an indicator of the pervasiveness of immoral conduct among South Africa’s elite,” Scopa said.

Finance committee chairman Yunus Carrim said they would work with Scopa and call regulatory bodies, Treasury, the PIC, the GEPF and Steinhoff officials to account to Parliament when it reconvened in January.

*Comment*

*It seems the FSB also is becoming well versed in meaningless replies to pertinent questions, ever since the whistle blowing incident some time ago. Makes you wonder what the results of an investigation by the FSB would [not] reveal?*

Contents of a letter to N Godi of SCOPA and Y Carrim of the Standing Committee on Finance. 13 December 2017. Compiled and sent by one of our concerned pensioners.

“Good day Sir

The media today indicates such hearings are planned.

As a GEPF pensioner I cannot thank you enough for your initiative to act decisively in this regards.

THANK YOU! THANK YOU! THANK YOU!

This is far more reassuring to me than the GEPF's own recent press release implying everything is still fine notwithstanding a R25bn investment wipe-out.

My confidence in the current Board of Trustees to deal with this as well as other challenges facing the Fund, notably their inability to improve the FUND's long term funding level, is at an all-time low.

I notice from the reports in the media that a number of people and executives of a number of role-players will be summoned to Parliament. I unfortunately see no mention of the GEPF Board of Trustees (BoT) being called to answer to your committee?

For one reason or another, the media and others who should know the accountability framework of the GEPF better, continuously are holding the PIC accountable for poor investments and other ills of the GEPF.  The PIC as you well know is only the investment manager acting as agent on the GEPF BoT's behalf.

As far as I know the BoT has not repudiated the PIC for acting outside their mandate or for reckless investing. I doubt if this will occur but in essence, this is a critical question which the GEPF Board of Trustees should be able to answer for itself during your planned committee hearings.

The GEPF website proudly states the following Ethical values of the Board of Trustees in respect of Accountability (my underlining):

*“Accountability: Trustees are collectively and individually accountable and  should be able to  justify  their  decisions  and  actions to  members, beneficiaries  and other stakeholders  of  the  Fund.  Trustees  may be liable  for  any  breach  of  governance  that results  in  any  loss  to  the  Fund  and  to  its  members,  pensioners  and  beneficiaries."*

Based on the above ethical pledge,   your committee should seriously consider to summons all 16 Trustees to come and explain and convince your committee, that they have acted in the best interest of pensioners/members of the fund specifically pertaining to Steinhof.

It’s worth mentioning, that the Steinhof investment is not the only dubious investment made under the stewardship of this Board of Trustees. There are others, which although communicated to Trustees, have found no traction to be resolved.

In my opinion, the reason for this is simple and that is the threat of being held personally liable as indicated in the statement above.

I recently had opportunity to look at some of the GEPF's written replies to questions posed during the SCOFs hearings in October & November 2017.

The "answers" were vague and appeared to be deliberately evasive. They love the word "prudent" and a standard response used was:

|  |
| --- |
| These are internal management and operational matters that are closely monitored by the GEPF’s governance structures and processes. |

Prudency is expected when you invest pensioners’ money, not when you answer questions in Parliament!

As a Pensioner, I was ashamed that my FUND, through the elected representatives (the BoT) has not made a more serious effort to empower Mr Carrim and his overworked SCOF committee members with proper answers and detailed information where they needed it, to ease their task of oversight.

Perhaps working a bit closer together with your own Committee we can improve matters.  I know a number of members/pensioners that would love to prepare detailed questions for use by your committee. This way, GEPF members/beneficiaries can get answers from the Board, through the facilitation of the workings of your committee.

Currently we (GEPF members and pensioners) have been denied the privilege of getting answers directly from the BoT. For instance various questions of clarity asked on the recently released Annual Report was answered but not satisfactorily. Like with the SCOF answers are vague and does not adress specifics. The root causes of this lies in the following:

- the GEPF does not have an AGM where questions can be answered by the BoT.

- the PEO answers questions on behalf of the BoT

It is hoped through your committee and your own intervention, we (GEPF members/ pensioners) will at last be able to hear the BoT answer questions about our Fund, using their own voices!”

*Synopsis*

**PIC looting concerns raise red flags for proposed state pension fund**

Oct 11 2017 06:01

**Tehillah Niselow**



(iStock)

Johannesburg - Concerns that politicians view the Public Investment Corporation (PIC) as a cash cow will loom large over discussions to establish an overarching pension fund for South Africa. The new fund wants to consolidate the more than 5 000 public and private retirement funds into one giant mandatory institution, possibly under government control.

The new centralised retirement fund or National Social Security Fund (NSSF) will centralise current retirement funds estimated to be worth R3trn. It aims to force South Africans to save for retirement, as well as cross-subsidise lower income earners. It also plans to cut administrative costs and streamline all public and private retirement funds as well as the Unemployment Insurance Fund into a single integrated structure.

All income earners will be required to pay 12% of their annual salary to the NSSF, creating the multi-trillion rand fund.

But labour and investment analysts have warned that unless the centralised retirement fund has good governance structures in place, it could potentially be used to bail out failing state-owned enterprises (SOE).

**Slow negotiations at Nedlac**

The new fund’s negotiations are taking place at the National Economic Development and Labour Council (Nedlac) over the next few months. When government released the proposal in November 2016, it said the complexity of the issue would require multilateral negotiations at Nedlac.

While progress has been slow at the Nedlac task team on a potential model for the NSSF, unions especially are adamant that real checks and balances be put in place for this potentially massive fund.



**Labour concerns**

While it is still unclear what the NSSF’s structure will be, organised labour appears to have learnt its lesson from the PIC. The Federation of Unions of South Africa (Fedusa) sent its senior negotiators toNedlac’s Comprehensive Social Security Task Team to negotiate on the NSSF.

Fedusa has been leading the calls against government's alleged attempts to meddle with state pensions, and has once again threatened to ask the Government Employees Pension Fund (GEPF) to terminate its contract with the PIC.

“When you to create a national pension fund, contributors have to be part of the governance structures,” said Fedusa general secretary Dennis George.  He stated the PIC lacks some of these governance structures and laments the “high amount” invested in SOE.

Trade union federation Cosatu maintains it has always opposed the current format of the PIC, which gives the finance minister powers to appoint board members in consultation with Cabinet members. The PIC Act of 2004 isn’t specific about the influence the GEPF or trade unions should have in determining the board of the PIC, only stipulating that the finance minister should have “due regard” to the nominations made by the depositors.

“This has allowed government and Treasury a disproportionate amount of power over workers’ pensions,” said Cosatu president S’dumo Dlamini. He added that “government has always sought to decide on our behalf, we are talking about workers’ pensions or deferred salaries, we want to always have a say… who is representing there, can’t be purely the prerogative of government and Treasury”.

A labour representative who has been attending the NSSF sessions at Nedlac but is not authorised to speak to the media, told Fin24 that there used to be implicit faith in the PIC’s ability to generate returns for its 1.2 million civil servants.  But he warned that “trust has been lost and it will never come back”. He added that labour has requested the parliamentary standing committee on finance to intervene at the PIC as there is a fear that people are trying to raid the coffers ahead of the ANC’s elective conference in December.

The initial phase of the engagement process on the NSSF at Nedlac is scheduled to conclude in March 2018.

*Comment*

*The PIC has an unenviable task, to invest wisely the colossal sum of money of the GEPF, UID, Compensation Commissioner, etc. Many checks and balances and transparency are all essential. Thus proper representation by government and labour is not negotiable, as government guarantees the pension, which guarantee is from our tax money. Thus the guarantee is dependant on money from non-public servants, who should thus also have a say. Makes it interesting, né. Wonder how they manage it in other countries.*

**Publisher**

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***A Word from the Chairperson***

The MG has, after lots of frustration and time, at last been registered at the relevant state institutions to formalise and legalise our existence. In this process it has become the AMAGP. We remain very active in providing information to parliamentarians, media releases, participating in radio programmes, letters to the editor, and specific briefs to request to influential parties. Liaison and communicating with unions takes up a lot of time, and, if it wasn’t for being pensioners, we probably wouldn’t be able to do it at all.

At this stage we still fund our activities ourselves. However, this can’t go on forever and will have to be addressed soon. You have no idea how much time, effort and money it takes.

It is unlikely that the role the MG/AMAGP plays will become redundant in the near future. The threat to our Fund will remain, irrespective of any monitoring mechanisms still to be established, implemented and institutionalised. It will probably be unwise to ever relax.

Die AMAGP het 2 kandidate geïdentifiseer vir moontlike ondersteuning gedurende volgende jaar se verkiesingsfase vir pensioenaris verteenwoordigers op die BOT. Hulle is Genl Maj Dries de Wit - 'n huidige BOT-lid en mnr. Stan Davis,'n vorige lid. Hul CVs sal verskyn wanneer die verkiesingskennisgewings beskikbaar raak. Albei van hulle is reeds genomineer vir hierdie pos. AMAGP bestuur moet nog besluit oor 'n enkele persoon om voor te stem aldan nie. Kyk die aangehegde informasiestukke van die GEPF. Indien u dit nog nie ontvang het nie, stel die GEPF sodanig in kennis.

On that positive note, allow me to wish you a merry Christmas and a prosperous new year!

**The GEPF AMAGP**

GEPF members, either still working or pensioned, are cordially invited to join the GEPF Monitoring Group/AMAGP. There is always place for members and co-workers all contributing to the cause and in their own interest. Contact any one of the following:

Hennie Roux

[hennie@nostalgie.co.za](mailto:hennie@nostalgie.co.za)

Gerda Putter

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**FACEBOOK GROUP**

**[GEPF Moniteringsgroep]**

It is encouraging to notice the continued increase in members of this group. It shows that GEPF members are becoming increasingly aware of the potential threats to the well-being of our Fund. We welcome each and every new member. However, being a member of the Facebook group does not automatically mean membership of the GEPF AMAGP as an organisation. If you are interested in becoming a member of the organisation, please complete a membership application to be found in the "Files" section on the FB page.

**Semper Vigilans!**

***CONCLUSION***

***To ponder on…***

Dear Reader,

1. The AMAGP endeavours to ensure the sustainability of the GEPF to the benefit of current and future members of the GEPF. We want many more members for logical reasons – to ensure the GEPF Trustees carry out their assigned roles.
2. The MG was established in 2016 as a voluntary organisation and as the AMAGP will remain so for the foreseeable future. The AMAGP maintains good relations with the GEPF Trustees as well as the PIC. The AMAGP is also in continuous communication with other stakeholders and interested parties to ensure the widest possible concern for our current and future pensioners.
3. Although until recently the GEPF funding progressed satisfactory in its endeavour to provide sustainable pension benefits to pensioners and future beneficiaries, SC and its resultant tentacles started reaching out to the GEPF and PIC and created alarm. The blatant SC leading inevitably to degrading our democracy and the resultant downgrade in international financial grading still threatens our GEPF’s sustained viability, including those very same politicians who eventually want to retire on their state pension.
4. The financial woes of ESKOM, SAA and other SOE [PETROSA, PRASA, Transnet, etc] feature largely, making looting the GEPF very attractive. Think of the billions required for the nuclear power dreams the [doomed to overruns and massive losses if it carries on like this].
5. In conclusion dear reader, decide if you want to risk the retirement you are excited about, to be similar to other departed and failed pension funds, or are you prepared to become a paid up member of the AMAGP? Litigation and court interdicts are expensive.

**Comments, articles and recommendations about and for the newsletter are welcome. No anonymous submissions will be accepted; however, names may be withheld on request.**

Please submit it to:editorgepfmg@gmail.co.za

**MILLIONS, BILLIONS, ETC, BUT HOW MANY ZEROES?**

Not everybody is aware that there are two different conventions used when quoting large figures or quantities. This can sometimes cause confusion. The table below indicates both systems as well as the Afrikaans terms.

Please note that the GEPF uses the USA/ Canada/modern British system

