Standing Committee on Finance discussions Oct - Nov 2017 w.r.t PIC and GEPF: STATEMENT
27 November 2017

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 does not belong to a union. The proposed amendments of 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 to 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 directly by the GEPF to these asset managers. This is 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 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 it 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 b for housing through S A 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.

VERKLARING

Die GEPF Moniteringsgroep (MG) het kennis geneem van die besprekings deur en resolusies van die Staandekomitee van Finansies insake gebeure rondom die reringspesioenfonds (GEPF).

Kennis word geneem dat daar ‘n moontlikheid bestaan dat ‘n Komitee wetsontwerp binnekort oorweeg sal word met die doel om die OBK Wet te wysig. Dit wil voorkom dat ‘n meerderheid van Vakbonde saamstem oor die wysigings in die Wetsontwerp. Daar moet uitgewys word dat daar 1 273 784 aktiewe dienende lede en 437 051 pensioenarislede van die Fonds is en dat baie nie lid is van ‘n Vakbond is nie. Die voorgestelde wysigings van die OBK Wet sal ‘n direkte uitwerking op hulle hê en daarom moet hulle ook deeglik geken word.

Die MG wys daarop dat die besprekings in die verlede hoofsaaklik oor die verkeerde instansie, die OB was, en nie waar dit hoort in terme van die relevante Wet van 1996 maar wel op die Raad van Trustees van die Pensioenfonds. Die OBK kan gesien word as maar net een van die beleggingsagente aangesien ander agente ook deur die GEPF gebruik kan word. Dit is ook so dat die beleggings-beleid van die GEPF ook voorsien om swart bate-bestuurders te betrek. Aangesien die GEPF bestuur nie vrae wat die MG aan hulle gestel het, wil beantwoord nie, is dit nie duidelik of dit in die verlede gebeur het nie. Kennis word egter geneem dat dr Dan Matjila, HUB van die OBK wel in die Staande Komitee gemeld het dat die OBK geleidelik fondse sal kanaliseer na swart fondsbestuurders. Die vraag is waarom dit via die OBK (in hierdie geval ‘n derdeparty) gedoen is en nie direk via die GEPF na die batebestuurders nie. Hierdie werkswyse kan duursaam en onnodig wees.

Indien die OBK Wet so gewysig word om voorsiening te maak vir die verteenwoordiging van Vakbondlede op die Raad van die OBK, en die GEPF besluit (soos hulle by magte is om te doen) om gebruik te maak van ander batebestuurders ander dan die OBK, die belange van die werkers en pensioenarisse moontlik skipbreuk kan ly. ‘n Moontlike oplossing is dat strenger kontrole deur die Raad van Trustees uitgeoefen moet word. Die vakbonde is in ‘n uitstekende posisie om te verseker dat dit kan gebeur deur geskikte en akademiese gekwalifiseerde lede as Trustees aan te stel.

Ten opsigte van die OBK as die enigste batebestuurder, verwys ek na ‘n verklaring van 20 November 2017 deur mnr Ivan Fredericks, Algemene Bestuurder van die Vereniging van Staatsamptenare (PSA) waarin hy sterk gekant is teen die voorstel. Tydens voorlopige besprekings tussen hom en lede van die MG, is daar om voor die hand liggende redes besluit om gesamentlik hierdie voorstel teen te staan. Daar is verskeie redes maar genoeg om te sê dat die huidige probleme wat ondervind word, hoofsaaklik veroorsaak is omdat die OBK die alleen batebestuurder is. Die Raad van Trustees van die GEPF oefen boonop nie volgens sy mandaat behoorlike kontrole uit oor die beleggings van die OBK nie. Dit is ondenkbaar dat die OBK as regeringskorporasie die enigste belegger van die pensioenarisse se fondse kan word.

Hierdie aangeleentheid tesame met ander voorstelle aan die Staandekomitee sal binnekort met die PSA en MG bespreek word met die oog op gesamentlike voorstelle aan die Staandekomitee.

Die moontlikheid om ‘n behuisingskema te befonds het egter meer navorsing nodig. Die argument dat die GEPF geld kan bespaar deur direk betrokke te raak by die administrasie van so ‘n skema is nie deurdag nie.

Gedurende Julie 2016 het die GEPF aangekondig dat hy ‘n bedrag van R10.5 bn vir behuising beskikbaar gemaak het deur middel van SA HOME LOANS. In die Jaarverslag van 2017 is gemeld dat die GEPF in 646 behuisingsprojekte deelgeneem het wat gelei het tot toegang tot 44 625 eenhede. Dit is beslis ‘n goeie begin en moet straks nie aan getorring word nie.

EINDE VAN VERKLARING
ADAMUS P STEMMET
DURBANVILLE