



STATEMENT

Issued by A P Stemmet
On behalf of : The AMAGP
Cape Town

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PIC COMMISSION OF INQUIRY

On 16 August 2018 it was reported that President Ramaphosa announced that a commission of inquiry into the improprieties at the state-owned fund manager, the Public Investment Corporation (PIC) will be appointed. The proposed commission will apparently be appointed ".....to investigate the SCANDAL PLAGUED (AMAGP underlining) Public Investment Corporation". AMAGP welcomes this announcement and wish to comment as follows:

This announcement came after the Association for Monitoring and Advocacy of Government Pensions (AMAGP) has been warning for years that everything was not in order regarding both the GEPP and PIC. Many case studies have taken place since then and many complaints were made.

A letter by AMAGP to the Minister of Finance months ago elicited no reaction. Or should the Presidential announcement about the appointment of the commission be regarded as his reply to our representations to him in this letter? If that is the case, we thank him for acting at long last about this serious matter.

AMAGP, many years ago, started pointing out mismanagement and asked many questions to which we never received answers from the GEPP. However, accusations of crying wolf- wolf and sowing panic based on unfounded grounds were directed at the AMAGP. .

The appointment was announced on 16 August 2018. At long last! ! But what has happened since then and what can we expect next? On the face of it, nothing happened.

Views expressed in an interesting article by Tim Cohen, which appeared in Business Day of 21 September 2018, are echoing AMAGP's previous experience of commissions of inquiry. The article is so true and interesting that liberty is taken to quote quite extensively from it .

"Commissions have a terrible history in South Africa of not getting to the root of the issue, which is partly why they are so popular with politicians. Just think of the (Seriti) arms deal commission, which after four years came to the conclusion that it was unable to come to a conclusion.

To politicians commissions achieve two highly desirable goals. They appear to be "doing something" and responding to popular disquiet, ...they tend "to be excruciatingly long-winded, ...tended to grind the most vivid observers into a kind of some somnambulistic submission ...".

Tim Cohen is right and his views are supported. In experience of commissions over years AMAGP have often noticed that commissions' terms of reference are drafted to suit the government of the day. Commissions are inclined to give a strict and very narrow interpretation of their terms of reference and therefore, often do not get to the root of the problem.

AMAGP also found that politicians use commissions of inquiry to play for time and delay matters. Sometimes they do it to allow the dust to settle and also direct the public's attention away from serious problems. And can they delay matters! Remember the Cillie commission of inquiry into problems and riots on 16 June 1976 at schools in Soweto etc.? In this case this tactic of course did not work and the problems did not evaporate. Also, remember the Van Zyl commission of inquiry into the media (also known as 'Die Perskommissie') in the 1960/70s which took 17 years to complete?

AMAGP believes that there is no hope of having finality before the 2019 national election. Then there will be other problems of more interest to the public than the pensions of retired civil servants.

The delay has already started. More than a month after the President's announcement, the commission has not legally been appointed yet and the terms of reference have not been announced yet. No commissioner(s) has been appointed yet. No terms of reference. What is causing the delay? Finding a commissioner? Then why not at least announce the terms of reference now? This will enable interested parties to prepare their submissions. What else can be the reason?

Another cause for concern to AMAGP is that no mention was made in the President's announcement about the GEPFs Board of Trustees (BoT), the actual body who is legally obliged to appropriately and duly manage the GEPF. The rational origin of the PIC commission of inquiry emanates from the investment mandate which is submitted by the GEPF BoT to the PIC. The manner in which the GEPFs BoT performs its fiduciary duties in compliance with Article 3 of the 1996 GEPAct is where the real problem lies. The GEPF should therefore, specifically be included in the terms of reference of the commission, otherwise there will be no end to the existing endless problems.

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