



## STATEMENT

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

20 June 2020

### **PROPOSALS TO MISUSE MONIES OF WORKERS' AND PENSIONERS ARE ILLEGAL**

Members of the Government Employees Pension Fund (GEPF) are truly concerned about the regular onslaughts on their pension fund and are deeply worried about the Fund's sustainability.

It is feared that the Fund might go the same disastrous way as that of the Transnet Pensioners Fund. It seems that our Fund is unprotected by government and the GEPF's Board of Trustees (BoT).

Workers and pensioners are well aware of the fact that every time money is needed by the government for whatever reason, be it for Fees must Fall or the bailout of State Owned Enterprises (SOE) like Eskom (many many times), Land Bank, Denel, SAA and others then proposals are made that the money should come from the GEPF -- as if the GEPF is ready with an available pot of gold. It is apparently not realised that to make any money of the GEPF available, investments earning a very necessary income for the GEPF will have to be converted into cash, thereby increasing the existing deficit in the GEPF.

Recently there was pressure to make funds available for the president's development fund as well as for his R500 billion Disaster Fund.

At one stage COSATU even suggested that money be made available to a private enterprise, namely Edcon. You will be aware of what happened when the Public Investment Corporation (PIC) recently complied, fortunately not with GEPF money.

You will also be aware of the reckless proposal by the PIC and GEPF about the possible conversion of bonds into shares in Eskom, a proposal which obviously was not very well considered. This could even be regarded as gambling with a dice loaded with other peoples' money.

It should be obvious by now that these SOE's are bankrupt and that there is no hope that investments there on behalf of the GEPF will render an income for the pension fund as prescribed by the Government Employees Pension Act of 1996.

**We and other organisations have pointed out many times already that it will be illegal to use money belonging to the GEPF for purposes other than contemplated by the Law.** Our view on this has never been questioned or challenged in any way.

To make matters even worse it is noted that senior members of the ruling ANC support the ideas of the looting our pension fund. Workers and pensioners again realised how serious this matter has become when a former deputy minister recently supported the proposal for yet another looting spree on the GEPF. As a former chairman of the PIC he should obviously be aware that the proposed use of the assets of the GEPF will be illegal. Then one must ask the very legitimate question as to why he is supporting the breaking of a law?

The statement “**Assets on the national balance sheet include the Public Investment Corporation (PIC), Government Employees Pension Fund (GEPF). . . .**” as quoted in the enclosed letter of our auditor member, therefore came as a severe shock. Surely this must be a mistake. If it is not a mistake then it is a reckless statement to make.

**A very emphatic denial of the truth contained in the latter statement is now required from the government.**

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**LETTER MENTIONED IN ABOVE MEDIA STATEMENT**

**The Chairperson  
Financial and Fiscal Commission (FFC)**

**Good day**

**Thank you for a most comprehensive briefing recently.**

**Regarding the question - where will the money come from? The following is indicated on page 25 and 54 of the Financial and Fiscal Commission (FFC) briefing....**

*"Government should consider its total balance sheet in supporting an economy that is on the brink of collapse. Assets on the national balance sheet include the Public Investment Corporation (PIC), Government Employees Pension Fund (GEPF), Unemployment Insurance Fund (UIF), the National Revenue Fund, and SARB foreign exchange reserves."*

My question of clarity is in respect of the **GEPF** ...

**Since when is the assets of the GEPF included on the "national balance sheet"?**

I was under the impression that the assets of the Fund belongs to the GEPF, which is a total separate legal entity from the SA Government.

In terms of the **Government Employee Pension Law**, these assets are to be used solely for the pension and other related benefits for GEPF Members and its pensioners.

If anything, the assets of the GEPF, courtesy of the beneficial use of it, "belongs" to the individual members and pensioners.

The combined vested interest of members is reflected in the pension liabilities, which coincidentally is also not reflected on any "national balance sheet, unless I am mistaken.

However, it now appears that my view regarding the assets specifically may have been incorrect all along? I must at this point indicate, this view is then erroneously held by a large number of GEPF members and pensioners like myself.

The assertion made in the FFC's briefing, seems to imply that the assets of the GEPF "belongs" to the Government.

I checked the information on the SA Gov website, but cannot find evidence that the GEPF assets have in fact been included on any balance sheet of national government. It's not on National Treasury's balance sheet AND it's definitely not on the PIC's balance sheet. The later for the obvious reason that the assets are registered in the name of the GEPF.

**May I humbly request clarity in writing then on the following...**

- 1. What is the legal basis for this claim that the assets of the GEPF should be included on the National Balance Sheet?**
- 2. If there is a national balance sheet where the GEPF's assets has been recorded in the past, please provide me with a link or reference to it.**

**Your assistance to clarify this will be most appreciated.**

All the best with your most important task at this time.

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