



## **STATEMENT**

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On behalf of : The AMAGP  
Cape Town

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### **ANOTHER STATE-OWNED ENTERPRISE (LANDBANK) FINDS ITSELF IN DIRE STRAIGHTS**

The going down of State-owned enterprises (SOE's) over the last decade is nothing new anymore. We all have become accustomed to the total lack of responsibility, ethics, professional management, governance, incompetence, and lack of control and of the serious lack of consequence management. It is shocking that even our country's respected Auditor General seems to be ignored by some.

Corruption remains in the order of the day.

Preferential cadre deployment and preferential procurement practices to the benefit of the inner circles are all still a daily practice.

What is even more shocking, however, is that the Government Employees Pension Fund (GEPF) is allowing its investment agent, the Public Investment Corporation (PIC) to persistently and unashamedly, and with reckless disregard of the consequences of their actions still gamble with the assets and hard-earned contributions of the public service employees to the Fund.

There can be no doubt that to allow the PIC to invest in State - owned enterprises (SOE's) amounts to nothing else than outright gambling.

It has been proven time and time again that to “invest” in state-owned enterprises are indeed very risky, if not downright reckless. In this regard we have never heard of any losses being recovered or the responsible people being held personally accountable. Consequence management is seriously lacking.

Over the past few years one after the other SOE collapsed mainly due to corruption, cadre deployment and mismanagement. Some of the examples include Eskom, Denel, SAA etc. Others like the Post Bank and the SABC are following as if a competition is being held. If one just listens to the evidence before the Zondo Commission about the grand scale of corruption taking place at some of these SOE's, nobody in his right mind should invest in any of these institutions.

It, therefore, came as no surprise when the Landbank followed the others. This bank operated quite well for more than 100 years. Since about 2016 it became abundantly clear that it was totally irresponsible to invest in any government-controlled business enterprise. The GEPF through its agent, the PIC, however, at that stage kept its investments in the Landbank at between R9,47 bn and R9,85 bn. Why this huge investment in one entity and against what security?

Business Day reported on 9 July 2020, as follows: "*The PIC investment, which comprises the purchase of short-term money market instruments such as promissory notes and bonds that are repayable within a year, may now be written off by as much as 70% implying the PIC could incur losses of nearly R6,8 bn....*"

It is well known that the PIC is still struggling to comply with the findings and recommendations of the Mpati Commission to try to recover billions lost from dubious investments. The question to be asked now is whether steps will also be taken to recover losses from those responsible for the reckless investments in the Landbank.

With the government hovering on the brink of bankruptcy, the temptation to use the so-called pool of retirement savings in the GEPF as an easy way out of ANY of its woes is ever present.

The attempts to illegally use (loot) the GEPF's money in any form or kind for the above-mentioned purposes should be resisted tooth and nail by the Board of Trustees, as well as every member of the Government Employees Pension Fund. It is illegal and any such action will totally bankrupt the GEPF.

The AMAGP has on many occasions in the past warned the government and other institutions against trying to loot the Pension Fund. Yet, there are still people within government and elsewhere that continuously try to suggest the looting of the Fund. This is illegal and downright wrong! Finish and klaar!

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