



STATEMENT

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

31 March 2020

COSATU DEMANDS ON PENSION FUNDS FOR FINANCIAL AID DURING CORONA VIRUS PANDEMIC

COSATU is at it again! This time the Covid-19 virus is the excuse to drain workers' and pensioners' pension fund.

COSATU has become notorious for dreaming up ideas to use money belonging to other people. They seem to have a bee under the bonnet about the funds of the Government Employees' Pension Fund (GEPF) which is invested by the Public Investment Corporation (PIC). This while COSATU also has a particularly fat bank account themselves!

Now Covid 19 is used as an excuse to raid the PIC/GEPF again.

COSATU conveniently forgets that during June 2019 it forced the PIC to make R2,7 billion available from money they managed on behalf of the Unemployment Insurance Fund for the bail out of Edcon. Now that Edcon is again struggling to survive they want another bailout by the PIC. This after they only last week tried to force the PIC to contribute to the Covid19 Relief Fund. Of course they never say a word about their contributing a single cent themselves.

Various claims and demands that COSATU recently made with regard to the R1.8 trillion the PIC is investing on behalf of the GEPF, are incorrect. It is perceived by the AMAGP to be based on deliberate disinformation.

The Federation proposed to the cash strapped government that the PIC could easily hive off R254 billion from the GEPF, as well as from other funds managed by the PIC to take over about half of Eskom's enormous debt load in spite of it putting forward

impressive conditions, its real reason was to keep Eskom's bloated workforce, mostly COSATU members, intact.

The GEPF's assets, although very impressive, are declining fast. The AMAGP has already drawn attention to the fact that it could not afford COSATU's R254 billion adventure to save Eskom and that their new plans are bound to completely sink the Fund, making it a huge burden for the taxpayer.

Lately COSATU went a step further when, in the throes of the corona virus pandemic, demanded that the government plan to provide financial relief to workers in all the sectors of the economy, be extended to include contributions from the PIC, the Development Bank of South Africa (DBSA), the Industrial Development Corporation (IDC), as well as private pension funds, as it maintained that the government's plan is inadequate.

COSATU has 1,8 million members of whom it claims 800 000 work for the Government and form the majority of the 1,3 million civil servants who contribute to the GEPF, a defined benefit fund. But are they all members of the GEPF? We doubt it.

The GEPF is the custodian of its members' retirement money. The PIC as a state owned entity (SOE) only acts as an investment agent for the GEPF. Neither the PIC, nor Government, nor COSATU, owns the money in the Fund. The owners of the GEPF are the pensioners.

The PIC is run by a Board which is appointed by Government, and on which trade union members serve. Half of the members of the GEPF Board of Trustees (BoT) are appointed by Government, while the rest are made up to a large part by trade union representatives.

On account of its representation on both the boards mentioned, COSATU being in alliance with the ANC government, and the majority of civil servants being members of both GEPF and allegedly also of the Federation, COSATU now presumes that it is entitled to demand funds at will from the GEPF on behalf of its members, to provide bail outs to a business like Edcon as well as SOEs like Eskom. The false presumption is that, as the COSATU affiliated members hold the "majority share", and the money in the GEPF belongs to the Fund members, the Federation also has the majority say in matters such as the use of the Fund at will.

The flaw in this misrepresentation is

- a. that the membership of the GEPF, which is governed by its own Law, NOT the labour laws under which trade unions operate and the GEPF is NOT linked to trade union membership, and

- b. that in any case, 430 000 pensioner members of the Fund are not covered by the labour laws, nor represented by a trade union like COSATU any longer, and
- c. that the PIC, although it is a government entity and only manages the investment of pension funds, obtains its investment mandate from the GEPF Board of Trustees, and certainly does not own the pensioners' money.

Moreover, COSATU's presumptuousness in this regard is worsened by the fact that it obviously hasn't consulted with its members regarding the utilisation of their pension savings for uses other than their retirement livelihood.

COSATU also has not offered to make available some of its billions of its own reserves for providing financial relief to its members or for whatever bail out. This truly is blatant hypocrisy and audacity, which needs to be exposed for what it is.

Finally AMAGP needs to point out some facts that COSATU is conveniently silent about:

- i. That large sums in the GEPF have already been invested in ailing SOEs – in Eskom alone about R90 billion of which only 67% is covered by a state guarantee, as well as a further R94 billion in other SOEs. Under current fiscal constraints it is highly uncertain whether these investments, which make up about 10% of the assets of the GEPF, will ever be recovered, never mind yield a return.
- ii. That the PIC through its substantial investments in the DBSA and the IDC will (as was the case with the SAA) be contributing pension funds indirectly towards Government's financial relief plan anyway.

COSATU has now proved that it is hell bent on draining money belonging to workers and pensioners, and for selfish purposes is putting the interests of its own members in jeopardy. However, it becomes clear that Covid-19 is ushering in a new economic era in South Africa, in which trade unions such as COSATU will no longer play such a dominating role. Like an animal that is dying from serious drought, COSATU is displaying its final convulsions. We are witnessing a dying breed. It must be prevented from inflicting further damage to the GEPF and the economy.

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