



STATEMENT 7/19

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

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AMAGP'S GROWING CONCERN ABOUT THE SUSTAINABILITY OF THE GEPF

The Association for Monitoring and Advocacy of Government Pensions (AMAGP) today repeated their grave misgivings about the long term sustainability of the Government Employees Pension Fund (GEPF). These misgivings are based on analyses of the GEPF's financial statements and other sources.

AMAGP is registered as a NPO which aims to help protect GEPF members' pension fund and benefits. AMAGP members are members of the GEPF.

At the AMAGP annual general meeting in Pretoria, attendees expressed several serious, legitimate concerns about shortcomings in the effective, efficient and economical administration of the fund.

The President appointed the PIC Commission of Enquiry to investigate the serious concerns that have surfaced in reports.

Evidence of PIC interference in GEPF decisions led attendees at the AGM to ask why the PIC is at all involved in key decisions that affect the future of the GEPF.

AMAGP members are of the opinion that the PIC, as a government company, should not usurp the role of the trustees of the Fund. They maintain that the Board of Trustees (BoT) are responsible and accountable for the well-being of the Fund (which is owned by the members of the GEPF). This includes diligent stewardship of assets, financial management matters and investments ensuring that the fund remains sustainable and able to provide the members' legitimate benefits.

Ultimately the BoT are legally responsible for the wellbeing of the pension fund. However, it now appears from evidence given at the PIC Commission and also numerous media reports by various financial analysts and columnists that the PIC has undue influence over the

management of the Fund and its assets. It would appear that the BOT abdicated its responsibilities in favour of the PIC.

AMAGP believes that these concerns need the urgent attention of government.

AGM attendees also questioned the PIC's decisions to invest in various dubious institutions, entities and even private organisations and businesses. That is however, the PIC Commission's purpose.

Once the Commission's report is promulgated, AMAGP analysts will study the veracity and extent of these concerns and take appropriate actions.

These concerns mentioned by members of the Fund were over the years publicly expressed by AMAGP in the media well before the PIC Commission was promulgated. AMAGP had by then already presented their documented concerns and that of GEPF members to the GEPF and regularly to members of parliament.

In view of the current situation facing the GEPF, and to protect the members of the fund, as well as the sustainability of the Fund, AMAGP undertook to intensify its current work on matters of great concern as mentioned above.

Therefore, and because of the suggestions made at the AGM of AMAGP, it is intended to intensify its analysis of its members' concerns and to present proposals to the President and relevant government departments which will include proposals for the trustees of the Fund, employees and the management of PIC declaring their financial and other interests in companies, institutions, organisations, businesses etc. where funds from GEPF are invested.

Perhaps it is also time that the composition of the BOT be reconsidered by the government. One representative for 400 000 pensioners is simply not sufficient to represent the interests of pensioners. The magnitude of the pension fund and the complex world we are living in also requires people with the necessary skills, experience and qualifications to be in control thereof.

AMAGP will, on behalf of its members, closely follow the testimony at the PIC Commission of Inquiry to propose steps to protect the long-term sustainability of the GEPF funds and the members' legitimate benefits.

AMAGP will also closely follow the testimony at the PIC Commission as to consider possible future proposals and actions for the protection of the GEPF's sustainability.

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