

Association for Monitoring and
Advocacy of Government Pensions

(AMAGP)

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COMMENTS ON THE PUBLIC INVESTMENT CORPORATION

Comment by A P Stemmet.

Spokesman AMAGP

Durbanville

0823209245

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We refer to the evidence of General Bantu Holomisa before the Commission of Inquiry into Governance at the Public Investment Corporation.

Out of respect for the commission the Association for the Monitoring and Advocacy of Government Pensions (AMAGP) we will not pre-empt conclusions and recommendations by the commission. We, however, agree with the general that it will be difficult or even impossible for the commission to complete its task in the time allowed.

Like the general we at the AMAGP have over many years made a study of matters concerning the sustainability of the Government Employees Pension Fund. We have gathered much particulars of questionable and reckless investments and have been pressing for a commission of inquiry for many years.

It also became clear to us that the Board of Trustees (BoT) is not able to keep proper control over the investments made by the Public Investment Corporation (PIC) on behalf of the GEPF. It is also questioned whether the BoT is at present carrying out its duties in terms of the applicable laws.

We are concerned about the present situation where it is clear that many members of the Government Employees Pension Fund, the main stakeholders of the fund, have lost confidence in both the BoT and the PIC. The hazardous and perhaps corrupt way in which some investments have been made have convinced many of us that the mandate to the PIC as sole asset manager should be rescinded forthwith without waiting for the commission's conclusions and recommendations. To further trust the PIC with almost two trillion rand belonging to workers and pensioners will to our mind be courting disaster.

The suggested solution will be to appoint, after proper tender procedures, at least three independent asset managers from the private sector. This can be done immediately as no legislation is required. Not even a decision by government is necessary. A decision by the Board of Trustees will be sufficient.

However, whether the present Board of Trustees have the courage and political freedom for such a bold step remains to be seen.