Association for Monitoring and Advocacy of Government Pensions (AMAGP)

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SEMPER VIGILANS

STATEMENT (R10/21)

Issued by the Association for the Monitoring and Advocacy of Government Pensions. (AMAGP)

Cape Town 6 July 2021

WHY AMAGP SAYS NO TO THE PROPOSED TAKATSO (HARITH) TAKEOVER OF SOUTH AFRICAN AIRWAYS (SAA)

Indeed, the Association for the Monitoring and Advocacy of Government Pensions (AMAGP) and all its members are up in arms!

It seems that the public and some of the members of the Government Employees Pension Fund (GEPF) find it difficult to comprehend why AMAGP is so up in arms about the latest SAA “deal” that features Harith General Partners (HGP) as the major partner in Takatso, the consortium aiming to take a 51% share in SAA.

THIS IS WHY:

Harith was established in 2006 with 100% seed capital from the Public Investment Corporation (PIC)

- In 2019, the PIC‘s financial statements reflects that it had a 30% share in Harith General Partners (HGP), as well as a 46% share in Harith Fund Managers (Harith). There is no indication of how the rest of the seed capital (24%) was spent.

- The PIC acknowledges that it still owns 30% of HGP.

- The Government Employees Pension Fund (GEPF) denies that it is involved in the funding of SAA.

- As the GEPF is the largest investor in the PIC, it is highly unlikely that the PIC’s funding of Harith could not include GEPF funds.

FACT: The GEPF thus will have a stake in SAA, whether it admits so or not.

The Mpati Commission of Inquiry was appointed into allegations of impropriety regarding the PIC, this as a result of pressure on the government by worried pensioners, including AMAGP. The commission was scathing in some of its findings regarding the establishment and management of Harith.

> The Commission even used the term “legal corruption”. It also recommended that the PIC and GEPF together appoint an independent investigator”as soon as possible" to investigate certain matters concerning Harith. That was more than a year ago on 12 March 2020.
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> • To date, there has been no return on the PIC (GEPF) investment in Harith – nor is there likely to be.
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> • If this deal goes ahead, there is a huge chance that the shortfall in current funding for the Takatso deal will have to come from or via the PIC.
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> • Neither the PIC nor the GEPF have done much to address the findings and recommendations of the Mpati Commission.

The United Democratic Movement (UDM) is of the view that the Parliamentary standing committees for Public Enterprises and Public Accounts have been side-lined. It is now calling for a special review by the Standing Committee on Public Accounts (SCOPA) to address the whole Harith debacle – including the SAA deal, but with much, much more to be investigated. AMAGP supports this move. However, AMAGP cannot rely on others to fight our fight. GEPF Pensioners should unite in their efforts to safeguard our pension fund.

We are also of the opinion that the PIC and GEPF should be required by SCOPA to report on their progress, if any, regarding their compliance with the recommendations of the Mpati Commission.

The GEPF is not secure against further “looting” for the SAA deal. Therefore our concerns are not at all far-fetched.

THAT IS WHY AMAGP IS UP IN ARMS!

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VERKLARING (R10/21)

Uitgereik namens die Vereniging vir die Monitering en Bevordering van Staatsdienspensioene. (AMAGP)

Kaapstad
6 Julie 2021

HOEKOM AMAGP NEE SE VIR DIE BEOOGDE TAKATSO. -OORNAME VAN DIE SUID AFRIKAANSE LUGDIENS (SAL)

Dit lyk asof die publiek en sommige van die lede van die Staatsdienspensioenfonds (GEPF) dit moeilik vind om te verstaan waarom AMAGP so verontwaardig is oor die jongste SAL "ooreenkoms" wat gekenmerk word deur Harith General Partners (HGP) as die hoofvennoot met 'n 51% aandeel in SAL.

DIT IS WAAROM:

Harith is in 2006 gestig met 100% saaikapitaal van die Openbare Beleggingskorporasie (OBK).

In 2019 het die OBK se finansiële state weerspieël dat dit 'n 30% aandeel in Harith General Partners, asook 'n 46% aandeel in Harith Fund Managers (Harith) gehad het. Daar is geen aanduiding van hoe die res van die saaikapitaal (24%) spandeer is nie.

- Die OBK erken dat hy steeds 30% van HGP besit.
- Die Staatsdienspensioenfonds (GEPF) ontken dat dit by die befondsing van die SAL betrokke is.
- Omdat die GEPF die grootste belegger in die OBK is, is dit hoogs onwaarskynlik dat die OBK se befondsing van Harith nie GEPF-fondse kon insluit nie.

FEIT: Die Gepf sal dus 'n aandeel in die SAL he, of hy dit erken of nie.

Die Mpati Kommissie van Ondersoek is as gevolg van druk op die regering deur bekommerde pensionarisse, onder andere deur die AMAGP, aangestel om beskuldigings van onbehoorlikheid ten opsigte van die OBK te ondersoek. Die kommissie was verpletterend in sommige van sy bevindings oor die stigting en bestuur van Harith.

Die Kommissie het selfs die begrip “wettige korrupsie” gebruik. Dit het ook aanbeveel dat die OBK en GEPF saam “so gou as moontlik” ‘n onafhanklike ondersoeker aanstel om sekere sake rakende Harith te ondersoek. Dit was meer as ‘n jaar gelede, op 12 Maart 2020.

- Tot op datum was daar geen beleggingsopbrengs op die OBK- (GEPF-) belegging in Harith nie – en dit is onwaarskynlik dat daar sal wees.

- Indien die ooreenkoms voortgaan, is daar ‘n groot kans dat die tekort in die huidige befondsing
- vir die Takatso-ooreenkoms vanaf of via die OBK en sal moet kom.

- Nóg die OBK nóg die GEPF het baie gedoen om aandag aan die bevindings en aanbevelings van die Mpati-kommissie te gee.

Die UDM is van mening dat die aangeleentheid deur die. parlementêre staande komitees vir Openbare Ondernemings en Openbare Rekenings opsy geskuif is en dring nou aan op ‘n spesiale hersiening deur die Staande Komitee oor Openbare Rekenings (SCOPA) om aandag aan die hele Harith-debakel te gee – insluitend die SAL-ooreenkoms, maar met baie, baie meer wat ondersoek moet word. AMAGP ondersteun dit, maar kan nie net op ander staatmaak om ons geveg te baklei nie. Pensionarisse behoort te verenig in hulle pogings om ons pensioenfonds te beveilig.

Ons is ook van mening dat SCOPA behoort te vereis dat die OBK en GEPF verslag doen oor hul vordering ten opsigte van huk nakoming van die aanbevelings van die Mpati-kommissie in verband met Harith, indien enige.

Die GEPF is nie beveilig teen verdere “plundering” vir die SAL-ooreenkoms nie.

DIT IS WAAROM AMAGP IN OPSTAND IS.

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