



**The Monitoring Group: An independent group of pensioners and civil servants concerned about the long term viability of the GEPF.**

## **VOL 2 NO 7**

**GEPF - Government Employees' Pension Fund**

**PIC – Public Investment Corporation**

**PSA – Public Servants' Association**

**SC – state capture**

**SOE – state owned entities**

**MG – monitoring group**

***There are on average about 1 200 000 government employees contributing to the GEPF and about 400 000 pensioners. The GEPF is about R 1,8 trillion strong. IF it is isn't mismanaged, or captured and plundered.***

### **The Editor's Word**

It is easy to sit back and criticize but this doesn't change anything except upset a lot of people and often creates ill-will. On the other hand it takes a lot of work to constructively comment and ensure co-operation and buy-in from stakeholders to solve a problem. The latter is what the MG wants to achieve in its purpose as an external concerned overseer of the GEPF.

It seems as if just about every government related news is linked or related in some way to corruption, nepotism, SC and poor management, and much of it is easily applicable to the GEPF's viability. Scary isn't it?

The MG notes with satisfaction that other stakeholders and interested parties use the MG's thoughts and/or proposals and/or

suggestions after rolling it around for a while. An example is the PSA's more insistent views and Fedusa's statement that there is no obligation to appoint the PIC as investment agent. The MG quoted this some time ago [from the GEPF Investment Policy Statement] in MG communication with the GEPF.

The MG has also repeatedly emphasised to politicians that too much emphasis is placed on the PIC, the PIC being solely an investment agent. At last it seems the tail is no longer wagging the dog and the GEPF is now starting to act prescriptively.

The MG also proposed that no investments be made in SOE. After some time for it to percolate, Cosatu is now also proposing this. The MG is grateful to contribute as watchdog to ensure the continued viability of the GEPF.

All the SC related reports result in our MG members reacting energetically, especially our Media Group with their media statements and letters to newspapers against looting of the GEPF. It is encouraging that other organisations, e.g. some Unions, also started to participate in the campaign to safeguard the GEPF! GEPF members are clearly fed up with our fund's money being considered as Government spending money.

There are economies of scale the Board of Trustees can probably achieve in their dealings with the PIC, figures in the billions have been mentioned privately. The PSA has made some good recommendations in this respect, which will hopefully bear fruit in our time still.

We are the beneficiaries of the GEPF but have no oversight status. This needs serious and intensive lobbying to rectify. We need serving civil servants and pensioners to do



this similar to SCOPA, not government appointees [read SC] only.

## NEWS NEWS NEWS

### Synopsis

The Public Servants Association (PSA) has become the latest union to threaten to pull out of the Public Investment Corporation unless Finance Minister Malusi Gigaba included their members on the PIC board, says a report in **The Star**. The PSA said it wanted greater say for the workers in how the government invests their pensions. **The PSA – representing 230 000 members – said there needed to be changes in how workers were represented in the PIC.** PSA general manager Ivan Fredericks said they wanted to have a greater say in how investments were made by the asset manager. ‘In the interest of all employees whose pensions are invested via the PIC, the PSA is calling on the Minister to ensure the GEPF (Government Employees Pension Fund) is strongly represented on the PIC board,’ said Fredericks. ‘The PSA is further insisting on labour positions on the boards of all companies where GEPF funds are invested by the PIC. Failure to adhere to these calls to ensure greater security could ultimately result in the PSA insisting on GEPF appointing a new fund manager and dropping the PIC as an investment vehicle,’ he said.

### Senior officials say Treasury is captured

Oct 01 2017 06:00

Sipho Masondo

**City Press**

### Synopsis

Senior Treasury officials have accused Finance Minister Malusi Gigaba of “capturing”

national Treasury, usurping the power of his director-general (DG) and establishing a parallel administration run by close aides in his office. Some indications are

- Gigaba brought in nearly 20 staff that have set up a parallel administration in his office;
- Gigaba does not consult deputy directors-general (DDGs) and other technocrats when making important decisions;
- Gigaba’s political advisor Thamsanqa Msomi, a member of the Denel board, is reportedly close to the Gupta family.

Earlier this month, Gigaba was accused of purging officials perceived to be close to Gordhan when he removed various officials and replaced them. One of the two government officials who work closely with Treasury said: “It is true that there are parallel structures. Things are up to a point where nothing goes to the minister if it is not first seen by one or two of the nearly 20 people Malusi brought with him.”

The other senior official said: “The intention is to have a Treasury that is pliable; that in many cases merely implements any decision – good or bad, affordable or unaffordable. It is also about putting a dead stop to the work Treasury has been doing to hold other parts of government – state-owned companies and departments – accountable for using public resources.”

## THE BUDGET PROCESS

Last month, Cabinet announced that the budget allocation process would be shifted from Treasury to the presidency for the 2018/19 financial year, to ensure that the allocations were in line with the National Development Plan. The sources said while Gigaba did not initiate this, it was one



example of how Treasury was being captured. The shift was “meant to put a leash on Treasury and make sure that all the projects that President Jacob Zuma wants are funded”, one Treasury official said.

A government executive said the budgeting process involved highly technical research which the presidency had no capacity to undertake. A Treasury official said the process to involve the presidency in budgeting started in 2015 “when [former finance minister Nhlanhla] Nene was fired because he was refusing to allocate money to certain projects”.

A senior government official said the nuclear power procurement deal, estimated at R1 trillion, the R57 billion Moloto rail development corridor and the Mzimvubu project were examples of programmes being funded despite negative feasibility studies. For the nuclear deal, R200m had already been set aside. The last two projects are being financed with loans from a Chinese bank, which the taxpayer would repay.

Another government executive said shifting the budget process indicated the “highest degree of desperation” and would require the amendment of the Constitution and the Public Finance Management Act. However, another senior Treasury official close to Gigaba said the minister was opposed to the idea of shifting the budgeting process to the presidency.

Comment. The above two reports complement each other. Ties in with the cabinet reshuffle, né.

DA calls for probe into PIC 'smear campaign'  
Oct 01 2017 17:53

Compiled by Lameez Omarjee

## Synopsis

On Friday the PIC board cleared allegations of wrongdoing made against Chief Executive Dan Matjila after the third special sitting for the month [allegations that Matjila had used funds to help a friend]. Matjila was previously quoted by the Sunday Times saying that certain people “wanted the keys to the PIC” and that there were attempts to remove him as CEO. He later said that the interview was inaccurate. On Sunday a piece authored by Matjila was published in the Sunday Times, where he refuted ideas that he was at “loggerheads” with Treasury’s leadership and the PIC Board.



## GEPF needs proper representation on PIC board - PSA

Ivan Fredericks |  
30 September 2017

Ivan Fredericks says failure to comply could lead to Fund dropping the PIC as its investment vehicle

### PSA warns about GEPF withdrawal from PIC

The Public Servants Association (PSA), representing more than 230 000 members in the Public Service, is demanding increase in greater control by workers over investments made by the Public Investment Corporation (PIC) of public servants’ pension funds.

“Despite general satisfaction with investments made on behalf of the GEPF, the PSA is becoming increasingly uneasy about persistent rumours related to PIC ‘capture’ and risk-ridden investments”, said PSA General Manager, Ivan Fredericks.

The PSA is calling for tighter controls to prevent the PIC from investing GEPF funding in unlisted companies where sufficient checks





and balances are not in place. The PSA is furthermore seeking for a lowering of the investment threshold to further limit risks.

The PSA further questioned why the Minister of Finance has not appointed a single representative from the GEPF, as the majority investor, to the PIC Board of Directors.

“In the interest of all employees whose pensions are invested via PIC, the PSA is calling on the Minister to ensure that the GEPF is strongly represented on the PIC Board. The PSA is further insisting labour positions on the Boards of all companies where GEPF funds are invested by the PIC. Failure to adhere to these calls to ensure greater security, could ultimately result in the PSA insisting on GEPF appointing a new Fund manager and dropping the PIC as an investment vehicle,” said Mr Fredericks.

*Statement issued by PSA General Manager, Ivan Fredericks, 29 September 2017*

Comment. The statement is quite clear. However, although the PSA is the union for civil servants it only has a membership of about 230 000 while the civil servants number more than a million.

Legalbrief LSSA Weekly 283: News for the week of 22 to 29 September 2017

#### **Finance: No plot, no unity ... any truth?**

An uncomfortable, clearly choreographed media briefing, which brought together the Finance Ministry and the Public Investment Corporation (PIC), and which began nearly two hours late, suggesting the pre-briefing gathering to ensure everyone was singing from the same hymn sheet was difficult, appeared to leave many with a sense of disbelief, notes **Legalbrief**. Media reports suggested neither Finance Minister Malusi Gigaba nor the other central figure, PIC boss Dan Matjila, were convincing in their attempt to forge a united front. A **Business Day** report

says Matjila backed down on claims there was a plot to remove him and capture the R1.9trn fund. PIC chair and Deputy Finance Minister Sfiso Buthelezi said that he had full confidence in Matjila. The two have been at loggerheads on the board, with Buthelezi taking a hard line on Matjila, insisting on an investigation of allegations of impropriety against him by the internal audit committee, even after his explanations were accepted by a majority of the board. Matjila went public on Sunday, claiming there were people who wanted to remove him ‘to get the keys to the big safe’. But then, Matjila recanted, saying that a *Sunday Times* article was ‘distasteful and inaccurate’ and ‘designed to drive a wedge between myself and the Minister (of Finance), and myself and the board’. However, notes **Business Day**, the contradictions were glaring. **Matjila would not say where the inaccuracies with the report lay, but claimed to be in discussions with the paper to set the record straight.**

Comment. Fancy footwork [mouthwork?] to keep the public and President/ANC happy?

#### Synopsis

*Gigaba used the occasion to deny reports that Treasury wanted to dip into the funds of the PIC to bail out SOEs.* ‘There is no attempt to dip into pensions for reasons that are unscrupulous,’ Gigaba is quoted as saying by **Fin24**. The media briefing was scheduled after reports claimed Treasury was seeking to use PIC funds to finance struggling government entities such as SAA. Gigaba emphasised his Ministry had not approached the PIC for a bailout for SOEs. He said **he called the meeting with the PIC to establish whether there was any truth to the reports that certain PIC board members wanted to capture the fund.** Gigaba said he wanted to make it very clear,



that he personally did not get involved in the inner workings of the PIC, unless it was via established and regulated channels. DG of the Treasury Dondo Mogajane said they were in constant contact with SAA creditors to negotiate an acceptable settlement regarding the national airline. Mogajane said there were talks about how to fund SAA and some proposals would be presented to Cabinet. He also confirmed that SAA had asked the PIC for a R6bn loan in May. Matjila said this was not unusual, as state-owned enterprises often asked the PIC to invest in their bonds. The PIC had done due diligence on the airline, but the carrier fell short of the money manager's investment criteria, he said.

[Full Fin24 report](#)

[See also a Daily Maverick report](#)

Comment. It is good to see it in print. It would be even better to see it in action.

*Cosatu, meanwhile, wants a moratorium to prevent the use of PIC funds to finance any government institution.* According to a **Business Day** report, it said that it would also explore the possibility of 'depoliticising' the PIC by stripping the Finance Ministry of the powers to unilaterally appoint board members of the fund manager. The federation said it had requested an urgent meeting with Gigaba to express its 'grave concern' on reports that the 'Gupta network' was trying to lay its 'grubby hands' on workers' retirement savings at the PIC. **The federation said it would not allow the PIC to be looted the same way that Eskom and other state-owned enterprises had been.** Cosatu general-secretary Bheki Ntshalintshali said those guilty of looting state-owned enterprises first had to be arrested and prosecuted before workers' savings were used to invest in such companies.

[Full Business Day report](#)

Synopsis

### **State capture: Now business acts to bar Eskom and Transnet**

State-owned companies Eskom and Transnet have been suspended as members of Business Leadership SA (BLSA) 'with immediate effect', as part of the business organisation's stand against corruption, notes a **BusinessLIVE** report. The two companies, which have allegedly entered into a number of corrupt contracts, join KPMG in being suspended as a member of BLSA. [Full Business Day report \(subscription needed\)](#)  
[Full BusinessLIVE report](#)

Comment. Sufficient reason not invest GEPF funds in these SOE.

### **Publisher**

Chairman: Antonie Visser  
Vice Chairman: Albert van Driel  
Executive Member: Hennie Roux  
Secretary: Errol Massey-Hicks  
Liaison Officer: AP Stemmet  
Editor: Daan

### **A word from the Chairperson**

The MG management is working hard to finalise the constitution and an own bank account in the name of the MG.

The management is very aware that the present membership must be expanded widely and that funds are required for administration and possible litigation. Up to now all costs have been borne by the management and co-workers themselves, indicating their selfless commitment to this good cause.



From many media releases and press reports it is clear that a focused effort is being made to use GEPF funds to make up the shortages in SOE. These organisations unfortunately are in that position due to poor management and control, poor procedures, personal enrichment and the influence of SC. The GEPF certainly was established for its members and its mandate is to invest such funds to the advantage of its members, not for government to use. It is the responsibility of the GEPF Board of Trustees to ensure that the funds are indeed managed and invested appropriately. The mandate of the PIC isn't a blank cheque to carry on regardless, but to carry out thorough studies of any and each organisation where investment is being considered to ensure maximum return on investment with minimum risk. That is what we want for the GEPF isn't it?

The aim of the MG is to make the poor decisions and unacceptable use and investment of funds clearly visible and to demand explanations, directly or together with partners, for such not being in the interest of members. The GEPF Board of Trustees is primarily and legally responsible to manage the funds in the interest of its members. However, experience has shown questions often not being answered directly, timeously and that other channels such as the media and even politicians must be used. Letters to the press, press releases and wide dissemination have had excellent results to sensitise the public.

The MG is continuously communicating with like-minded organisations, to determine common ground and momentum through co-operation. The trade unions [including the PSA] have a direct role to play in representing and protecting their members' interests, good reason for co-operation.

GEPF members, either still working or pensioned, are cordially invited to join the GEPF Monitoring Group. There is always place for members and co-workers all contributing to the cause and in their own interest. Contact any one of the following:

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## FACEBOOK GROUP

It is encouraging to notice the steady increase in members of this group. It shows that GEPF members are becoming increasingly aware of the potential threats to the well-being of our fund. We welcome each and every new member. However, being a member of the Facebook group does not automatically mean membership of the GEPF MG as an organisation. If you are interested in becoming a member of the organisation, all you need to do is to complete a membership application below. An application form is also included in the "Files" section on this FB page.

Present FB membership is more than 340. Unfortunately still too few to make the GEPF Board of Trustees sit up and take notice but we're getting there.

**Semper Vigilans!**





## **CONCLUSION**

### ***To ponder on...***

Dear Reader,

1. The MG endeavours to protect the GEPF to the benefit of current and future members of the GEPF. We want many more members for logical reasons – to ensure the GEPF Trustees carry out their assigned roles.
2. The MG was established in 2016 as a voluntary organisation. Appropriate registration is in process to formalise our status. The MG maintains good relations with the GEPF Trustees as well as the PIC. The MG is also in continuous communication with other stakeholders and interested parties to ensure the widest possible concern for our future pensioners.
3. Although until recently the GEPF funding capacity progressed satisfactory in its endeavour to provide sustainable pension benefits to pensioners and future beneficiaries, SC and its resultant tentacles started reaching out to the GEPF and PIC and created alarm. The blatant SC leading inevitably to degrading our democracy and the resultant downgrade in international financial grading threatens our GEPF's sustained viability, including those very same politicians who eventually want to retire on their 'unearned' pension.
4. In this process the KPMG reports loom largely in SC and manipulating government finances to wrongfully benefit the select few. The financial woes of ESKOM, SAA and other SOE [PETROSA, PRASA, Transnet, etc] feature largely, making looting the GEPF very attractive. Think of the billions required for the nuclear power dreams the [doomed to overruns and massive losses if it carries on like this]

5. In conclusion dear reader, decide if you want to risk the retirement you are looking forward to be similar to other departed and failed pension funds, or are you prepared to become a paid up member of the MG? Litigation and court interdicts are expensive.

**Comments, articles and recommendations about and for the newsletter are welcome. No anonymous submissions will be accepted; however, names may be withheld on request.**

Please submit it to: [editorgepfmg@gmail.com](mailto:editorgepfmg@gmail.com)

