



The Monitoring Group: An independent group of pensioners and civil servants concerned about the long term viability of the GEPF and sustainability of its return on investments.



VOL 2 NO 8

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 more than 1 200 000 government employees contributing to the GEPF, and more than 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

"First they ignore you, then they laugh at you, then they fight you, and then you win." – attributed to Mahatma Gandhi

It is easy to say "what can we do?" meaning the opposition is too great, the problem too large, the effort too expensive, etc. Well, look at the progress a few concerned pensioners have managed to make in waking up our members: the MG has indeed made parliament, trade unions and many civil servants and pensioners aware of the threats against the sustainability of our GEPF. The MG has become a respected stakeholder in

the oversight of the GEPF and its agent, the PIC. Isn't it exciting to see Fedusa, Cosatu, SADTU, Solidarity, the PSA, etc active in the media in their concern about the government's intention with our pension fund?

The MG has investigated litigation to improve oversight and accountability in the GEPF/PIC, but does not presently have the resources. However, Solidarity has submitted a PAIA request for information to the GEPF. The GEPF, of course, first ignored the request, but eventually replied after the period required by law had long gone, stating that in short that the information wouldn't be provided. This was to be expected, similar to all state and SOE where the fiduciary responsibility and accountability are viewed lightly. I suspect Solidarity isn't going to let this go without a fight and other unions will probably join them later.

The MG has supported parliamentarians with information and also attended SCOPA as observers. At this meeting the GEPF and PIC were taken severely to task, even by the ANC chairman, confirming the value of our continued media statements, communication with stakeholders and mobilising support for improved oversight of the GEPF.

The MG media members have mailed various unions and trade union federations, congratulating them on their public reaction to the SOE and SAA debacle. No answer thus far but they will keep communicating to achieve mutual support on our concern.

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 on the Board of Trustees of our fund. This needs serious and intensive lobbying to rectify with large numbers being the foundation of success. We need many serving civil servants and pensioners to do this, similar to SCOPA, not government appointees [read SC] only.

It is also noteworthy that our Board of Trustees at the Fund doesn't react to any media reports or press releases to allay our concerns about the sustainability of our Fund. Of course the parliamentary investigations into investment in state controlled entities still have to be completed, but does that not only keep fuelling our concerns?

If you haven't received notification from the GEPF yet, two members of the Board of Trustees are up for election next year April. Get your nomination in now.

Editor

MESSAGE FROM GENL CONSTAND VILJOEN

Genl Viljoen is aware of the activities of the MG and shares the concern. He sent us this short message.

Original Message

"In die afgelope tyd was hierdie fonds van ons pensionarisse openlik teiken van die staat om hulle sukkelende organisasies te help uit ons fonds. Dis tyd dat ons mobiliseer om genoeg skrumkrag te monster. Die patetiese bestuur van hierdie organisasies kan ons nooit voor instaan nie. Dis tyd dat groter getalle hulle stemme laat hoor as die paar vrywillige werkers die pogings moet deurdruk om te keer dat ons fondse in bodemlose putte beland. Ek het reeds my bereid verklaar om

lid te word en by te dra. As ek nou nog rang gehad het kon ek sommer n opdrag gegee het. Nou doen ek graag n beroep op my oud kollegas van die SAW om te mobiliseer vir hierdie geveg. Maar ook dieselfde beroep op al ons staatsdienspensionarise. As ons saamstaan en saamdruk in die skrum sal ons nog die bal kan hak. HIERDIE IS WERKLIK 'n lewensbelangrike saak wat die stabiliteit van ons pensioene in die toekoms direk raak.

KOM ONS STAAN SAAM!"

Translated

Recently this fund of our pensioners has been openly targeted by the state to help its troubled organisations using our fund's money. It is time we mobilise to muster sufficient scrumming power. We can never accept responsibility for the pathetic management of these organisations. It is time that larger numbers make their voices heard than only the few volunteers and their attempts to prevent our funds falling into bottomless pits. I have already declared myself prepared to become a member and to contribute. If I still had the rank I could have just ordered it. I now call on you my ex colleagues of the SADF to mobilise for this battle. But at the same time I also call on all our civil service pensioners. If we stand together and scrum together we can still hook the ball. THIS IS REALLY a life importance matter that directly influences the stability of our pensions for the future.

LET US STAND TOGETHER!

NEWS NEWS NEWS

Synopsis

Eskom is set to make massive loss, report shows



Nov 16 2017 07:03

Chris Yelland, EE Publishers, and Yolandi Groenewald, Fin24

Johannesburg - The low electricity price increase granted by energy regulator Nersa for the 2016/17 financial year, coupled with declining sales volumes, rising costs and debtor payment challenges, are all working to put Eskom's revenue, cash flow and bottom line under severe pressure.

As a result, the Eskom Group profit of R6.38bn for the six-month period ending 30 September 2017 is projected to reflect a loss of some R3.55bn by financial year-end. This is according to a final draft report that has been viewed by **EE Publishers** and Fin24, from Eskom to its shareholder representative, Public Enterprises Minister Lynne Brown, for the second quarter of 2017 ending September 30, 2017.

Note: This article is a collaboration between EE Publishers and Fin24

Comment

These are only the first paragraphs of a 4 page analysis. It is clear enough to make you reconsider investing in Eskom.

Synopsis

PIC could still invest in SAA, says Matjila

15 NOVEMBER 2017 - 08:07 BEKEZELA PHAKATHI

The PIC has not ruled out investing in the broke SAA. The PIC confirmed on Tuesday that it had been approached by SAA, but it rejected the airline's initial funding request.

PIC CEO Dan Matjila told Parliament's standing committee on finance on Tuesday that SAA had not met the corporation's investment criteria.

So we wait and see. Once we have enough data to [convince us] that it has turned around, the balance sheet is looking much better and there is stability, then we will consider [the request]," Matjila said.



Wait and see: Public Investment Corporation CE Dan Matjila told MPs the asset manager had rejected SAA's initial request due to poor governance. File picture

The government aims to dispose of all or part of its 39.7% stake in Telkom to bail out struggling SAA and the South African Post Office.

In his medium-term budget policy statement in October, Finance Minister Malusi Gigaba said the government aimed to dispose of a portion of its Telkom shares to avoid a breach of the expenditure ceiling. The government regards the PIC as a potential buyer of its Telkom shares. The PIC already has a stake of about 8% in the telecoms operator.

Speculation is that Matjila is concerned that a purchase of the 39.7% shareholding would leave the company overexposed to Telkom. The PIC is said to be open to purchasing



about R2bn in Telkom shares, which will increase its shareholding to about 18%.

It also emerged in Parliament on Tuesday that the PIC board had not complied with Gigaba's request that the corporation furnish terms of reference for a forensic audit of all its investments by October 23.

Cosatu leaders have asked for assurances that workers' pensions will not be used to bail out SAA or other ailing state-owned enterprises. In submissions to the committee on Tuesday, the federation called for the strengthening of oversight and accountability of the PIC.

phakathib@businesslive.co.za

Comment

Purchasing more of Telkom will expose the PIC and GEPF to more possible losses in keeping POE afloat.

Lonmin in a race against time

Nov 09 2017 15:44

Kevin Crowley, Bloomberg



AMCU leader Joseph Mathunjwa and Lonmin CEO Ben Magara during the commemoration of the 2012 Marikana massacre in August last year. (File pic: Felix Dlangamandla, Netwerk24)

Johannesburg - Lonmin's revenue in the most recent quarter was barely \$3 an ounce higher than its costs. The razor-thin profit margin is the main challenge facing chief executive

officer Ben Magara, but not the only one. Members of the local community near Lonmin's Marikana operations in South Africa want the shafts suspended, the company said last week it's close to breaching banking covenants and the stock is down 39% in the past six days in London.

Lonmin chose to focus on platinum in the late 1990s and the stock surged along with demand for the metal in the mid-2000s, but the shares have been on a steady decline since 2011, dropping 99.5%.

At stake is not only the company's long-term future but also the financial impact on its 25 000 employees and the nearby community. Lonmin holds particular social and political significance in South Africa for its connection when 34 people, including striking employees, were shot by police in 2012.

Two years ago, Lonmin raised about \$400m in a rights issue to buy time until platinum prices improved. While the metal has gained in that period, expenses also rose, meaning that the company's focus is simply to break even each quarter.

Lonmin has had "encouraging" proposals from fellow platinum miners to purchase capacity at its processing facilities. Those deals could bring in cash payments up front and reduce costs due to economies of scale.

Lonmin is in no imminent danger of defaulting - the company has \$103m million more cash on hand than total borrowings. However, the accounting value of its assets has dropped down to "the region of" the \$1.1bn level required by its banks, the company said on November 3. It's also delayed publishing its annual results while management tries to implement the cash-raising plan.



Comment

The PIC officially holds 29,9% of Lonmin with no indication of how much it really has. This makes it crucial that the company survive to ensure some ROI for the GEPF, meaning the PIC will have to ensure Lonmin remains viable even if it means investing more funds.

Synopsis

Ramaphosa warns of PIC capture plot

POLITICS / 6 OCTOBER 2017,
06:18AM / TEBOGO MONAMA, KHAYA
KOKO AND LAUREN JENSIK

Johannesburg - Deputy President Cyril Ramaphosa on Thursday became the first high-ranking government official to confirm fears of a possible plot to capture the Public Investment Corporation. Addressing the national general council (NGC) of the SA Democratic Teachers Union (Sadtu) in Kempton Park, Ramaphosa said that because teachers' pensions were invested in the PIC, they should fight and protect the fund from being looted.

Synopsis

Gigaba PIC actions questioned

Oct 06 2017 16:48

David Maynier. (Supplied, Netwerk24)

Cape Town - Finance Minister Malusi Gigaba's has requested PIC CEO Daniel Matjila and the board to provide a list within two weeks of all its beneficiaries and the investments it has made. Gigaba intends to make this public. He also wants them to conduct a forensic investigation into any concerns of irregularities.

DA spokesperson on finance David Maynier reacted by claiming Gigaba's "spin machine" is playing catch up, desperately trying to claim ownership of processes that are already underway at the PIC.

According to Maynier, the first disclosure of beneficiaries and investments, which included details of directors and shareholders, was already made by the PIC last year, and work towards preparing the second disclosure is already underway.

In August South African Airways indicated that the PIC could be a source of funding. Business Day also claimed that Gigaba told executives of Cosatu that he can't guarantee that government won't attempt to make use of funds held by the PIC to recapitalise struggling state-owned enterprises (SOE) and fund other projects.

In September Bloomberg reported that National Treasury is pressuring the PIC to provide as much as R100bn to fund struggling SOE. This led to Cosatu threatening to replace the PIC with privately owned fund managers to oversee its members' pension funds.

The Economic Freedom Fighters (EFF), the Federation of Unions of SA (Fedusa) and the Public Servants Association (PSA) called for vigilance to prevent workers' pension funds managed by the PIC from being used to bail out SOEs.

Fin 24

Comment

It should be within Gigaba's reach to have the PIC information on is desk within days, after all he is the chairman of the PIC Board! It is therefore entirely plausible that the Minister has all the details at hand but is going to disclose it in drips and drabs for maximum political gain. The awesome silence from the Board of Trustees leaves the perception that it might not be doing what it is supposed to, ie their fiduciary duties as Trustees of our Fund.



Die GEPF weier steeds om inligting bekend te maak

Donderdag, November 2nd, 2017

Die vakbond Solidariteit het vandag aangedui dat die staatspensioenfonds (GEPF) steeds weier om inligting oor moontlike staatskaping en ongelyste beleggings aan die vakbond te verskaf. Dit volg nadat die voorsitter van die parlement se staande komitee oor finansies, Yunus Carrim, die GEPF gemaak het om aan Solidariteit se aansoek gehoor te gee.

Volgens Schalk de Bruyn, die hoof van Spesiale Projekte by Solidariteit, het die vakbond dié inligting op 28 Augustus ingevolge die Wet op die Bevordering van Toegang tot Inligting (Paia) aangevra. "Nie net het die GEPF versuim om binne 30 dae op dié instruksie te reageer nie, maar hulle het ook 'n direkte instruksie van die voorsitter verontagsaam," het De Bruyn gesê.

De Bruyn wys daarop dat die GEPF volgens artikel 25(3) van dié wet konkrete redes vir hul weiering van inligting aan ons moet verskaf. "Die GEPF het egter nie duidelike redes aangevoer oor hoekom hulle weier om aan ons versoek te voldoen nie en voldoen daarom nie aan die bepalings van artikel 25(3) nie," het De Bruyn gesê.

"Solidariteit gaan nie die saak daar laat nie. Ons volgende stap is om die hof met 'n hofaansoek te nader," het De Bruyn saamgevat.

Kommentaar

Die vakbond Solidariteit het in Augustus informasie oor die RDPF beleggings en staatskaping versoek ingevolge die wet op toegang tot informasie. Tot niemand se verbasing het die RDPF nie binne die neergelegde tydperk geantwoord nie maar tog uiteindelik beleefd geantwoord dat die

informasie nie binne die informasie vrystelling val nie en nie verskaf gaan word nie. Solidariteit is van voorneme om die saak verder te voer.

Prevention is better than cure at the PIC – Solidarity

Thursday, October 12th, 2017

Trade union Solidarity today expressed concern over possible political interference at the Public Investment Corporation (PIC), which may result in the squandering of Africa's largest pension fund, the Government Employees Pension Fund (GEPF).

Schalk de Bruin, head of Special Projects at Solidarity, contends that the minister's attempt to get rid of PIC CEO, Dr Dan Matjila, is one of many signs that the minister is trying to interfere politically in the management of the fund. "Such conduct by politicians poses a threat to the future of a well-managed fund," De Bruin said; in this matter Solidarity acts on behalf of around 10 000 members.

It is for the very reason of offering such protection that Solidarity submitted an application in terms of the Promotion of Access to Information Act (PAIA) to both the PIC and the GEPF to obtain information about investments and related procedures, thereby ensuring that the PIC, as its historical return indicates, is still managed in the best interests of its contributors. "The purpose of the application pertains mainly to major transactions which, given the fund's scale, constitute small percentages, but give rise to concern about possible political interference in the fund nonetheless. Both institutions failed to respond within the prescribed period of 30 days.

"Moreover Solidarity will, within the framework provided by the Act, endeavour to obtain the relevant information from both institutions for



we regard this information as being of importance to all who belong to the fund. We are already aware of various remedies that could be followed should there be signs of misappropriation,” De Bruin said.

Comment

Different spelling of De Bruyn/Bruin does not make the Solidarity statements invalid.

Synopsis

Unions warn Gigaba to back off on pensions

2017-10-08 05:47

Msindisi Fengu - **City Press**

Unions have warned Finance Minister Malusi Gigaba and his deputy Sifiso Buthelezi to keep their hands off civil servants’ pensions. The SA Democratic Teachers’ Union (Sadtu) wants a say in how the PIC manages the pensions of its members.

Sadtu general secretary Mugwena Maluleke told City Press yesterday that this was based on a demand that the PIC “must not be Gupta-ised”. “We are going to expose and fight any attempt to touch the money of the PIC, even if we have to embark on industrial action to protect the savings of the workers that are invested by the PIC,” he said.

This follows yesterday’s statement by the Federation of Unions of SA (Fedusa), in which it accused Gigaba of launching a “fresh assault” on the PIC and its chief executive officer, Dan Matjila.

Maluleke opposed the use of teachers’ pensions to bail out failing state-owned companies. “Bailouts must be informed by the needs of our people and not the needs of the Guptas and the elites – in particular the businesspeople and the politicians,” he said. Maluleke said Sadtu had arranged meetings

with the PIC and GEPF and would meet legal advisers to understand the PIC Act.

At Sadtu’s council Deputy President Cyril Ramaphosa hinted that the union should get involved in the PIC board to protect their members’ interests.

Fedusa general secretary Dennis George said that there was a “relentless and concerted campaign to destabilise the PIC” and change its leadership. Fedusa said it would consult its affiliates and lobby Cosatu and National Council of Trade Unions about reviewing or withdrawing the GEPF’s investment mandate from the PIC and handing it to a private sector asset manager.

Fedusa demanded representation on the PIC board, to protect the pensions and savings of public sector workers and their beneficiaries from looting.

Comment

The focus should be on the Board of Trustees and its due diligence and fiduciary responsibilities in the investments, instead of the PIC that is the investment agent of the GEPF. The Companies Act and King Reports are very clear on the accountability of Boards, this might be an opportune time to inform the Trustees of possible personal court appearance and subsequent fines for not complying.

The election, re-election and appointment of members of the Board must receive your [pensioners and contributing members] close scrutiny, especially with the magnitude of risky investments and losses [e.g. Independent Media R 1,83 billion, Isibaya investments 55% loss] under their tenure. Also it seems the first action by the PIC on noting bad results is to invest even more in the failing company. And then the GEPF and PIC refuse to answer



questions about investments. In any business such results would cause 'heads to roll', especially if it is accompanied or preceded by refusal to disclose, lack of transparency and obfuscation.

Synopsis

Malusi Gigaba's "spin machine" in a desperate game of catch up at the PIC

The Minister of Finance, Malusi Gigaba, claims to be taking "bold action" to protect the integrity of the PIC. However, the truth is the minister's "spin machine" is playing catch up desperately trying to claim ownership of processes that are already underway at the PIC.

The fact is:

- the first disclosure of beneficiaries and investments, which included details of directors and shareholders, was made last year, and work towards preparing the second disclosure is already underway at the PIC; and
- the chairperson has already agreed, following a request from myself, to consider an investigation into irregularities, including the recent smear campaign, which did so much damage to the PIC.

In the end, the minister's "spin machine" has packaged processes already underway as "bold action" in an effort to frame the minister as a crusader against "state capture" and a protector of the integrity of the PIC.

It's just not credible.

Statement issued by David Maynier MP, DA Shadow Minister of Finance, 7 October 2017

Comment

In a MG letter to Mr Maynier, the disclosure of unlisted (PIC/Isibaya) investments was highlighted. Also analysis of about 250 GEPF/PIC investments revealed that 65

showed a "return" of between minus 55% and 0% whilst in 39 cases no Internal Rate of Return was shown. Of course these aren't by any means the only investments of our Fund, only those they are willing to make known.

Synopsis

Connecting the dots on Gigaba's 'state capture' project

Oct 09 2017 14:43

By Dennis George



Dennis George.

While the state capture project has been operationalised by an army of corrupt minions, Finance Minister Malusi Gigaba will be remembered in history as the 'chief architect of the state capture project', according to Dennis George, general secretary of the Federation of Unions of South Africa.

Fedusa has started consultation with all its structures and other trade union federations like Nactu and Cosatu, on their proposal that organised labour review and possibly withdraw the investment mandate the GEPF has with the PIC.

This comes against the backdrop of the interminable attacks against the PIC by the current leadership of the National Treasury led by Minister Malusi Gigaba, ostensibly to create "transparency and accountability" at the institution. The truth, we of course know, is to gain control of the institution in



order to plunder the pension savings of millions of public servants.

The decision to potentially withdraw the GEPF mandate from the PIC has not been taken lightly. We are aware of the consequences – the GEPF is the biggest public sector client of the PIC. More than R1.67trn of the GEPF's assets are invested and managed by the PIC, in terms of the existing investment mandate. These are defined benefit funds which means government is the ultimate guarantor of worker's pensions. There are material risks in seeking, as an alternative, private asset managers and we need to consider our options carefully. But our preliminary view is that there is no obligation in law for the GEPF to retain the PIC as the exclusive manager of these assets.

The GEPF can look at alternatives, and the relentless assault on and political interference in the PIC led by Gigaba warrants our concerns about the future security of public sector pensions. Over the next few days, we will seek legal advice on these options to help us take the most responsible decision.

The country's fiscal sovereignty – the custodians of which are the National Treasury and associated institutions, like the PIC; the South African Reserve Bank (SARB) and the South African Revenue Service (Sars) – was the final front for the state capturers.

Gigaba had been a key lieutenant in their attack so far, succeeding in taking most of the key state-owned companies for his corrupt handlers. But there was still a chance that, with the keys to the National Treasury and faced with the enormity of

the associated responsibility, Gigaba would do the right thing.

Gigaba has been *the* central architect of the state capture project since his appointment on November 1 2010 as minister of public enterprises. Unsurprisingly Gigaba's appointment marked the start of a systematic process of reconfiguring the boards of state-owned companies to operationalise the Gupta/Zuma looting.

Dennis George is general secretary of the Federation of Unions of South Africa. Views expressed are his own.

Comment

There is much more to this statement and well worth reading in its entirety with the view to expand your knowledge of the progress of SC.

'We can't trust Gigaba on PIC' - Catholic bishops

10 October 2017 - 11:01 BY TIMESLIVE

The Southern African Catholic Bishops' Conference (SACBC) has questioned the assurances given by Finance Minister Malusi Gigaba that he will shield the PIC from political interference. "It is difficult to trust what the Finance Minister says about the PIC since the office of the minister suffers a 'credibility deficit,'" the religious body said in a statement on Tuesday.

"The SACBC Justice and Peace Commission wishes to add its voice to the outrage over alleged plans to plunder the PIC and the pensions of millions of hard-working government employees and pensioners."

Gigaba has moved to dispel speculation that the PIC's funds are under threat. Last week



he gave the PIC board two weeks to supply a list of all the PIC beneficiaries and investments. Treasury said the list would be made public.

The Bishops' Conference said it was nevertheless concerned. "If the allegations of plans to capture the Asset Manager are true, then the country's moral barometer has hit a new low," it said.

"The office of the Finance Minister currently suffers from a credibility deficit. In the light of the mounting revelations about State capture, it is difficult to trust what the Finance Minister tells us. The recent intervention of the Finance Minister to address public concerns around PIC has not allayed our fears. More needs to be done. Further strengthening of governance should be considered to prevent a raid on the pension savings of workers."

"We therefore join calls for greater involvement of Parliament in the appointment of the PIC board and its chairperson. The concentration of the appointment powers in the Minister of Finance, without some form of parliamentary oversight, makes the PIC highly vulnerable to political interference, looting with impunity, and the negative influences of ANC factionalism."

The conference also supported calls for labour representation on the PIC board. The PIC looks after public sector workers' pension funds.

Comment

It is gratifying that more and larger organisations are voicing their concern. To illustrate the size of what the concern should include, the nuclear power tragedy will cost in today's terms about R 1,6trn, probably spread over about 20 years, without escalation, irrespective of financing and counter

investment promises. This will swallow the entire GEPF without trace.

Synopsis

The PSA has become the latest union to threaten to pull out of the PIC 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 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

JOHANNESBURG – Government is pushing ahead with the introduction of a new all-embracing pension fund. But with trust between government and other social partners at an all time low, there are concerns that such a fund could be open to political abuse.



The National Social Security Fund will combine all existing pension funds, public and private into a fund estimated at R3-trillion. All employers and employees will be obliged to contribute at a combined rate of 12 %t of their income per annum. The fund will also include the Unemployment Insurance Fund. Labour says social partners must be involved throughout the process to prevent the fund from being misused.

One example used was bailing out mismanaged state-owned companies.

Fedusa [Dennis George] said: "We must have direct representation for labour on all the structures, including on how the money will be invested. If you look at the problem that we are currently facing with the government employee fund and PIC. Labour is on the GEPF as trustees but when it comes to the investment part labour has slipped up. Therefore, there's no labour representation, so we don't always know the inside of what will happen."

The fund is currently being negotiated at the National Economic Development and Labour Council [NEDLAC]. Government will subsidise low-income workers to minimise disruptions with the introduction of mandatory contributions. While many agree there's a need for such a fund, funding and modalities must be agreed upon.

"You need good and clean governance in order to manage it in a proper way. In the current form with our SOEs you can't rule out that those concerns are justified. But it can't deter you from doing something good based on the fears of what might be happening," said Cosatu general secretary, Bheki Ntshalintshali.

Various other countries operate this type of overarching social security fund.

International Labour Organisation director, Joni Musabayana said: "First there must be agreement and that's why it took so long. Secondly is to look structure by structure which parts can be easily integrated. Perhaps start by the low hanging fruits. Those that can fully integrate in an effective manner without disrupting too much. The challenge is that there's already a lot of vested interests. There are institutions, there are beneficiaries. There are those promoting their institutions."

It could take up to three years before the National Social Security Fund is implemented.

Comment

Dear reader, you most probably will know what I would like to comment. However, there is still too little information available to make informed decisions. You will all realise the cash cow opportunity this will provide if not totally transparent and well-run.

Synopsis

PIC takes full control of ailing Daybreak

Africa's largest fund manager gets go-ahead from competition authorities to take over poultry producer despite rating operation as 'underperforming'

20 OCTOBER 2017 - 06:10 NEELS BLOM



Picture: ISTOCK

Troubled poultry producer Daybreak has been rescued from almost certain closure by the PIC in a deal in which Africa's largest fund manager becomes its 100% owner. This is despite the PIC's own rating of the operation as "underperforming".

The Competition Tribunal said earlier this week it had approval for the acquisition of control of Afgri Poultry, trading as Daybreak Farms, by the PIC on behalf of the GEPF, the UIF and the Compensation Fund.

Neither the value of the deal nor the amount the PIC and clients had already spent on Daybreak were disclosed. The PIC's portfolio of unlisted investments accounts for about R67.9bn. The PIC said on Wednesday that about 30% of its unlisted investments were underperforming and about 60% of them lagged in environmental, social and governance ratings.

Comment

The underperforming investments keep becoming more.

Publisher

Chairman: Antonie Visser
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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 sustained 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 our 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 and accountable to manage the funds in the interest of its members. However, experience has shown questions often not being answered directly or 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.

See the last four pages for examples of the MG activities - questions a pensioner asked the GEPF and a recent press release on behalf of the MG.

The MG compile and submit to members of parliament possible questions to raise in sittings and at committee meetings, as well as information and statistic packs on request and on own initiative to allow them to make informed comments. This has had increasing and visible success in starting a ground swell of concern amongst parliamentarians; after all, they also want to go on pension!

The GEPF MG

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:

Hennie Roux
hennie@nostalgie.co.za

Gerda Putter
gerda.putter@gmail.com

Alan Luck
armyrenewal@vodamail.co.za

Errol Massey-Hicks
errolhicks@gmail.com

FACEBOOK GROUP

[GEPF Moniteringsgroep]

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 to be found in the "Files" section on the 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.co.za

Copy of questioning email sent to the GEPF on 11 November. The sender hasn't had any reply yet.

Notes

1. These are questions directed to the GEPF by email and are self-explanatory.
2. The contents are quoted verbatim except for the sender's details.
3. The sender's details are private but may be made available by special request with reasons for so wanting to know.

“GEPF ANNUAL REPORT 2017 - BUSINESS PLAN AND BUDGET ISSUES

The 2017 Annual Report (AR) states that the GEPF value the following:

We value integrity, transparency, client centricity, accountability, and innovation.

As GEPF pensioner I agree with these values.

In this spirit, please consider my comments and questions to obtain clarity herewith:

Achievement against the Business plan and the Budget

As a start, the approved business plan and budget is not in the public domain.

As such, the only source of information to determine achievement (or not) is to compare actual results against that planned as disclosed in the annual report itself.

The annual report in its current form unfortunately does not facilitate a meaningful comparison and basis for assessment.

When I read through the Annual Report 2017 as available on the website , I found these two references to " budget":

1. The PEO's Financial highlights on page 8 indicates:

"The Fund incurred R2.9 billion in expenditure for the year ended 31 March 2017 against a budget of R3.6 billion, which represents a total expenditure of 80% of the budget. This expenditure excludes other direct expenditure that was incurred directly by asset managers to the value of R1.9 billion."

2. The oversight role of the Finance and Audit Committee (FA-C) holds management accountable for effective internal financial controls and on page 23 its indicated:

"The Fund's business plan and budget is prepared annually and approved by the Board. Regular reviews and monitoring of capital and operational expenditure, as well as cash flow projections, take lace throughout the financial year to ensure sound financial control. "

My comments and questions to obtain clarity in respect of the above follows herewith:

1. In the absence of budget vs actual expenditure detail, and comments on deviations elsewhere in the Financial Statements (AFS) or notes, its impossible to determine if this underspending of the budget is a good thing or bad.
2. The expenditure incurred of 2.9bn cannot readily be traced to the AFS or notes. As such, its uncertain which audited amounts make up this amount.

3. The absence of more detail iro the direct expenditure incurred by asset managers also does not allow for proper analysis or understanding what these expences entail. The amount of R1.9 bn in relation to the R 2.9 bn is 65% and combined its R4.8bn which exceeds the approved budget of R3.9bn. (Unauthorised expenditure?)

4. This 1.9bn is a substantial portion of expenditure spent without apparent direct budget control by the GEPF. As such oversight by the FA-C does not appear to be on the level required.

5. In addition,its uncertain if this amount was recouped from the GEPF (the AR is silent on this) or topsliced from the fees paid by tge GEPF to the asset managers.

6. If the later occured, it implies the understatement of external investment management fees in the AFS. This in turn creates a false impression as to the efficiency of these fees in relation to assets managed and or investment income generated.

7. Underspensing against the budget by 20% implies reduced achievement against the objectives contained in the Business plan. (Savings of this scale does not happen in South Africa)

8. Cutbacks in plans or the delayed implimentation of initiatives is something which the owners of the fund would most surely have prefered to know about earlier. I stand to be corrected, but as a pensioner, I cannot recall receiving any such information via the newsletters or otherwise.

9. Even now after the financial year has ended, the AR2017 carries basically no information as to which parts of the business plan could NOT be delivered on in full.

Your assistance with the above will be appreciated.

Regards”

Details of sender, etc.

Press Release by the GEPF MG

AVAILABLE IN ENGLISH

Uitgerereik deur: A P Stemmet

Namens: Gepf Monitorgroep

Hiedanigheid: Segsman

Kaapstad

15 November 2017

VERKLARING. 1

Die termyn van die Raad van Trustees verstryk in April 2017.

Die Raad bestaan uit sestien lede waarvan agt deur die werkgewer aangestel word. Een lid word deur lede van die gewapende magte plus SSA en een deur pensioentrekkers verkies vir 'n tydperk van vier jaar. Die ander ses word deur vakbonde aangewys.

Die pensioenfonds het 1 273 784 dienende en 437 051 pensioentrekkende lede op 31 Maart 2017 gehad.

Die Raad is in beheer van die bates van die pensioenfonds asook verantwoordelik vir die beleggings van die fonds. Hiervoor maak die Raad van beleggingsbestuurders gebruik. Tans is dit die Openbare Beleggingskorporasie (Obk) maar ander kan ook gebruik word. Daar bestaan 'n verkeerde persepsie dat die Obk die alleenbeheer oor die beleggings het terwyl dit slegs met 'n mandaat van die Raad optree.

By onlangse sittings van die parlementere Staande Komitee oor Finansies is 'n sterk saak uitgemaak dat pensioenlede meer verteenwoordigers op die Raad van Trustees moet kry. Wetgewing is nie hiervoor nodig nie en die statute van die pensioenfonds hoef slegs daarvoor gewysig te word.

Daar bestaan 'n sterk gevoel dat vakbondlede die Raad van Trustees moet verteenwoordig op die raad van die Obk. Die Monitoringsgroep ondersteun hierdie gevoel maar wil daarop wys dat so 'n stap alleen nie die probleem sal oplos nie. Trusteelede sal dan steeds nie inspraak hê by ander beleggingsbestuurders nie.

Die beheer oor beleggings bly steeds die verantwoordelikheid van die Raad van Trustees en die oplossing is moontlik dat streng beheer alreeds in die Raad toegepas moet word. Vir hierdie doel sal vakbonde moet verseker dat geskikte kandidate wat akademies en andersins goed toegerus is op die Raad aangestel word om te verseker dat hulle hulself kan laat geld wanneer daar oor die beleggings van miljarde van die pensioenfonds besin word.

Trusteelede sal nie alleen moet verseker dat die pensioenfonds nie gekaap word nie maar ook dat beleggings slegs tot voordeel van die fonds gemaak word en nie vir politieke doeleindes soos tans dikwels die geval is nie. Hulle sal ook moet waak teen onsinnighede soos dat die fonds gebruik kan

word om vrotbestuurde staatsinstansies soos Eskom en vele ander bodemlose putte aan die gang te hou.

Vakbonde kry nou met die samestelling van die nuwe Raad 'n geleentheid om hul stempel af te druk.

Politici sal ook 'n belangrike rol moet speel om te verseker dat die weg vir staatskaping nie alreeds gebaan word by die aanstelling van die staat se verteenwoordigers op die Raad nie.

Adamus P Stemmet

Durbanville

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