



**The Association for Monitoring and Advocacy of Government Pensions: An independent group of pensioners and civil servants concerned about the long term viability of the GEPF and sustainability of its return on investments.**



## NEWSLETTER NO 2 of 2018

**AMAGP – Association for Monitoring and Advocacy of Government Pensions**  
**BOT – Board of Trustees [of the GEPF]**  
**GEPF - Government Employees' Pension Fund**  
**PEO – Primary Executive Officer**  
**PIC – Public Investment Corporation**  
**PSA – Public Servants' Association**  
**SC – state capture**  
**SCF – Standing Committee on Finance**  
**SCOPA - Standing Committee on Public Accounts**  
**SOC – state owned company**  
**SOE – state owned entities**

***There are 1 273 784 active members, 437 051 pensioners, and "R 1 67 trillion in assets under management". GEPF Advertisement for a Government Employees Pension Ombud. Rapport 4 February 2018.***

### The Editor's Word

Questions I think we need to ask:

Will the more than 1,2 million working members of the Fund have a realistic pension when they eventually retire?

Why aren't they all part of the AMAGP, or at least a few? Right now the MG/AMAGP consists of white pensioners only, fighting for the future of all 1,2 million contributors.

What does 100% funded mean in real pension terms? Actually nothing, as a good guideline for adequate funding for sustained pension is evidently about 168%. This means our pension fund is currently underfunded!

What may we expect from our Board of Trustees? I would expect and insist their principle no 1 is the interests of the members of the Fund, ie those still contributing [the huge majority of 1,2 million or about 3/4] and those already on pension [the minority of about 0,4 million or about 1/4]. Secondly would be extreme due diligence. See the next paragraph.

What does the state guarantee for our pensions mean? If the state is bankrupt like now? And our Fund lends a bankrupt Eskom another R 5 billion? Actually the state guarantee means nothing. On page 228 of the Treasury 2017 Budget Review, Table 11, the GEPF is listed under 'Other contingent liabilities' at the bottom of the page. Can you take it?

The guarantee is zero, nothing, none, niks! Where does it leave our pensions and what you thought the state guaranteed?

Our Trustees on the Board of Trustees get paid a very satisfying amount as Trustees. Unconfirmed each one is paid about R 600 000 annually, excluding travel and accommodation, over and above their normal income. I expect all the trustees, probably including those from the unions, are paid similarly. I stand to be corrected. The number of meetings, activities and due diligence are unknown but should surely justify that amount, not so? What may we expect in return? Let's start with transparency.

The GEPF 2017 Annual Report p7 and the chairman, indicated that:

“Governance

During the period under review, the GEPF continued to recognise the importance of promoting best-practice governance within the Board, the Government Pensions Administration Agency and all the Fund’s investment managers.

#### **The Board has received training on King IV.**

We intend to align with the King IV principles voluntarily and will report on our progress during the next financial reporting period. We do not view governance as a tick box to compliance but as a pinnacle guide to ensuring we deliver in terms of the policies, structures and procedures we have established. The Board will continue to uphold the values of the Fund through its governance and ethics practices.”

The question is, did it help? And will it help in the short period left of this board?

Our aim must be to mobilise the 1.2 million contributors from their passive belief that the state will take care of them to the reality that they must take their future into their own hands, meaning their pension. It isn’t a state pension; it is their very own pension.

The sustainability of the Fund is the essence of what AMAGP is campaigning for. We must ensure the “predatory and parasitic political elite” aren’t part of the present or future of our fund.

Sustainability: a: of, relating to, or being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged <https://www.merriam-webster.com/dictionary/sustainable> dd 24 November 2017

The GEPF re-advertised the Appointment of a Government Employees Ombud, a retired judge required. The advertisements states 1 273 784 active members, 437 051 pensioners, and “R 1 67 trillion in assets under management”.  
Rapport 4 February 2018.

The AMAGP AGM was on 15 February. Detail when the minutes have been finalised and approved.

The PSA protest took place but the Cosatu protest that was to have taken place for the same reason scared potential protestors away. Only about 60 gathered, shame on you other 440 that said they would be there! At least the PSA is doing something visible for their members’ pension.

There are at least 14 different trade unions for the civil servants, and FEDUSA that includes at least four of those and Cosatu another 3. Doesn’t it make you think that these organisations should take greater ownership of the sustainability of the GEPF?

The different parts of the civil service each have one or more unions representing them. Therefore, the Fund members have to mobilise their unions to take up their pensions’ sustainability with the GEPF/PIC in no uncertain terms. Not just Fedusa and belatedly Cosatu.

Advertisement. The newsletter is available for you to advertisement in, subject to management approval. Of course there would be a small financial consideration involved. Contact Gerda Putter or Errol Massey-Hicks whose details are on the last pages.

Donations. We would like to acknowledge any sizeable donations to promote the activities of the AMAGP. Such donations may be in kind, such as a minute or two on prime time TV, or in money terms to fund AMAGP activities. Rest assured that all such will be properly recorded, administered and accounted, for reckoning per audited statements at the AGM

Geographical Support. Hennie Roux is very active to recruit working members for the AMAGP. We would like to have a working group per geographical area that can lobby the local media – newspapers, radio, unions, pensioners. The current working group can only do so much. We especially need workers in the main metropolises. Why aren’t you already volunteering?

The AMGP didn’t rest over the silly season but geared up for renewed action. As you might know or don’t know, the letters to the editor in any newspaper go through a rigorous screening process before they are published. It is also a good indication of the current mood of the reader population and provides opinion

makers food for thought. In this respect the AMAGP have been successful in having many letters published although not as widely as we would like. More detail is available from management on request.

The Steinhoff debacle continues with no real resolution yet. I would like you to think on it, losing 1% of your annual income because your financial advisor/broker didn't do his job properly, and then said 'it is only ....'. However, only time will tell as the investigations continue. Although Steinhoff share value is negligible, the value of Steinhoff consists of its many companies and ventures and may yet still ensure the shareholders receive adequate return. Adequate? We'll have to wait and see won't we, but will the GEPF recover its massive loss in full?

Lonmin continues its troubled existence. The GEPF/PIC still owns a large percentage, actually much more than 30%, directly and indirectly.

Eskom needs no introduction. See below.

One inclusive centralised pension fund for SA? Still quiet. I will have to do some research.

Editor

## NEWS NEWS NEWS

### **PSA PLANNING CLASS ACTION AGAINST STEINHOFF TO RECOVER R17 BILLION**

The Public Servants Association has announced their preliminary findings after probing Steinhoff financial and administrative records.



*The Public Servants Association (PSA) executives briefing the media on their preliminary findings after Steinhoff's probing financial and administrative records. Picture: Graig-Lee Smith/EWN.*

#### *Graig-Lee Smith*

CAPE TOWN - The PSA is planning a class action lawsuit to recover R17 billion from Steinhoff. The association has on Thursday briefed the media on their preliminary findings after probing financial and administrative records.

The PSA last week met with Steinhoff lawyers to demand the documents. PSA says it has gone through more than 2,000 financial and administrative documents.

The PSA's Tahir Maepe said: "It's important for us to be able to try and pursue this matter until that money is recovered. We have spoken to PIC who have indicated that they will be willing to join us in that class action in trying to recover the R17 billion."

The association had indicated that more than R12.5 billion in public servants' pensions were lost when Steinhoff's value dropped by R194 billion on the back of allegations of fraud last year.

The PSA has asked the revenue service and the Institute of Chartered Accountants to further investigate Steinhoff's books.

#### *Synopsis*

### **MORE QUESTIONS THAN ANSWERS OVER STEINHOFF CRISIS LEAVES MPS FRUSTRATED**

Steinhoff executives have been appearing before three committees at Parliament in a one-



day meeting aimed at uncovering the origins of the crisis



Picture: Steinhoff official Facebook page.

Gaye Davis | 5 days ago

CAPE TOWN - Frustrated Members of Parliament (MPs) have been trying to get answers about what went wrong at Steinhoff, but members of the global retailer's board and top management have been unable to answer most of their questions.

MPs were not happy with former Steinhoff chairperson Christo Wiese's claim that the crisis hit like a bolt from the blue and also felt strongly that South African regulators should have acted sooner and more decisively.

Steinhoff's acting board chairperson Heather Sonn says no one will be spared in the forensic investigation.

#### 'PENSIONS ARE SAFE'

The GEPF says public servants should not worry about their pensions because of the Steinhoff debacle. The GEPF is a defined benefit pension fund, which means its members' pensions are guaranteed. [See comment later on about guaranteed]

The value of the fund's Steinhoff shares depreciated from just over R24 billion at the end of November last year to R1,8 billion at the end of December, after the collapse of the company's share price.

The GEPF and the PIC have been briefing three committees at Parliament. The GEPF's principal executive officer the latest actuarial valuation GEPF's funding levels put them at 115%, meaning it can meet its commitments.

"Public servants are not affected directly by what has happened in terms of (the) depreciation (in Steinhoff's share value), simply because the fund pays benefits in terms of rules and pensioners will be paid regardless."

But Sithole says it is also important that the fund does not make losses. "Because ultimately we would have to go back to government - and then to taxpayers - to ask for additional money. And so far, there is no need for that to happen because the fund is very well funded, over 115% at the last valuation."

The GEPF says pension increases due in April will be paid.

Eye witness News 31 Jan 18

#### Comment

*Whenever the 'government' says not to worry then it is time to really start to worry. What does guarantee mean if the state is bankrupt? Interesting the actuarial valuation varies according to the date of the valuation and the press release.*

#### Synopsis

#### STEINHOFF BRIEFED THREE COMMITTEES IN A JOINT MEETING



**Parliament, Wednesday, 31 January 2018 –** The Standing Committee on Finance, Standing Committee on Public Accounts and Portfolio Committee on Public Service and Administration held a joint briefing on the Steinhoff crisis today. This was no more than an initial briefing that will provide the basis for the Committees to develop an overall strategy and programme to exercise Parliament's oversight responsibility in respect of the regulators and other bodies investigating Steinhoff.

However, the Committees did not get the sense that the Financial Services Board (FSB), Independent Regulatory Board for Auditors (IRBA) and National Treasury (NT) are being decisive enough in pursuing the Steinhoff matter, especially given its gravity and huge implications. They urged these bodies to be thorough but also swift, and undertook to actively monitor the progress.

The Committees feel far more needs to be done, decisively and swiftly.

While recognizing there are always risks in investment decisions, the Committees feel that the GEPF and PIC have to draw clear lessons from their experience of Steinhoff and be more careful about their investment decisions. The Standing Committee on Finance will accelerate its processing of the Committee and Private Members Bills that seek to ensure greater accountability to Parliament and compulsory representation of workers on the PIC board.

The Committees maintains that Parliament needs to tackle corporate greed and public sector corruption with equal vigour. Accordingly, they recognize that in any case, all so often, there are direct links between corruption in the public and private sectors.

**ISSUED BY PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSONS, MR YUNUS CARRIM, MR THEMBA GODI AND MR CASSEL MATHALE**

*AMAGP reply to the committees.*

Attention Messrs  
Yunus Carrim  
Themba Godi  
Cassel Mathale

Gentlemen

The GEPF Monitor Group (AMAGP) has noted with gratitude the professional attention given by your standing committees to matters concerning Govt employees' pensioners and is following with interest the related debates.

The AMAGP wishes respectfully to point out that whilst much attention is given to the PIC, which is a very important body, the real control over the fund must by law be exercised by the Board of Trustees (BoT) of the pension fund. The PIC, a government corporation, is a mere asset manager and the BoT can appoint other asset managers as well. Any control measures should, therefore, be applicable to the BoT as well.

Unions will be well advised to appoint trustee members of the BoT who are academically suitably qualified and have the necessary experience for the important task of managing the fund's investments.

It seems to be wrong that +- 430 000 pensioners out of roughly 1,6million members are represented by only one member. Further, if it is intended to give the BoT representation on the Board of the PIC it is suggested that at least one should be pensioner member.

Kindest regards,  
Adamus P Stemmet

*Synopsis*

A thought-provoking letter from Christo van Dyk, dd 1 Feb 18:

Good day All

The GEPF from time to time issue press releases and make comments in public indicating that the pensions are safe. I don't know if it's my imagination, but over the last 6 months it seems to happen more frequently.

The reason given is the defined benefit nature of the Fund. As such, it is indicated that neither the performance nor the level of investments impacts these benefits. As a current pensioner it's important to receive 100% CPI annual increases to retain purchasing power. This investment risk is acknowledged in the GEPF's investment policy statement.

I am also a taxpayer since 1977. As such I have a vested interest in the continued performance and sound funding level of the GEPF, not only the short term BUT on the long term.

The GEPF, by means of continued reference and reliance on the so called State Guarantee, is basically ring fencing taxpayer funds, to underpin poor fund management and investment decisions. I don't believe taxpayers or pensioners should allow this.

South Africa has far more needs than taxes, so for the GEPF to add to this tax burden is not responsible and actually presumptuous. The GEPF Trustees need to grow the FUND so any Government guarantee won't ever be required or even mentioned. However, what we see happening is the inverse ie. the funding levels deteriorated since 2014 with a R135bn negative movement in the Contingency Reserves over two years. This reserve is primarily there to ensure solvency of the Fund and 100% CPI increases for pensioners.

In the Transnet pensioner case we see that for the government to make good its guarantee is not an automatic or short term process. In the end, the people that suffer are the pensioners and not the administrators, trustees, government officials and Ministers. Transnet pensioners are dying in poverty yet those that most likely told them that their pension was safe, continue with their lives and earning very good salaries. This can't be right!

Finally, what exactly is supposed to be included in the "guarantee", especially iro current pensioners/beneficiaries? Perhaps it would best if we can have a list of what IS NOT guaranteed ie 100% CPI adjustments, improved benefits for widows, funeral benefit, etc.

What I know is that if this guarantee is called up and we don't have a Transnet scenario, members can expect no further improvements of any kind to benefits. It would simply not be affordable. As member/pensioner/beneficiary is this good enough and acceptable to you?

**As owners of the Fund, it's time that those that are in our employ should start to treat us with the necessary respect. Including the Trustees and Executives on the GEPF payroll.**

Report back received from the Steinhoff hearings indicates references to the pensions is safe statement. Again the sophistication of pensioners to understand issues appears to have been ridiculed in public in parliament, again. The GEPF has been allowed to make the "Your pension is safe" statement and to underestimate the intelligence of pensioners once too often without any serious challenge as to its validity.

These statements are in the court of public opinion and if left unchallenged will be repeated and accepted as fact.

## **GEPF to provide R5 billion loan to Eskom**

For one month.

Warren Thompson / 5 February  
2018 16:11 2 comments



Picture: Nadine Hutton/Bloomberg

The GEPF via the PIC has agreed to provide Eskom with a loan of R5 billion to help cover expenses for the month of February. According to the joint statement by the GEPF, PIC and Eskom, the power utility is experiencing "enormous liquidity constraints", which are threatening its going concern status.

The bridging facility will be entirely backed by unutilised government guarantees at Eskom's disposal, meaning the full faith and credit of the national government will stand behind the loan. "The GEPF and the PIC are encouraged that the new Eskom board and the new management team have moved with the necessary speed to restore good corporate governance at Eskom. The utility announced its interim financial statements last week, which had previously been delayed, in a frank and transparent manner," Daniel Matjila, CEO for the PIC, said.

The loan will give Eskom the breathing space needed to secure the required R20 billion from other lenders.

### *Comment*

*How long do you think this "bridging" is going to be? Any bets?*

*Where is our Fund now heading with its total loans to Eskom?*

### *Synopsis*

## **Poor leadership drove Eskom to brink - new interim CEO**

Jan 30 2018 15:56  
Yolandi Groenewald

<https://www.fin24.com/Economy/Eskom/poor-leadership-drove-eskom-to-brink-new-interim-ceo-20180130>

Johannesburg - According to new interim CEO Phakamani Hadebe, Eskom's poor leadership sparked the crisis that led to its financial woes.

Adding that the power utility faced considerable financial challenges in the last six months. Concerning liquidity, Eskom reached the point where funders felt they could no longer engage with the company, Hadebe said.

"But I am confident that Eskom can turn the corner," Hadebe said. However, he emphasised that Eskom can't simply keep on borrowing to stay afloat.

New Eskom chair Jabu Mabuza said the new board has started to form the foundation of restoring credibility. "It will not be easy. But as collective we have the skills. Our mandate is non-negotiable."

### Review of contracts

Interim chief financial officer Calib Cassim said Eskom has put a recovery plan in place, and has already reviewed 80% of all its contracts. The state utility's Board Audit and Risk Committee will now review 160 contracts over R1bn. He said the plan is on track to address the weakness auditors raised. "Irregular expenditure can be expected at year end, but should not result in an audit qualification," he said.

Eskom will now have to convince auditors at the end of the year that it is a going concern, he said. It was forced to announce its long-awaited interim results on Tuesday, after its bonds faced suspension from the JSE. The bourse warned the state utility it would delist Eskom's bonds if it does not release its interim financial report within the three months stipulated by its debt listing requirements.

The power utility's debt [was downgraded](#) by ratings agency Moody's on Friday.

### Comment

*I suspect the 20% of contracts still to be reviewed are also those with the highest value, thus the bulk of planned expenses. Also I would be doubting the interim CFO if he 'expected' irregular expenditure.*

### Synopsis

**The devil in the detail of Eskom's interim results  
And what they didn't tell us....**

Antoinette Slabbert / 5 February 2018 00:01

[https://www.moneyweb.co.za/news/south-africa/the-devil-in-the-detail-of-eskoms-interim-results/?utm\\_source=Moneyweb&utm\\_campaign=1220f2d9fc-EMAIL\\_CAMPAIGN\\_2018\\_02\\_05&utm\\_medium=email&utm\\_term=0\\_b106a40770-1220f2d9fc-203387677&mc\\_cid=1220f2d9fc&mc\\_eid=e5a98c1e2f](https://www.moneyweb.co.za/news/south-africa/the-devil-in-the-detail-of-eskoms-interim-results/?utm_source=Moneyweb&utm_campaign=1220f2d9fc-EMAIL_CAMPAIGN_2018_02_05&utm_medium=email&utm_term=0_b106a40770-1220f2d9fc-203387677&mc_cid=1220f2d9fc&mc_eid=e5a98c1e2f)

There is always more to the story than what the power utility presents in its Power Point. The results presentation and question-and-answer session is usually about a three-hour affair with a barrage of information being disclosed to journalists. A second reading often provides a different perspective from the "company line" that Eskom presents and gets widely reported. Here are a few crucial observations.

On January 30, with one day left before the listing of its debt instruments on the JSE or it would be suspended for late filing, Eskom released its interim results, which showed a much reduced profit of R6.3 billion, down from R9.5 billion a year ago.

All financial metrics deteriorated with cash flow and liquidity under severe pressure.

### What's going on at SOC level?

The first important observation is that Eskom only reported its interims at group level. When questioned about the results at SOC level, Eskom told Moneyweb that it only discloses the results of the SOC at year-end. This is especially important in the light of the difference between the two sets of results at the previous year-end.

In the last set of annual results a small profit in fact proved to be a loss when Eskom Holdings' other subsidiaries were stripped out.

In its presentation at that stage, Eskom stated that it made a small profit of R1 billion, down more than 80% from the previous year. It was clear that this figure was rounded up from the actual profit of R888 million. Furthermore, this was the profit at group level. At the level of SOC, Eskom in fact reported a loss of R870 million.

At that stage the group consisted of the power utility and also the Eskom Finance Company, Escap (a captive Eskom insurance company) and the Eskom Development Foundation. The results of these other entities



boosted the power company's loss-making numbers at a group level.

It is not clear whether this structure is still the same, since Eskom Finance Company was held for sale. The PIC in October last year confirmed to Moneyweb that it had responded to a request for proposals from Eskom in this regard, but denied that the two parties were finalising a deal.

Nevertheless, newly-appointed Eskom chairman Jabu Mabuza was not prepared to answer Moneyweb's question at last week's interim results presentation on whether the Eskom Finance Company has been sold or not. Eskom established the wholly-owned Eskom Finance Company in 1990 to provide employees with access to home loan finance at optimal home ownership costs. The loan book built up over the years and at year-end at the end of March year, stood at R8.6 billion.

The crucial issue that led to the delay in releasing Eskom's interim results was the auditors' concern about Eskom's going concern status. In the end they did not qualify the group's results on this basis, but did raise their concern. If the previous annual results are anything to go by, one would therefore wonder whether Eskom SOC is a going concern.

### **Changing debtors' terms**

Another feature that Eskom failed to mention in its presentation that was disclosed in the interim financial statements, is the shocking increase of 35% in overdue debt from municipalities to R12.4 billion. The presentation failed to mention that this increase was despite Eskom doubling the payment terms from 15 to 30 days.

### **Spending insurance money**

Eskom further raised a contingent liability of a massive R1.7 billion in its financial statements for a claim from its reinsurers. This relates to the settlement its former CFO Anoj Singh earlier reached with the reinsurers with regard to the explosion at Duvha Unit 3 in March 2014.

The payment was made to Eskom on condition that it concludes a binding contract for the reconstruction of the unit by March 31 last year. Eskom failed to meet the deadline as it cancelled the first tender, then awarded it

to the highest bidder, Chinese company Dangfong. Losing bidders Murray & Roberts and General Electric obtained a court interdict to stop the implementation of the award and litigation is ongoing. As a result the reinsurers want their money back and have embarked on litigation to get it.

Eskom has confirmed to Moneyweb that the R1.7 billion was not ring-fenced and since Eskom has been borrowing money to pay salaries, it is doubtful that the insurance money has been left untouched.

### *Comment*

*A home loan book of R 8,6 billion? What is happening there?*

### Synopsis

## **PIC betrayed workers with R5bn Eskom loan - PSA**

Feb 05 2018 22:16

Tehillah Niselow

<https://www.fin24.com/Economy/Eskom/pic-betrayed-workers-with-r5bn-eskom-loan-psa-20180205>

Cape Town - The PSA has reacted furiously to the PIC R5bn loan to Eskom calling it an "illegal transaction" which the union feel has "betrayed" workers. "The PSA in the meantime is consulting with its attorneys to urgently look at declaring the whole PIC board illegally constituted after the due date of the 12 February 2018 given to the PIC to prove its board's legitimacy," the union, said in a statement on Monday afternoon.

The union has written to the PIC to complain that none of the unions sit on the PIC's board, which they claim contradicts the PIC Act. "If we are able to prove the appointment of the board was illegal... it will be only right that all the decisions they took are [also] null and void," PSA deputy general manager Tahir Moapa told Fin24 by phone.

The PSA said that all parties agreed in principle not to use the R1.9 trillion in the public servants pension fund to bail out SOC until there's agreement that governance has improved. "It is now clear we cannot trust both boards to look after our members' pension," the union said

### **Cosatu supports lifeline**

Cosatu differs with the PSA and supports the R5bn lifeline to Eskom, but with conditions.



"We agree to it but with the understanding that no jobs will be touched [at Eskom], Cosatu spokesperson Sizwe Pamla commented to Fin24. He said that workers' pensions should be used to ensure SOC aren't privatised, in particular the power utility as this would lead to electricity price hikes.

Pamla said they will continue with the process of trying to have worker representation on the board of the PIC itself, instead of just at the GEPF level.

#### Comment

*One would think the GEPF has all our funds invested or placed to full effect. If this is correct, where did the R 5 billion suddenly come from? There is more to this than meets the eye. Also the 'state guarantee' covers only about 65% of the amount. This means if Eskom defaults the state only repays R 325 billion. ③*

#### Synopsis

### **Broke Prasa to pump R1bn into bank that helped Zuma 'pay back the money'**

4 February 2018 - 00:03 By THANDUXOLO JIKA, MZILIKAZI wa AFRIKA and Kyle Cowan  
<https://www.timeslive.co.za/news/2018-02-03-broke-prasa-to-pump-r1bn-into-bank-that-helped-zuma-pay-back-the-money/>

Cash-strapped Prasa is investing R1-billion with the bank that lent President Jacob Zuma R7.8-million to "pay back the money" in the Nkandla scandal. This is despite the bank not meeting the state entity's investment requirements and Prasa itself struggling financially.

The Sunday Times has seen correspondence from Prasa's former acting CEO Lindikhaya Zide confirming the state entity's commitment to a R1-billion investment with a return of 8.25% per annum. "We intend to commence with an investment of R1-billion only," Zide wrote in a letter to VBS.

The Sunday Times has also reliably learnt that VBS sent Prasa a letter this week reminding it to effect payment of the first tranche by close of business on Friday February 2. The state entity's acting chief financial officer has refused to release the funds despite immense pressure to do such. An insider at VBS confirmed it was expecting a payment from Prasa by Friday.

"We are not being used as a conduit for any corrupt activities, this is a pure investment and it will be monitored by the National Treasury and the Reserve Bank. Prasa will get value for their money. This is not money intended for Zuma or the Guptas, it is pure investment," said the VBS official.

Despite all the documented proof, Prasa this week denied that the deal had been concluded.

#### Synopsis

### **R1bn VBS investment: Embattled Prasa denies imminent deal, admits to proposal**

Feb 04 2018 18:05

<https://www.fin24.com/Economy/r1bn-vbs-investment-embattled-prasa-denies-imminent-deal-admits-to-proposal-20180204>

(Duncan Alfreds, News24)

Cape Town – Troubled Prasa rejected a media report claiming it is on course to invest R1bn in the bank that granted a loan to President Jacob Zuma relating to the Nkandla scandal. Prasa on Sunday described as unfounded the claim that it would imminently pay VBS, but it did confirm that a proposal was on the table. Prasa explained that it has call account investments with all the major banks in South Africa.

"The proposal by VBS or any other banks is within common practice. Prasa is governed by the Prasa investment policy which is a guide on transactions of a similar nature." Money used in the current investments by Prasa with all five major banks in South Africa comes from "surplus monies" that may be available for "short periods of time due to delays or postponement of some capital projects", it said.

"This money is then invested in call accounts for short periods of time as a measure to ensure Prasa's ongoing liquidity and can be accessed to fund any unforeseen capital shortfalls that may occur at any given time. "In the final consideration of any investment, Prasa must be guaranteed capital preservation of public funds and the immediate availability of funds should they be needed."

#### **Follow due process**

Prasa must ensure that investments comply with National Treasury regulations and the Public Finance Management Act (PFMA). This means that any business proposal, including by VBS must follow due process before any formal deal can be made. "Currently, Prasa is in the process of analysing the VBS proposal in order to approach the National Treasury officially to ensure compliance by VBS."

"It is important therefore for Prasa to emphasise that no payment instruction has been made either by the board of Prasa or the acting group CEO in this regard. In addition, there is no set deadline to which Prasa must adhere to in regards to the yet to be approved VBS proposal. Most importantly, the authorisation of such payments does not reside with either the chairperson of the board nor the acting group CEO."

#### *Comment*

*These articles are placed to keep you, dear reader, up to date with SOE wheeling and dealing where your pension monies are involved. Interesting a letter confirming the investment contradicted by a later statement that it still has to be submitted for approval. The PIC previously invested R 100 million in Venda Bank through Isibaya.*

*Comment from Stan Davis about this 'investment'.*

*"Friends and colleagues, Innovative (responsible?) accounting can only be undertaken when rules and regulations are considered to be rubberised and thus capable of being stretched to the extents that requirements (?) dictate, thereby reflecting inability to understand how compliance of rules and regulations guide and protect all players concerned.*

*Best regards when reading financial short stories (fables)  
Stan"*

#### **Publisher**

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#### **Words from the Chairperson**

*A slightly shortened version of the Chairpersons report at the AMAGP AGM on 15 February. The MAGP has really performed in the past 12 months.*

Dit is in die begin van 2018 en Suid -Afrika staan voor talle uitdagings. Die ekonomie word bedreig deur grootskaalse korrupsie wat teen 'n onaanvaarbare tempo die ekonomie en enige oorblywende reserwes dreineer. Polities word groot verwagtinge gestel soos gratis medies en gratis tersiere onderwys. In 'n ekonomie waar daar slegs ongeveer 5 miljoen belastingbetalers is en daar ongeveer 17 miljoen maandelikse maatskaplike pensioene is, word die uitvoerbaarheid hiervan bevraagteken. Nasionaal is Suid-Afrika se infrastruktuur in 'n skokkende toestand is en bemoeilik optimale produksie. Dit plaas Suid -Afrika in n swak finansiële posisie en is dit duidelik dat alle fokus nou gerig is op die enkele instansies en individue waar daar nog reserwes is wat benut kan word.

Die verwagting is dat met die begrotingsdebat individuele belastinge sowel as BTW verhoog gaan word, terwyl sekere zero heffings soos op brandstof ook opgehef mag word. Al die inisiatiewe gaan tot gevolg he dat die gemiddelde belastingbetaler net nog swaarder belas gaan word. Hiermee saam nog verreikende besluite by die ANC konferensie dat grond sonder vergoeding vervreem kan word.

Dit duidelik dat daadwerklike pogings aangewend sal moet word om kritiese beginsels en regte soos vervat in die Grondwet en die Algemene Reg te beskerm en te handhaaf. Verdermeer sal Suid-Afrika daadwerklik moet optree om verdere internasionale afgradering of selfs ekonomiese marginalisering teen te werk. My voorstel is gesonde leierskap, die daadwerklike uitroei van korrupsie op alle vlakke, die afdwing van verantwoordelikheid en aanspreeklikheid, wêreld standaard opleiding en die algehele verhoging van produktiwiteit.

Graag wil ek op die noot my dank en waardering uitspreek aan die die lede van die AMAGP wat onbaatsugtig, vrywillig en op eie koste hard gewerk het om die saak en belange van AMAGP en ook GEPF lede te bevorder en te beskerm. Besondere mylpale is bereik of bevorder soos:

- a. Sakeplan. Ontwerp, goedgekeur en geïmplementeer.
- b. Grondwet. Gefinaliseer,
- c. Die organisasie is amptelik as 'n nie-winsgewende organisasie geregistreer, naamlik die Assosiasie vir Monitering en Voorspraak van Staatspensioene (AMAGP).
- d. Die mashoof is uitgeklaar,
- e. 'n Bankrekening is in AMAGP se naam opgemaak,
- f. Ledetal is verhoog en die bankrekening vergemaklik inbetalings.
- g. 'n Liasseerstelsel is geskep en gerekenariseer.
- h. Vordering is gemaak met die skep van n eie webwerf.
- i. Die struktuur van die organisasie is uitgebrei met die identifisering van potensiële kandidate.
- j. Verskeie studies, persverklarings en 'n kwessiedokument is gedoen en uitgereik. Die uitgangspunt is deurgaans dat lede gefokus is op die beskerming en volhoubaarheid van hulle pensioen vir hulleself en hulle afhanklikes.
- k. Pertinente vrae met klem op voorsiene risikos is aan die Raad van Trustees gerig. Die nie beantwoording van vrae deur die GEPF het dit genoodsaak dat alternatiewe mediums gebruik is soos politici, mediaverklarings, PAIA aansoeke en die stel van standpunte.
- l. M aan die beskerming van die GEPF se fondse is gegee en verskeie organisasies insluitende vakbond organisasies het ook teen die misbruik van die pensioen fondse gemobiliseer.
- m. Die AMAGP het deurgaans sy bereidwilligheid getoon om met ander organisasies saam te werk wat die gemeenskaplike belang van die regeringpensioen lede bevorder en beskerm. Daar verskeie uitreik inisiatiewe soos vergaderings met OUTA en Helen Suzman Foundation.
- n. 'n Gereëde Bulletin word gepubliseer en versprei met saakmakende artikels en standpunte.
- o. Die ondersteuningsbasis is uitgebrei met die hulp van etlike kundiges.

Die bestuur van AMAGP het bestaan uit vier lede op nasionale vlak. Die werk van Albert van Driel, Hennie Roux en Errol Massey-Hicks was omvangryk en van onskatbare waarde. Voorts het mnr AP Stemmet die media en persverklarings energiek en met groot sukses bedryf. Daan Kemp het sonder

aarseling ingestem om die Bulletin te koördineer toe daar 'n groot leemte was. Dries en Gerda het gehelp om die finansies te berdyf. Dankie vir julle onbaatsugtige werk vir die edele doel.

Die Bestuur het binne die mandaat klem geplaas op kritiese aspekte en die insette van kundiges en professionele mense was deurgaans van groot hulp. Dankie vir die lede wat so waarde toevoeg. Die benadering was om oplossing gedrewe te wees en standpunt binne bestaande wetgewing in te neem. Vanwee die beperkte ledetal was ook besluit om op die 20% mees kritiese aspekte te fokus. Verder is daar deurgaans gestreef is om met gesaghebbende organisasies met 'n gemeenskaplike belang saam te werk om impetus en sigbaarheid aan die saak te gee. 'n Beginselbesluit is geneem dat stellings en standpunte op bewese feite gegrond moet wees om onnodige litigasie of skade aan ons beeld te vermy. Nogtans word nie gekroom nie om standpunt in te neem waar daar bewyse is dat lede se pensioen belang bedreig word. Die oorhoofse doelwit is die beskerming van lede se pensioenbelang met klem op regmatigheid en volhoubaarheid. Die bestuur het ook in n duidelik bewoorde brief aan die Raad van Trustees van die GEPF hulle aanspreeklikheid en verantwoordelikheid teenoor die Fonds beklemtoon. Die brief is per geregistreeerde pos aan elke Trustee gestuur.

Op hierdie stadium is die grootste uitdaging vir die AMAGP die beperkte ledetal, die gebrekkige fondse, die gebrek aan swart verteenwoordiging en die gebrek aan samewerking van die meeste vakbonde. Dit hou dan ook verband met die oënskynlike erns waarmee die GEPF die organisasie hanteer en die gevolglike gebrek aan die beantwoording van saakmakende vrae.. Die AMAGP het die reg om binne wetgewing en strukture oa PAIA en die nuwe ombudsman, druk te plaas op die Raad van Trustees om te verseker dat vrae nie sondermeer geignoreer word nie.

Nogtans het ons almal met reg rede tot bekommernis, veral wanneer die OBK beluit om nog 'n verdere R5 biljoen lening aan Eskom te gee wat reeds meer as R350 biljoen skuld het en waarvan die blote dekking van die rentelas buite beheer raak. Die hoeveelheid GEPF pensioenfondse wat alreeds in ESKOM bele is ,is n rooi lig wat nie ligtelik opgeneem moet word nie.

# FACEBOOK GROUP

## [GEPF Monitoringsgroep]

If you are interested in becoming a member of the organisation, please complete a membership application to be found in the "Files" section on the FB page.

## Semper Vigilans!

## CONCLUSION

### *To ponder on...*

Dear Reader,

1. The AMAGP endeavours to ensure the sustainability of 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 and, as the AMAGP, will remain so for the foreseeable future. The AMAGP maintains good relations with the GEPF Trustees as well as the PIC. The AMAGP is also in continuous communication with other stakeholders and interested parties to ensure the widest possible concern for our current and future pensioners.
3. Although until recently the GEPF funding 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 still threatens our GEPF's sustained viability, including those very same politicians who eventually want to retire on their state pension.
4. 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].
5. In conclusion dear reader, decide if you want to risk the retirement you are excited about, to be similar to other departed and failed pension funds, or are you prepared to become a paid up member of the AMAGP? 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 to: [editorgepfmg@gmail.co.za](mailto:editorgepfmg@gmail.co.za)

As Voorsitter glo ek nie dat ons krag daarin le om daaglik met die RvT vd GEPF swaarde te kruis nie, maar dat ons dit duidelik moet maak dat ons deurentyd bereid is om saam te werk in belang van ons lede. Die GEPF moet ook verstaan dat ons hulle verantwoordelik hou vir die gesonde bestuur van ons pensioen fondse en dat ons elke medium tot ons beskikking sal gebruik om ons lede en die belastingbetalers in te lig en te sensiteer oor enige aspek wat ons pensioen of die volhoubaarheid daarvan daadwerklik bedreig.

## The GEPF AMAGP: Invitation

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

Soos meeste van ons staatsdiens pensioenarisse, ontvang u, u pensioen gereeld maandeliks en is en is waarskynlik baie afhanklik daarvan. Agv die swak toestand van regering in die RSA, die aantreklikheid en omvang van ons Fonds en algemene staatskaping, ontstaan die vraag egter hoe volhoubaar dit is. Gebaseer op informasie tot ons beskikking, is ons by die AMAGP van mening dat daar wel gevare is en dat ons, die aandeelhouers van die pensioenfonds, dringend hieraan aandag moet gee. Ignorering hiervan kan lei tot 'n soortgelyke situasie as dit waarin Spoorweg pensioenarisse hulle tans bevind. Om die rede versoek ons dat u ons ondersteun. Sluit aan by die AMAGP, 'n vrywillige organisasie, bestaande uit staatsdiens werknemers en pensioenarisse, met die doel om ons Fonds te beskerm.

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