Association for Monitoring and Advocacy of Government Pensions (AMAGP)
NPO Registration No: 198-822
SEMPER VIGILANS

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.

www.amagp.co.za

GEPF Watchdog - Waghond

GEPF your investment, your future

NEWSLETTER NO 1 of 2019

AMAGP – Association for Monitoring and Advocacy of Government Pensions
BOT – Board of Trustees [of the GEPF]
FSCA – Financial Sector Conduct Authority [previously the FSB]
GEPF - Government Employees' Pension Fund
PEO – Primary Executive Officer
PIC – Public Investment Corporation
PSA – Public Servants' Association
ROI – return on investment
SC – state capture
SCOF – Standing Committee on Finance
SCOPA - Standing Committee on Public Accounts
SOC – state owned company
SOE – state owned entities

"The GEPF now has R1,8 trillion assets under management, up 8,3% (R1,7 trillion) from 2017. There are 1 273 125 active members, and 450 322 pensioners and beneficiaries." Moneyweb, 10 December 2018

The Editor's Word

The GEPF Annual Report is certainly an aspect requiring some scrutiny. An analysis can't be done in one page, sorry but the analysis below is five pages. Also it should be clear to any reasonably informed pensioner and prospective pensioner that the prospects of our Fund started deteriorating at about 2014, and questionable PIC investments at the same time. Hopefully the PIC inquiry can sort of nudge the BOT into action, eg why is investing costing 20% more the last 4 years? Who is getting that 20% that belongs to us and why?

Then the ANC is casting covetous eyes at pension funds in general. Remember the concept of amalgamating all the pension funds into one? Well, the ANC has in mind for pension funds to invest in "socially productive investments (including housing, infrastructure for social and economic development and township and village economy) and job creation". The reporting on this section of its Election Manifesto takes another five pages but you need to read this to realise the threat to our Fund and all pensions.

A member noted a banner displayed by the GEPF, implying it is sponsoring. Horror!!! With our money!!!. This was reported to the AMAGP, which then had a letter published in the press about it, and was almost immediately taken to task by the PEO of the GEPF for factual incorrectness. The speed of response by the GEPF is unheard of! Our spokesman replied to the GEPF letter, quoted verbatim below and absolutely worth while reading. Of course no rebuttal by the GEPF.

Some bits about Denel's troubles and SAA's bridging finance, and Survé's continuing ability for creative use of our [PIC] finances to remain wealthy.

I know the newsletter is a bit long, but I have condensed as much as possible without losing the sense of the news. The annual report and ANC election manifesto about pension funds take up most of the space.

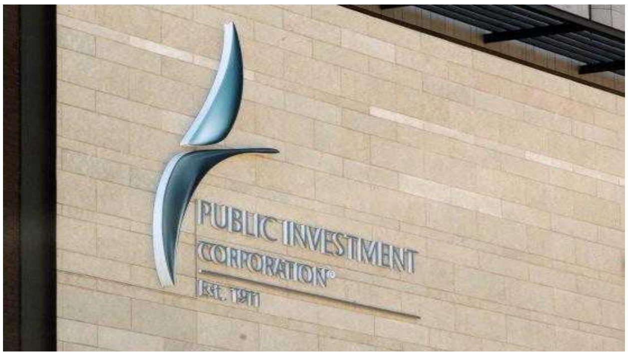
Editor

Synopsis
South Africa

PIC buys up Denel's bonds

The PIC quietly bought up almost 90% of cash-strapped Denel's bonds in the past 12 months.

Moneyweb
Alexander Winning and Joe Bavier, Reuters 20 December 2018



By December 14 this year, the PIC owned R2.8bn of Denel bonds, out of the company's total issuance of R3.15bn. Picture: Moneyweb

South Africa's state asset manager has quietly bought up almost 90% of cash-strapped arms manufacturer Denel's bonds in the past 12 months, data from the country's main securities depositary showed. The previously undisclosed funding by the PIC sheds new light on the precariousness of Denel's financial position.

It also shows the extent of state support for Denel at a time when private investors say they are reluctant to lend to the weapons company because of its previous management's involvement in a corruption scandal.

A senior lawmaker in the biggest opposition party, the DA, said the purchase of Denel debt by the PIC amounted to a bailout by stealth. "This is a state bailout, irrespective whether it is a grant from National Treasury or a PIC investment via bonds," said Kobus Marais, the DA's shadow minister for defence. "Denel must be sustainable on its own."

The PIC only held around R350 million of Denel bonds in March 2017, but from December last year it started to dramatically increase those holdings, data from South Africa's Central Securities Depositary analysed by Reuters showed.

As of December 14 this year, the PIC owned R2,8 billion Denel bonds, out of the company's total issue of R3,15 billion. The PIC purchased the bulk of that debt via private placements in December 2017, September 2018 and this month. It bought almost R2,5 billion of debt — issued to refinance older borrowing — in September alone. That same month, Denel was unable to pay senior staff in full because of what it called "liquidity challenges".

Two former Denel executives told Reuters that many banks and large private investors had refused to lend to Denel since December 2017, citing governance concerns. They said that by September 2018 the company did not have enough cash to meet maturing debt repayments, putting it at risk of default.

Asked about the PIC's purchases of Denel's bonds, the arms company's spokeswoman said: "Denel has been successful in raising sufficient funds from the bond markets to ensure that it is in a position to honour its obligations. … It will soon become profitable and operationally sustainable." She declined to comment on whether Denel would have defaulted without PIC support.

The PIC's current holdings of Denel's debt are held on behalf of the Unemployment Insurance Fund and Compensation Commissioner, two funds the state uses to pay benefits to unemployed, sick or injured people.

Debt woes

Denel, a cornerstone of South Africa's once-mighty defence industry, has been plagued by years of mismanagement. It recorded a R1,7 billion loss — its first in eight years — in the financial year that ended in March, and has struggled to pay suppliers and employee salaries for much of the past year.

Denel's most recently maturing debt — R290 million owed to sole investor the City of Johannesburg — was due to be repaid on December 11. Johannesburg's mayor told Reuters on December 10 he was still unsure if the city would be repaid. "I made it clear to them I wasn't going to roll the debt over," Mayor Herman Mashaba said.

A source in the public enterprises ministry, which oversees Denel, told Reuters earlier this month that ministry officials were working closely with Denel to help it refinance its debts.

Denel, which relies almost entirely on short- and medium-term bond issues for its funding needs, issued a new R290 million bond on December 11, the proceeds of which were used to repay the City of Johannesburg. The PIC bought the whole issue, securities depositary data showed.

Comment

***We should be aware of the PIC activities as they are intimately connected to GEPF investments. In this case it seems the** Unemployment Insurance Fund and Compensation Commissioner need to be aware of the implications of possibly irrecoverable bonds. This is where the labour unions should insist on clear accounting of the process followed.*

This is also why information about the private placements in the Fund's portfolio is so important.

What made the PIC decided to take up the Denel bond? A clear indication of political interference?

LETTER in the Business Day: Why is state pension fund not suing?

I would have expected the PIC to apply for the liquidation of Independent since the total loan of over R1bn is at serious risk of being irrecoverable

Business Day

6 December 2018

I see that the GEPF has impaired more than R1bn owed by Iqbal Survé's companies, in respect of equity and loan funding advanced to allow him to acquire Independent News and Media SA in 2013. What I want to know is why the PIC, which invests on behalf of the GEPF, does not appear to have taken legal action to at least claim the portion that was due in August, but which apparently remains unpaid.

The PIC is, I presume, much closer than the general public to the financial aspects of the debtor, especially considering the material amount loaned in the first place. I also presume that there is some sort of security in place for the debt, and I would be interested to know what form this takes.

The debtor is still trading and producing the newspapers that existed at the time of change of ownership, and I would have expected the PIC to apply for the liquidation of Independent if the lender considers that the total loan of more than R1bn is at serious risk of being irrecoverable.

A response from the PIC to the above questions would be appreciated.

Derek Pryce

Via e-mail

Comment

Good question. Not so sure about the answer.

Synopsis

ANALYSIS

What should we make of the late 2018 write-off of over R1-billion of an original R850-million investment by the GEPF of their loan to, and investment in, Independent Newspapers?

Anger might be one reaction but that would be the wrong response. In truth, the main reaction should be one of relief. Relief because it should now focus the PIC's attention on its remaining exposure to the Iqbal Survé stable which, if there is not urgent remedial action, will result in much bigger losses in the very near future.

The PIC manages the savings entrusted to it via four distinct funds:

- An equity fund, making it the largest investor on the JSE;
- A fixed-income fund, made up of largely government and SoE debt;
- A property fund; and
- The Isibaya fund, which invests or loans money to non-listed entities.

Overwhelmingly, the largest portion of the pool of savings is invested passively in the shares of companies listed on the JSE. The PIC's funds represent 12% of all the shares listed on the JSE. When the PIC reports its performance to its clients, it is really about how well most companies listed in the JSE have done. Some shares are down, or are delisted, while other shares go up. The reported result is the weighted aggregate of the performance of all the shares in the PIC portfolio. A similar arrangement applies to listed government and SoE debt on bond exchanges.

The other assets and debt are different. Because they are not listed, they don't have an easily determinable value via share trades. Their value must be determined via accounting rules. So, for example, if a loan is being repaid on its terms, or even terms that are renegotiated, the full value of the loan remains on the books.

More complicated rules apply for the value of an unlisted share or debt instrument. There is a bit of discretion in all this but if a loan is not repaid on its terms, there needs to be an impairment of the loan which is like a write-off. The same applied if the value of a share is less than when it was acquired.

The takeover of Independent Newspapers by a Sekunjalo-led consortium in 2013, funded primarily from the PIC and two Chinese government owned funds, was doomed from the start. Briefly, Independent Newspapers was acquired from its former owners, the Irish newspaper group under Tony O'Reilly which itself was in the process of going bankrupt.

The R2-billion-odd repayable via loans and investor returns was never going to happen. Think about it: a five-year loan at 10% on R2-billion would have required Independent Newspapers to generate operational profits of over R42-million per month, every month. But just imagine, in a parallel universe, that Independent Newspapers could have soared and become a second Naspers. In that case, most of the upside would have been Sekunjalo's and not the PIC's (nor Chinese investors') who risked almost all of the actual money invested into this transaction.

As we have seen, Iqbal Survé's decidedly odd leadership of the group has just hastened the process where, today, Independent Newspapers is worth much less than nothing. This raises obvious questions. How and why did this happen?

Maybe one could take the very charitable view that losing a billion can be chalked up to experience and have it as a lesson for the future, but the GEPF exposure to Iqbal Survé's schemes has grown and none of these schemes using government pensioners money will end well either.

President Ramaphosa's commission of inquiry into the improprieties at the PIC cannot happen soon enough. Government employees and pensioners are owed an explanation as to how and why their savings have been repeatedly exposed to Survé-linked companies that make no sense whatsoever. The Trustees of the GEPF must now address obvious oversights in governance and accountability. To use a recently popular phrase, there needs to be consequence management. **DM**

Comment
This is an abbreviated version of the article highlighting the PIC's apparent lack of activity to recover millions in loans, in this case Survé's companies. We might [hopefully] expect the inquiry to reach some kind of decision on this and many other similar cases.

Synopsis
The GEPF Annual Report Discussed

This commentary on the GEPF AR was compiled and produced by Christo van Dyk of the AMAGP.

The GEPF's Annual report for 2017/18 was tabled in Parliament at the end of November 2018. Subsequently, the information has been made available to members of the Fund via the GEPF's website.

The 106 page report, for all intent and purposes, has been compiled on the same basis as the 2016/17 Annual report. As such, the various opaque disclosures pointed out previously have been retained.

What has improved is the separate detail annexes the GEPF provided in support of the investments.

1. Actuarial Valuation

The actuarial valuation was not updated effective 31 March 2018. This is contrary to the expectations created in the 2017 AR and the actuary's recommendations in his comprehensive valuation of 2016.

The effect of this is that the pension liabilities and recommended reserves have not been recalculated and updated. This in turn prevents us from recalculating and measuring the progress of the fund as to its funding Levels as at 31 march 2018.

Notwithstanding this limitation, we know the long term funding target of the trustees of a 100% has yet again not been achieved.

What is a concern is that the auditors noted the practice of biennial valuations yet made no adverse comment about the absence of an updated valuation for 2018.

2. Appointment of an Ombud is a Project that Started In 2014/5.

Four years later and the ombud is still not functional. In February 2018 the position was re-advertised. No further progress has been reported on the website and the Annual Report makes no mention on this topic. It's uncertain what amounts have been spent on this project to date but those amounts do not appear to represent value for money. Needless to say, GEPF members still don't have recourse to an ombud.

3. Operational Cashflow remains Negative

A big concern is the continued negative cashflow from operations. In 2018 this amounted to R21,8bn (2017: R21,3bn). The main cause is the contributions that are less than benefits, a trend that started in 2014 and has continued ever since.

The knock on effect of this is that new investments Is far less than contributions received. In 2018 the shortfall was R15bn (R71bn - R56bn) and in 2017 it was R40bn (R66bn - R26bn) so in two years, new investments worth R55bn have not been made.

If this trend of not taking contributions and investing it continues, the funded status will invert. It is just a question of when.

4. Productiveness of Investments

Between 2017 and 2018 the investment balance Increased by R137bn, from R1,664tr to R1,8tr. Notwithstanding the increased investment balance, the cash inflow from interest and dividends remained static in these two years at +/- R74 bn. When we look back 11 years we find that the Investment balance multiplied by 2,7x, investment Income only 1,3x but investment expenses multiplied by 9,8x!

What this tells us is that the investments have already reached the point of diminishing returns. And the fund is carrying higher investment costs for comparative reduced returns.

5. Benefits Paid

The trend since 2014 continued where benefits paid exceeded contributions received.

2018: R94bn vs R70bn ... R24bn diff
2017: R88bn vs R65bn ... R23bn diff

Some added context....

Eleven years ago net investment income of R115bn was enough to cover the 22bn benefits 5,4x. In 2018 net investment income of R153bn covered the R94bn benefits only 1,6x. This illustrates the loss of production capacity of investments.

In summary - at first glance

Timeliness
The Report was issued at the last possible moment; the information is already 8 months old.

Completeness
Without the updated actuary valuation the report is like a half baked cake.

Improved disclosures
The separate annexures on investments are welcome. There is no improvement on other issues raised in 2017, and omission of material matters ie. negative operational cashflow, ombud progress.

OVERALL FIRST IMPRESSION..
.......DISAPPOINTED

GEPF CASHFLOW - THE HEARTBEAT OF THE FUND

Declaration of interest by Christo van Dyk: I am a GEPF member since December 1977 and a pensioner since 2015. As such I have a direct and vested interest in the performance and wellbeing of the Fund. I fully agree with the Vision of the GEPF. My comments and views are focussed on speeding up actions to attain this Vision.

The GEPF's Annual Report (AR) for 2017/18 was tabled in parliament at the end of November 2018. Subsequently, the information was made available to members of the Fund via the GEPF website.

My interest at this time is the cashflow of the Fund.

Earlier in the year a detailed analysis of the cashflow trends of the Fund from 2007 to 2017 was done. Check it out here: https://www.amagp.co.za/amagpprojectgepfcashflowv3.pdf

In this analysis it was pointed out that Cash is King. It follows that a King cannot survive without a healthy heart.

So this review is about how healthy the heart (cash flow) of the King (the GEPF) was over the years up to 2018. Following the original analysis, the GEPF objected to criticism and made the following comment to explain the increased strain on the operational cashflow:

> "It is also important to realise that the cash flows of a pension fund are very different from those of an ordinary business. A pension fund exists to pay benefits".

If this is meant to indicate that cashflow for a pension fund is actually more important than for ordinary businesses, I agree.

In fact, positive cashflow is critical for the sustainability of a pension fund.

The 2018 AR is the final chapter on the 4 years of the BoT under leadership of Dr Mokate/Dries de Wit so let's look at the GEPF over the last 12 years, combining the cashflow per BoT's 4 years term of office, with a specific focus on the Mokate/de Wit period.

HOW HEALTHY WAS THE KING'S HEART

The BoT KUSKUS/BALT: 2007 – 2010

Net cash inflow from operations was positive at R171bn, which is the result of interest and dividends plus cash from operations. This allowed the BoT to make new investments of R152bn.

The BoT MOLOTO/BADAL: 2011 – 2014

Net cash inflow from operations remained positive and increased to R217bn. This was the result of interest and dividends. This allowed the BoT to make new investments of R217bn.

Heartbeat Rating: VERY strong and healthy, peak physical condition, our King can run the Comrades marathon with ease.❤ ❤ ❤ ❤ ❤

The BoT MOKATE/DE WIT: 2015 – 2018

The net cash inflow from operations was positive. However, when compared to the other BoT, it is the LOWEST. The amount REDUCED by R60bn since the MOLOTO period to an amount of R157bn. This is both an unexpected and a material deterioration.

This result was caused by:

- NOT ALL contributions amounting to R257bn were used to make additional investments. ONLY 150bn or 59% was invested.
- Other expenses INCREASED SIGNIFICANTLY to R28bn. It's now 25% of net cashflow from operations.
- Cash generated from operations NOT ONLY REDUCED BUT WAS NEGATIVE to the amount of R111bn.
- Cash from interest and dividends combined increased to R280bn.
- Benefits of R339bn were MORE than contributions of R257bn.

Heartbeat Rating: The GEPF's heartbeat (cashflow) is erratic, the arteries are blocked because of stress (reduced interest/ dividends) and unhealthy eating habits (increased costs and rapidly rising benefit payments). Our King should avoid strenuous exercise. No running please. Avoid the stairs.

CASHFLOW IMPACT ON THE SUSTAINABILITY OF THE FUND

The end result of the cashflow described above is the amount that is available to make new investments. Let's see how all three groups of Trustees fared in increasing the investments.

In the 2018 Annual report the GEPF track back 10 years to illustrate how successful their blueprint works in growing the assets of the Fund. From a modest R716bn to R1,8 trillion in 10 years. This sounds very impressive! BUT there is no similar graph showing the increase in pension liabilities and reserves.

This is the problem!

It's like having a SCALE with only the one side loaded. As a measurement instrument it's worthless, it's only when the other side is also loaded that the measurement instrument allows for proper evaluation.

So again, with the 2018 AR, the MOKATE BoT omitted to state what the pension liabilities and reserves amounts were at the same time and by how much did this grow since the 2016 actuarial valuation. The latter effectively dictates what the assets should be.

In 2016 the requirement was R2trillion already! So two years later, in 2018, we remain R200bn short (R2tr - R1.8tr) BUT we still await the updated actuary valuation effective 31 March 2018 to properly do the comparison between assets and fund liabilities as well as reserves.

Notwithstanding this increasing shortfall, chairperson Mokate in the 2018 AR concludes that the growth of the investment balance is **"a vote of confidence in how the pension fund is managed."**

Unfortunately I cannot agree with this assessment, which is expanded on in the following sections

THE ASSETS SIDE OF THE SCALE

Let's take a look how well the Mokate BoT did with growing the assets/investment portfolio of the Fund over the 4 years in office. We can compare their efforts against the previous BoT. Let's see if this self proclaimed vote of confidence can be validated.

The base of calculations is simplified in that the increases are related to the opening balance of investments at the start of the BoT term of office (Yr1 open). The balance at the end of year 4 (Yr4 end) is the investments the BoT leaves for the next board to continue with.

The difference between Yr4 and Yr1 is the value added to the investments during the term of office. These amounts are as is and have not been adjusted for inflation. Percentages are calculated in relation to the investment balances in Y1.

RELATIVE INCREASE OF INVESTMENT BALANCES

The total investment balance increase over the last 12 years is R1 267bn (R1,2trillion). This amount is very impressive when considered on its own!

Let's see how the various BoTs chipped in during their 4 year stints in office to ensure this overall result with the assets. Of the R1,2tr investment balance increase, the bulk of this amount, namely R624bn or 49%, was added between 2010 to 2014 courtesy of the Moloto BoT.

Respect to the Moloto BoT for a job well done in respect of increasing the investments significantly.

The Moloto/Badal board between 2010 and 2014 was the most successful in terms of the average 19,6% p.a return of the assets it started with, followed by the Kuskus board with 11,5% p.a.

The Mokate board managed on average 6.9% p.a. It is worth noting that the Mokate board had a start up investment balance almost double that that the Moloto board had (R1,4tr vs R798bn), but the **value** added to the investment balance was only half.

THE IMPORTANCE OF INCREASED CASHFLOW ON THE GROWTH OF INVESTMENTS

The GEPF, when announcing the "growth" of their investments, never separate the actual capital growth from the so called walk-in cash that is added to investments. This simplified calculation shows how important a role the walk-in cash plays in growing the investments.

Across all three BoTs' 4 year results, an amount of AT LEAST R150bn from cashflow was added towards increasing the investment balance. Over the 12 years the combined amount of walk-in cash by all three BoT was R520bn; this is 41% of the R1,2trillion. In terms of the relative contribution of the cashflow to the increase of the investments per BoT, the MOKATE board's below par contribution of 2,6% vs the 6,8% and 7% is in sharp contrast and most disappointing.

For the Mokate BoT, this is hardly an outcome that actually can underpin a vote of confidence in how the pension fund is managed.

And this is before we consider the escalating expenses that have reached a peak during the Mokate BoT term in office. The expenses have increased 28x since the Kuskus BoT period ended in 2010. In relation to net cashflow, its clear the expenses during the Mokate BoT is growing disproportionately, from a low of 0,58% to 25,23%.

It's difficult to support a vote of confidence in a BoT that evidently could not rein in the cost of managing the Fund to a reasonable level, when compared to its predecessors.

FULL DISCLOSURE OF THE TURNAROUND OF OPERATIONAL CASHFLOWS

The GEPF's values states that they will...

> Not misrepresent or withhold information to which our stakeholders are entitled.

We have seen a fundamental changeover in the Fund in FY2014 where the operational cashflow turned from positive to negative, and when it did, the amounts involved are simply enormous! Notwithstanding this event and the subsequent trend continuing between FY2015 and 2018, the Mokate BoT did not make proper disclosures of this.

A GOOD EXAMPLE OF EARLY DISCLOSURE

My review of the AR since 2007 as well as the actuary reports since 2010 does not pick up any forewarning nor subsequent disclosure that could assist prospective members, current members and beneficiaries about this matter.

The occurrence and the magnitude of the cashflow problem highlighted above is NOT a trivial matter. The matter requires FULL disclosure which the current AR of 2018 does not provide, adding the proverbial insult to the injury caused to the Fund**.**

Perhaps the following wording of the GEPF's Investment Beliefs (par 2.9) can serve as a reminder to the Mokate BoT to make good on their commitment:

> "The Fund's trustees commit to high standards of openness, transparency and appropriate disclosure in line with best practice standards."

It's not too late, an appendix to the already issued AR with all the details and plan of action to turn the results around, published on the website without delay will assist members and pensioners significantly.

IN CONCLUSION

YOU dear reader can now be the FINAL judge to assess, how the cashflow of the GEPF deteriorated over the last 12 years and specifically the last 4 years, the Mokate/de Wit BoT period, based on the results in the 2018 AR and those highlighted above.

Did the Mokate/de Wit BoT:

- improve the sustainability of the Fund?...
- empower beneficiaries through effective communication ?....

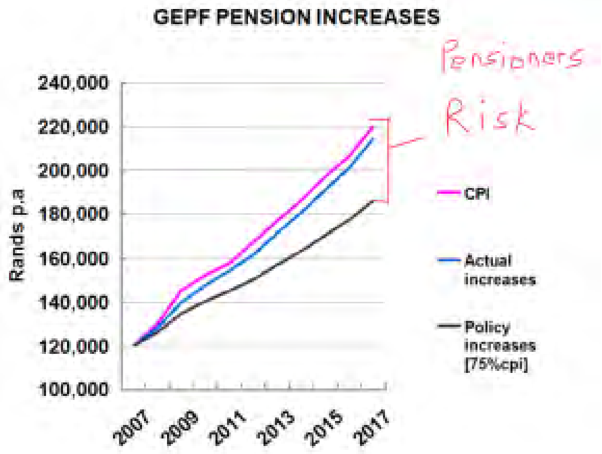
AND FINALLY

DO YOU agree with the Chairperson's comment that the growth of the assets in 2018 is a vote of confidence in how the Pension Fund Is Managed?

SO WHAT? YOU MAY SAY

The cashflow problem highlighted above is NOT a trivial matter. It impacts the sustainability of the Fund and specifically impacts the risk that pensioners share pertaining to improvement of benefits and the granting of 100% CPI increases yearly.

The following graph shows the inflation risk pensioners face over 10 years. A pension of R10 000 p.m is used in this example.



Over 10 years the difference between 100%CPI adjustments AND the guaranteed adjustments accumulates to R124k. Today there are +400 000 pensioners and 1,2 million apprentice pensioners who are still working towards their retirement.

If you can visualise your golden years being content only receiving the guaranteed pension ie. only the policy increases, then sit back and do nothing.

Just imagine a repeat of the cashflow results, the escalating expenses, the low level of new investments of the new MOKATE Bo T in the 4 years leading up to 2021.

Do you believe benefit improvements will continue and full inflationary increases will be provided?

IF SO.. sit back and do nothing.

HOWEVER, if you wish to ENSURE maximum benefits and increases, YOU NEED TO ACT.

WHY? Because 10 of the 16 Trustees that served in the MOKATE BoT was Re-appointed/elected for another 4 years in charge of the FUND. The GEPF will most likely repeat the same stock answer to the concerns raised, ie. it's a defined benefit fund, the benefits are guaranteed by the government, the trustees takes their job seriously.

Last mentioned guarantee in no way changes the negative cashflows to positive, it does not ensure the lowest possible costs, it does not ensure that all the contributions are invested. It certainly does not grow the assets to match the liabilities and recommended reserves.

Only the BoT in office is capable of doing this.

Between 2015 and 2018 this did not happen.

Referring to the guarantee is not going to change this outcome, not now, not in future. Only decisive action by the GEPF THEMSELVES will.

BUT we are faced with a GEPF that seems intent to continue following the same blueprint, with the same officials, the same trustees and the same external asset manager.

Is it reasonable to expect a different outcome?

At this time please refer to my self interest as declared above. My choice is to remain with the FUND and to be ACTIVE. Concerns will be raised with the GEPF and other role players. My solution does not consider taking the money and run, because this leaves the problems to 1,7million other members and pensioners to face.

One voice is good and a start.
1 million is better.

CJVD
December 2018

Comment
AMAGP press release
Government Employees Pension Fund: Sustainability

Can the pension fund still be regarded as sustainable when the long term funding since 2006 until present time dropped from 101% to 79%?

From the analysis of the 2017/18 annual report of the GEPF by our auditing colleague Christo van Dyk some interesting conclusions can be made . Here are a few:

- *<u>Firstly</u>. In view of the current yield of investments and the astronomical rise in expenses, it is doubtful if the pension fund can still be seen as sustainable;*

- *Secondly. By once again not divulging the true picture in their report the BoT can no longer be trusted with the control of the assets of the pension fund; and*
- *Thirdly. It has urgently become necessary to end the monopolistic reign of the politically controlled investment agency of the fund, the Public Investment Corporation.*

Dear reader, you see why there is so much focus on the BOT and their oversight role? Or lack of it…
And who were paid the 25% increase in investment costs?

An open letter to the Principal Executive Officer of the GEPF, in response to a letter by the AMAGP in the Burger on 5 December 2018

To: Die Burger Nuusredakteur <dbnred@dieburger.com>
Cc: Burgebriew <dbmening@dieburger.com>, Volksblad <cvanstaden@volksblad.com>, Barnard Beukman <Barnard.Beukman@beeld.com>, Beeld Briewe <briewe@beeld.com>, Hanlie Stadler <Hanlie.Stadler@24.com>, <francois.williams@24.com>

"Geagte Redakteur

Ek heg vir u inligting korrespondensie tussen my namens AMAGP en Mnr Abel Sithole HUB van die GEPF aan soos deur hom vereis. U kan die inhoud na goeddunke hanteer.

Vriendelike groete,

Adamus P Stemmet
Segsman : Amagp
Durbanville

14 January 2019.'
"Subject: Fwd: Letter Published in Die Burger on 5 December 2018

Dear Mr Sithole,

Thank you very much for giving me the facts about this incident. I really appreciate the fact that you have reacted to my letter which appeared in the newspaper on 5 December 2018. It was indeed a surprise to receive something in writing from the GEPF.

What happened in this matter is that a member of the public saw your banner, which you must admit, could easily have caused the wrong perception that the GEPF is sponsoring something. This unfortunately is exactly what happened here.

We were asked whether we knew about this "sponsorship" and the question was posed as to whether it was legally in order for a pension fund to pay for sponsorships of matters which apparently had no relationship to the benefit of the pension fund as required by law.

I accept the facts as stated by you in your letter as being correct and because I was under the wrong impression I am quite prepared to apologise for its publication. Before doing so, however, I have one condition, which I will state further down in this letter.

Mr Sithole, you blame us for not checking the veracity of our facts and not giving the GEPF the opportunity to "corroborate" our information. Coming from the PEO of an organisation which is notorious for its lack of transparency, your reaction is amazing. We all know that reaction from the GEPF is usually not forthcoming or so vague and evasive that it is totally useless.

My I remind you of a few instances which I believe will prove my point, Mr Sithole?

On 11 March 2016 we wrote letters to two trustees, Dr Frans le Roux and Gen Dries de Wit, in which we asked for clarification on certain investments. They replied in general terms and informed us that you will give us the answers to our questions on specific investments/projects.

We duly received your equally evasive answer which was also in general terms, almost in lecture form without containing any useful information. The attitude and belief of the GEPF is apparently that if a problem is ignored it will disappear.

On 18 October 2016 when I and my colleague Mr Galvin, at your request, had discussions with you and your colleague me Adri van Niekerk, after the meeting of the Standing Committee on Finance, I again raised the matter about our questions without any success, but we agreed on the necessity for discussions between our organisations.

A few of these discussions, which included the PIC then took place. Eventually during June 2017 your trustee, Gen de Wit, informed us out of the blue that the GEPF was not prepared to answer any of our questions. This effectively terminated our discussions and also blocked the PIC who apparently was prepared to give the required information, which the GEPF now suddenly regarded to be secret. We were until then under the false impression that we were making progress in our efforts to create a good relationship with those two bodies.

The reason for this unexpected severance of relations remains a secret, which you perhaps should clarify. We still cannot understand why the discussions, which were requested by you on 18 October 2016 and to which we agreed, were terminated unilaterally on behalf of the GEPF by a trustee who happened to be our guest on the occasion.

The result is Mr Sithole, except for unnecessary strained relations caused by the GEPF, after almost three years we are still waiting for answers to our questions. Since 11 March 2016 more requests for information and many more questions were added without any answers forthcoming. Any indication of progress yet Mr Sithole? Three years is a long time to wait for answers to really simple questions but which to us are about important matters which should be open to members of the Pension Fund. They are the real owners of the fund as you have stated yourself.

But let us move on to things that happened recently. On 4 January and again on 11 January 2019 we issued press statements containing parts of an analysis of the GEPF's 2017/18 Annual Report. It was reported in a newspaper that your media spokesman did not react to the first one. I, therefore, emailed copies of the next one to you and to two trustees when we issued it. These press statements contain serious conclusions by an auditor which really require explanations but which you again prefer to ignore.

Let us also take a look at the lack of reaction us as well as the general public experience on a daily basis from the GEPF. You must be aware of the GEPF's dismal record and the total lack of respect for the general public. No replies are ever received to written correspondence and you as the PEO should certainly be aware of your telephone service which is almost non-existent. You must surely know that the public can easily struggle for days for a telephone to be eventually answered by an incompetent person. I will not bore you with my personal experience in this regard, which in itself would make a good story for a newspaper. There are thousands and thousands of similar cases.

Please also tell us what happened to the appointment of an ombudsman Gen de Wit promised us at a meeting of the pensioner branch of the PSA in November 2016 in Cape Town. He then said that an ombudsman system would be in operation during August 2017.

And you have the audacity blame me for not even trying to ascertain what the facts are! Is it because for the first time you are right about a small matter like the purpose of a banner as we have admitted above? No, Mr Sithole, get your organisation in order and teach your people that they are there to serve not to delay matters like paying out pensions for up to six months and sometimes even longer. Also that replying to a letter is a must and a simple courtesy for a civil servant.

My condition before I apologise, Mr Sithole, is that you also apologise for the lack of proper service to the public, for ignoring letters addressed to the GEPF, for the bad telephone system as well as the deteriorating state of the sustainability of the Pension Fund. This is revealed in the analysis by the auditor which you will find appended to my press statement of 11 January 2019. You will agree that some of his conclusions are not very favourable and are begging for some explanation by you. You owe this apology to the public, the workers and pensioners.

As requested by you I will today inform the newspaper concerned that our facts as stated in the letter of 5 December 2018 were wrong but also why it was wrong. But will you likewise be prepared to favour the newspaper with your reaction to the above?

I will not insist on answers to our three year old questions. You are aware that they receive attention elsewhere.

Regards,
Adamus P Stemmet
Spokesman AMAGP
Durbanville

Synopsis

ANC still eyeing pension assets

Election manifesto language far more specific than vague Nasrec resolution …

Hilton Tarrant 14 January 2019

The ‘more explicit exposition’ of the idea has been described as showing ‘a win for the Zuma faction in the manifesto formation process’. Photographer: Waldo Swiegers/Bloomberg

The ANC is once again eyeing the notion of prescribed assets, where money managers will be forced to invest a portion of their funds in state-mandated areas and/or companies.

In its 2019 Election Manifesto, the party says it will “Investigate the introduction of prescribed assets on financial institutions’ funds to mobilise funds within a regulatory framework for socially productive investments (including housing, infrastructure for social and economic development and township and village economy) and job creation while considering the risk profiles of the affected entities”.

In a note to clients, Intellidex’s Peter Attard Montalto says that the “more specific language on prescribed assets than expected” was a “surprise”.

He says that while the idea is in line with Nasrec policy “its more explicit exposition again shows a win for the Zuma faction in the manifesto formation process, and should be a wake-up call for the local asset management community that the issue of prescribed assets is alive even if it will not be pushed forwards with the current leadership of National Treasury”.

Montalto cautions that “the issue is current, however because the hunt for solutions to Eskom will likely lead to a debate around the need to dictate that the asset management community and banks lend to Eskom to keep it afloat. “This is very much a topic that will rear its head in 2019 – even if we don’t see the policy move forwards in the short term, the risk is there in the long term.”

‘Instruments of state policy’

The total pool of pension savings in the country is about R4 trillion. Futuregrowth, which manages R185 billion in client assets, has previously pointed to “pension industry concern that government may be seeking to make retirement funds instruments of state policy, channelling investor capital into certain preferred sectors or instruments while avoiding the discipline of financial markets and fiduciary asset managers, and thereby imposing lower-than-market returns”.

It says the “industry would naturally be opposed to prescription since it limits the rights of pension funds when it comes to making choices concerning asset allocation, asset selection and risk reward.”

“The large-scale channelling of funds toward ‘preferred’ sectors would likely create an imbalance of investable projects and money – thus increasing the risk of making losses which could result in eroding the value of pensions. What’s more, while the government has been seeking to promote savings, it is likely that tampering with retirement fund investments will be seen as a threat, and may reduce the willingness of members to save for retirement.”

Futuregrowth says that in its experience, “there is sufficient capital in South Africa to fully fund appropriate, well-conceived, planned, executed and managed projects. The success in funding over R200 billion power projects (i.e. the REIPP [Renewable Energy Independent Power Producer Procurement] programme) in a mere three years is testament to the effectiveness of suitably partnering the public sector with the competencies and capital of the private sector. Prescription would fly in the face of those strengths, and likely politicise investment decision processes".

It argues that it "is not the role of ordinary pensioners to be directly responsible for national development, except through the normal capital investment process".

Alternatives

For South Africa, a policy prescribing investment is not a new idea. From 1956 onwards, the apartheid government forced pension funds to invest in its schemes and state-owned companies. When the Pension Funds Act was introduced in that year, a significant percentage of assets had to be invested in state-owned enterprises (including Sasol, Iscor and various Homeland Development Corporations) and government bonds. For public investment commissioners, this allocation was 75%, while for long-term insurers it was 33%. Prescribed assets, in this form at least, were scrapped in 1989.

Regulation 28 of the Pension Funds Act already prescribes limits in terms of particular assets/asset classes. The main limits are 75% equity, 25% listed property, 10% hedge funds and 30% in offshore assets (the last of these is a limit prescribed by the Reserve Bank).
** Hilton Tarrant works at YFM. He can still be contacted at hilton@moneyweb.co.za.*

702 MYMONEY ONLINE
ANC to investigate using your pension fund to save Eskom, protect its monopoly
14 January 2019

The problem with socialism is that you eventually run out of other people's money.
— *Bruce Whitfield quotes Margaret Thatcher*

The ANC election manifesto makes it clear that the party will look into forcing pension funds to invest in state-owned companies. The rand fell by 1% upon analysis of the manifesto by international banks.

The existential threat to the economy that Eskom poses is forcing a debate around the need to compel asset managers and banks to lend to the failing power producer. The manifesto implies that the ANC continues to back Eskom as a monopoly.

The Money Show's Bruce Whitfield interviewed Albert Botha, Head of Fixed Income Portfolio Management at Ashburton Investments.

Historically it was used by the National Party to force pension funds to invest in government-owned entities…
— *Albert Botha, Ashburton Investments*

It [prescribed assets] allocates capital inefficiently… There are more effective ways that other governments use…
— *Albert Botha, Ashburton Investments*

If you give mispriced funding to struggling SOEs… You might just delay the inevitable rather than solving the initial problem…
— *Albert Botha, Ashburton Investments*

Synopsis
PENSION FUNDS

Forced pension fund investments in SOE could lead to court challenge

Prescribed assets violate property rights, says Futuregrowth's Andrew Canter

BL Premium 15 January 2019 Lisa Steyn

Any attempt by the government to force pension funds to invest in bankrupt state-owned companies is likely to spark a Constitutional Court challenge, says one of SA's largest fixed-income lenders.

Prescribing to pension funds, which are responsible for managing the savings of millions of workers, would be destructive and panic-inducing, said Andrew Canter, chief investment officer at Futuregrowth Asset Management; which faced a backlash when it said in 2016 that it would no longer lend to some state-owned companies, citing poor governance.

Such a move, Canter said, would also amount to a violation of property rights, as enshrined in the bill of rights. "It's a property rights issue and probably would end up in the Constitutional Court."

Constitutional law expert Pierre de Vos said it was not as clear-cut as that because any such challenge would have to prove that there was an arbitrary deprivation of property. "Even if you think the policy is catastrophically stupid, it may not be arbitrary," he said.

Canter, however, said there was no need to force pension funds to invest in state assets, because "domestic pension funds are already very meaningful investors in national development", and they should not be forced to throw money at unsustainable companies.

"Eskom is currently a financially unsustainable enterprise. If a company is unsustainable it should not be able to raise money," he said. "But there is a whole range of perfectly creditworthy SOEs, which we lend to," Canter said.
steynl@businesslive.co.za

STATEMENT
BY A P Stemmet
ON BEHALF OF: Association for the Monitoring and Advocacy of Government Pensions (AMAGP)
Cape Town
19 January 2019

ANC's ELECTION MANIFESTO: POSSIBLE EFFECT ON PRIVATE PENSIONFUNDS.

The proposal in the ANC's election manifesto to force private pension funds to invest in bankrupt state-owned enterprises created waves of protests especially in some quarters.

We at the AMAGP have been watching all this from the sidelines. Despite our many protests this is exactly what happened over the years and is still happening with the funds of the GEPF.

Obviously we are opposed to this misuse of money belonging to workers and pensioners. The question can, however, now be asked whether it would not be fair for this burden to be spread over all pension funds?

Views like this have been expressed and other conflicting ones are still being expressed.

We were surprised by the views of Magda Wierzycka in our view a highly respected commentator, in an article in Business Day on 17 January 2019: ZERO COUPON BONDS AN ELEGANT SOLUTION TO ESKOMS CASH CRUNCH......Deploying GEPF funds is a far better option.....

We have asked our team of financial experts for their comments on her views. Here it is:

Comment on the column in the Business Day of 17 January 2019 “Zero coupon bonds a solution for Eskom” by Magda Wierzycka.

It was astounding to take note of the content of the abovementioned column.

It is also surprising considering that it was written by a person that is known for fair and balanced comment that loyal and well-meaning South Africans would normally do well to take careful note of. This, however, makes the content all the more dangerous, and therefore requires a firm rebuttal of the ideas expressed so that they are not eventually awarded the status of a generally accepted truism and a solution to an intractable problem which has been allowed to develop to the point it is at today.

Magda Wierzycka is fundamentally wrong in her opinions, specifically concerning the issuing of zero coupon bonds by Eskom to the GEPF, expressed in this article.

The reasons are, among others, as follows:

- There is confusion between the role and nature of the PIC and the GEPF. The PIC is, and will remain, an instrument of the Executive Branch of the Government. Over time it has been awarded the role as the only/dominant asset manager for the GEPF which unfortunately causes a significant conflict of interest between the government on the one hand and the GEPF on the other. This situation, if allowed to continue, will further exacerbate the damage to the GEPF, its pensioners and eventually to the taxpayers of South Africa. At the very least the role of significant asset managers for the GEPF should be split between a number of reputable managers, which may or may not include the PIC, and who would compete to achieve the best returns, after expenses, to the benefit of the GEPF.

- There is confusion about the nature of the funds of the GEPF. There is no doubt that these are private funds which belong to the members of the GEPF. It is not public money to be deployed for public purposes. Perhaps the time has now come to approach the courts to settle this question once and for all.

- There is confusion about who (should) take the decisions about GEPF investments. It is not the government, but the Board of Trustees (BOT) on an individual and collective basis of the GEPF. Perhaps it is also time for the courts to be requested to pronounce on the fiduciary nature of the BOT duties and responsibilities and the commencement with a process to hold these functionaries to account where this responsibility has clearly not been adequately exercised in the recent past.

- There is confusion about the exact nature of the government/taxpayer guarantee to GEPF pensioners and its status as a "defined benefit" fund. What exactly does this mean? Until the nature of this guarantee, specifically also the defined benefit especially after several years of retirement, has been clarified and documented in a watertight legal manner to guarantee pensioners a certain standard of living, and this right has been entrenched as a first charge on the National Revenue Fund, the actual substance of the guarantee is anything but definitive. In the meantime, it needs to be treated for what it is, i.e. merely a piece of paper of which the content is so inadequately defined that it may well be worthless.

- There is confusion to the extent that it is ignored, about how the sustainability of the GEPF will be maintained if the cash flows of the fund, which are already emitting red warning signs, are allowed to be further impaired by the issue of zero coupon bonds, which do not result in interest linked cash flows. An analysis of the historical trend of GEPF cash flows indicate that these need to be urgently enhanced and increased to maintain the sustainability of the GEPF. A further impairment will amount to gross negligence on the part of the responsible decision makers.

One could further continue with detailed remarks but suffice to say for this purpose that the content of the column is unfortunate, to say the least.

The use of GEPF assets in an irresponsible way in the hope (as Ms. Wierzycka specifically remarks) that it will buy time is not a sound strategy for a significant asset in South Africa. It is indeed hoped that influential role-players, including the Rating Agencies, will also point to the folly of the approach suggested.

The present position of Eskom is a problem shared by all South Africans, and we all unfortunately need to pay the price and to make the required contribution to fix the problem. This clearly must also specifically include the responsible politicians who should be called to account through the ballot box. The burden cannot be only be borne by a group of vulnerable individuals whom, as a result of inadequate institutional arrangements and confusion on key aspects, may at this point present an easy and expedient target.

Adamus P. Stemmet
Spokesman: AMAGP
Durbanville
0823209245

Synopsis
SYGNIA 15/01/2019

The Association for Savings and Investment South Africa (Asisa) says that prescribing pension funds to invest in certain assets "did not work when introduced by the apartheid government and Asisa and its members maintain that it would have negative effects on the country should it be introduced now".

It would "force the savings and investment industry to deploy the savings of ordinary South Africans into entities that have over the recent past been mired in State Capture and lack of delivery. As custodians of these savings we have to oppose this."

In its 2019 Election Manifesto, the ANC said it would "Investigate the introduction of prescribed assets on financial institutions' funds to mobilise funds within a regulatory framework for socially productive investments (including housing, infrastructure for social and economic development and township and village economy) and job creation while considering the risk profiles of the affected entities".

In response to questions from Moneyweb, CEO Leon Campher says: "Asisa and its members have publicly stated that we believe that 'prescribed assets' would not be beneficial for our country."

While Campher first publicly criticised 'prescribed assets' in September, he was referring to prescription in the context of placing more assets with black-owned and run managers. Campher says that, to date, "the savings and investment industry has engaged extensively with various relevant parties on the potential impact of prescribed assets, including directly with government ministers tasked with infrastructure development, via Business Unity South Africa (Busa) into the National Economic Development and Labour Council (Nedlac), and via the CEO initiative."

He points to evidence that government under President Cyril Ramaphosa has been very collaborative and says "if prescribed assets are tabled for discussion by government, we believe engagements with our industry will be equally constructive."

'Liquid cash'

Magda Wierzycka, CEO of Sygnia, has a more philosophical view. "If we look at it pragmatically, South Africa doesn't have money. One only needs to look at our debt burden." "If that is the case, one needs to look at the pools of capital available in South Africa as liquid cash."

She says one of these is obviously the funds managed by the PIC (under mandate from the GEPF). "That pool of assets is – in theory – available to government, and given that it is a defined-benefit fund, it is ultimately taxpayers who would fund any shortfall in its ability to pay pensions."

She points to many countries that run **such funds with only a partial reserve, meaning pension payments are being funded by the contributions of current taxpayers.**

"The problem with the PIC," says Wierzycka, "is that it hasn't deployed its capital particularly effectively to date. There have been quite a number of 'deals for pals' instead of government applying their minds to how to utilise that capital in the best manner to grow the economy.

"The other pool of assets we have is the retirement savings pool. In effect, there is an inherent pact with government here: you save for retirement through these vehicles and, in return, you benefit from a preferential tax treatment."

Government 'offers'

The fundamental problem with looking at past 'evidence' of prescribed assets under apartheid, says Wierzycka, is that these rules existed when most retirement funds were defined benefit funds. "The liability for the payment of pensions fell on corporates – hence the requirement affected corporate balance sheets rather than individuals."

Today virtually all funds are defined contribution arrangements. "Your pool of assets is your pool of assets; you effectively retire with what you have accumulated. Maximising investment returns at an acceptable risk level should be the only consideration."

Wierzycka says the issue has not been a lack of funding for suitable, well-managed projects. "Rather, there has been a shortage of viable projects and a shortage of credibility in how these projects are managed."

Campher echoes this: "Asisa and its members believe that many of our country's challenges can be overcome through effective public private partnerships (PPPs)."

He says members have deployed over R1,3 trillion in capital in support of government, local authorities and state-owned companies (primarily via bonds), as well as direct investments of R200 billion in projects, including renewable energy, township development, affordable housing, urban regeneration, student accommodation, water, roads and emerging farmers.

"What you should first test," says Wierzycka, "is the appetite of retirement funds for investment in infrastructure. There are [only] a handful of asset managers to speak to, so this won't be hard! I think government will find there is more than enough appetite."

* Hilton Tarrant works at YFM. He can still be contacted at hilton@moneyweb.co.za.

Comment
Remember some months ago the reporting about one single pension fund? Silence, and suddenly this statement of intent by the ANC. I am concerned about the ease of misuse of such a fund that we have seen too many examples of already. Leaving us, the pensioners and intended pensioners with too little money to pension on. Remember politicians have their own pension fund that is paid out of current state revenue. If the single pension fund realises, what is the odds that the politicians' one won't be included?

Synopsis

SAA secures R3.5bn loan to keep operating until March

Jan 08 2019 **Sibongile Khumalo, Fin24**

South Africans Airways says it has secured the R3,5bn loan it needed to keep operating until the end of the financial year in March, providing temporary relief for the cash-strapped airline.

The loss-making flag carrier, which is battling cash flow challenges, is implementing a three-year turnaround strategy, and has said it needs a total of R21,7bn in loans over the same period.

SAA spokesperson Tlali Tlali told Fin24 on Tuesday that the R3,5bn, which has been secured from local lenders, was part of the R21,7bn funding requirement. The airline, working jointly with the shareholder, was able to secure an undertaking from local lenders to make available the amount of R3,5bn to SAA," said Tlali.

He said the funds would enable the airline to operate up to the end of the financial year in March. In October, the National Treasury allocated R5bn to SAA, as announced during the medium-term budget policy statement. The funds were directed at debt repayment.

Tlali stated that there was no expectation that SAA was going to become profitable before 2021, stressing that plans were underway to steer the airline out of its financial quagmire. "We are working towards the goal of becoming profitable by 2021, there is no plan of shifting the goal post," he said.

In need of funds

SAA interim chief financial officer, Deon Fredericks, revealed in November 2018 that the national carrier needed to raise R3,5bn by March, as it battles operational and financial challenges. Briefing the portfolio committee on public enterprises, Fredericks said the airline expects to incur losses of R5,2bn in the 2018-19 financial year and R1,9bn in the 2019-20 financial year, after reporting a net loss of R5.7bn in the 2017-18 financial year.

The airline's CEO Vuyani Jarana and the new board have been working to stabilise the financial situation of the company, which has been battered by mismanagement, and has been a recipient of numerous government backed loans and guarantees.

Comment
Ever more is seems prudent to sell the airline. There hasn't been ROI for many years, and doesn't seem to be any prospects for it to happen.

A friendly letter from Solidariteit. Please note the request; if you can find the time to be part of the solution please do so, it is really simple and easy with no obligation; you may also have the time to become an AMAGP member. See the application at the back.

2019/01/10, VANAF DR DIRK HERMANN

Beste vriende en mede-belatingbetalers,

Jy is waarskynlik, soos ek, eenvoudig moeg daarvoor dat jou belastinggeld deur vrot bestuurde staatsinstellings geplunder word.

Die Suid-Afrikaanse Lugdiens is een so instelling. Die totale verlies waarvoor jy, deur reddingsboeie, moes betaal is al R31 duisend miljoen (R31 000 000 000).

Net verlede jaar was die totale verlies R5,5 duisend miljoen en dit lyk of daar weer in 2018 R5 duisend miljoen se verlies gaan wees.

Om dit in konteks te plaas. Dit is genoeg om skole vir 210 000 kinders te bou, byna dubbeld die koste van e-Tol, 117 Nkandla's en die ergste is dat dit soveel is as al die inkomste wat uit die 1% verhoging uit BTW verwag word.

Jy betaal daarvoor! Jy kan egter ook sê: Néé! Genoeg is genoeg!

Solidariteit gaan namens belastingbetalers (ek en jy) hof toe om die SA Lugdiens onder ondernemingsredding (business rescue) te plaas. In kort beteken dit belastingbetalers vat die SA Lugdiens uit die hand van die staat om te keer dat ons geld nie verder vermors word nie.

Om suksesvol te wees het ons die mandaat van duisende belastingbetalers nodig. Ek is ook een van die duisende en ek gaan mý mandaat gee. Ons het jou mandaat en almal wat jy ken s'n ook baie nodig.

Al wat jy moet doen is om https://goo.gl/MLp7AT te besoek en 'n kort mandaat in te vul. Verder is daar geen verpligting op jou nie. Solidariteit doen alles en betaal alles.

Stuur asseblief hierdie boodskap aan al jou kontakte op Whatsapp. Kom ons steek 'n veldtog van belastingprotes aan.

Ons het min tyd. 15 Mei word die hofstukke beteken. Ons moet dus duisende mandate voor 15 Mei kry. Hoe meer stemme, hoe sterker is ons saak.

As iemand wil plunder kan hulle dit met hul eie geld doen, nie met myne nie.

Kom ons stuur hierdie boodskap so wyd as moontlik. Onthou https://goo.gl/MLp7AT

Groete,
Dirk Hermann
Bestuurshoof: Solidariteit

The GEPF AMAGP: Invitation

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

Soos meeste staatsdienspensioenarisse is u waarskynlik afhanklik van u maandelikse pensioen vir die gehalte van u lewe. Agv die swak toestand van regering in die RSA, die aanloklikheid en omvang van ons Fonds asook staatskaping [nog nie heeltemal weg nie], ontstaan die vraag hoe volhoubaar die pensioen is en gaan bly, dws hoe lank gaan ons nog die volle pensioen bly kry. Ons by die AMAGP se oorwoë mening is dat daar wel gevare is en dat ons, die aandeelhouers van die pensioenfonds, dringend hieraan aandag moet gee. Verontagsaming hiervan kan lei tot 'n soortgelyke situasie as dit waarin Spoorweg pensioenarisse hulle steeds bevind. Om die rede versoek ons dat u ons ondersteun. Sluit aan by die AMAGP, 'n vrywillige organisasie, bestaande uit staatsdienswerknemers en -pensioenarisse, met die doel om ons Fonds te beskerm.

Contact any one of the following:

Hennie Roux
hennie@nostalgie.co.za

At Fourie
atfourieee15@gmail.com

Alan Luck
armyrenewal@vodamail.co.za

Errol Massey-Hicks
errolhicks@gmail.com

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

Semper Vigilans!

CONCLUSION

To reflect about…

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 provide the

‘voting power’ 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. This increasingly includes members of parliament on all sides of the political spectrum, as soon as they realise their voter’s pension is endangered.

3. Although until recently [about 2013] the GEPF performed 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 pension. As SC recedes other dangers threaten our Fund, such as the non-performing SOE and bankrupt municipalities that the government wants to use our Fund to fund.

4. The financial woes of ESKOM, SAA and other SOE [PETROSA, PRASA, Transnet, etc] feature largely, making looting the GEPF very attractive.

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, although we haven’t gone that far yet.

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

BELANGRIKE BOODSKAP VIR GEPF PENSIOENARISSE

BAIE VAN ONS PENSIOENARISSE HET HUL GANSE VOLWASSE LEWE AAN 'N LOOPBAAN IN EEN VAN DIE VELE STAATSDEPARTEMENTE GEWY.

PENSIOENARISSE VERDIEN OM TE KAN ONTSPAN MET DIE VERWAGTING DAT HUL PENSIOEN SAL GROEI EN BYBLY BY DIE VERHOGING IN LE-WENSKOSTE.

DAAR IS 'N GROEP PENSIOENARISSE WAT HUL TYD EN ENERGIE AANWEND OM 'N OOG TE HOU OP DIE WYSE WAAROP ONS PENSIOENGELD DEUR DIE GEPF RAAD VAN TRUSTEES (RVT) EN DIE OPENBARE BELEGGINGS= KORPORASIE (OBK) BESTUUR WORD.
HIERDIE GROEP HET 'N NIE WINSGEWENDE ORGANISASIE GESTIG WAT BEKEND STAAN ONDER DIE AFKORTING AMAGP
(ASSOCIATION FOR THE MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS).

Association for Monitoring and Advocacy of Government Pensions (AMAGP)
NPO Registration No: 136-822
SEMPER VIGILANS

AMAGP DOEN NAVORSING EN MONITEER DIE PRESTASIE VAN ONS PENSIOENFONDS OM SEKER TE MAAK DAT ONS LEDE HUL REGMATIGE PENSIOEN ONTVANG, EN DAT DIE FONDS VOLHOUBAAR BLY. SAMEWERKING WORD OOK GESOEK MET ANDER INSTANSIES WAT BELANG HET BY DIE GEPF, TEN EINDE DIE BELANGE VAN ALLE GEPF LEDE TE BESKERM EN BEVORDER.

WANNEER AMAGP NAMENS GEPF LEDE WIL ONDERHANDEL, HET DIT GROOT GETALLE LEDE NODIG OM GEWIG AAN SY ONDERHANDELINGS TE GEE EN VERTEENWOORDIGING TE BEWYS.

GEPF PENSIOENARISSE WORD VRIENDELIK VERSOEK OM BY AMAGP AAN TE SLUIT DEUR 'N AANSOEKVORM TE VOLTOOI WAT AANLYN BESKIKBAAR IS OP DIE WEBWERF WWW.AMAGP.CO.ZA , OF OP DIE FACEBOOKBLAD GEPF WATCHDOG-WAGHOND, WAAR DIE AANSOEKVORM AANLYN VOLTOOI OF UITGEDRUK KAN WORD. AANSOEKVORMS SAL PER EPOS AANGESTUUR WORD AAN ENIGE PERSOON WAT 'N EPOSADRES VOORSIEN.

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