



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.

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NEWSLETTER NO 4 of 2020

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
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
[R1,87 trillion, GEPF Annual Report 2018/19]

The Editor's Word

The article by Marius Oosthuizen on the first page provides an irreverent insight into the

budget speech before it was delivered. However, most of it is heartbreakingly applicable and confirms the seriousness of the threat to our Fund.

Ted Blom provides an insight into 'coal for power generation corruption and mismanagement', going back at least 13 years. A very short message, but worth noting in the Eskom debt cooking pot.

The farm the PIC bought for the GEPF property portfolio raises more questions than your grandchild can ask with nothing else to do than bother Oupa and Ouma. With more intrigue than a soapy.

Cosatu's proposal [instigated by who one wonders] to pay Eskom's debt with pension money, mainly our pension money, was met with gratitude and relief by the government, but abject horror by AMAGP, Solidarity, the DA and various other unions and role players. The controversy staggers on with suspicion increased by the SONA's ambiguous and vague terminology. The 'GEPF money for Eskom's debt' is due for continued discussion by SCOF after the delayed GEPF Annual Report.

The SCOF debate about the GEPF Annual Report didn't attract much attention after the circus at the start of the SONA unsettled the MPs, but AMAGP was a known entity at the discussion. Rightly so. More about the detail of the GEPF Annual Report when AMAGP's experts have analysed and summarised it. Starting with the next newsletter.

The sovereign wealth fund and state bank were mentioned briefly in the SONA and slightly more in the budget speech. However, a comparison of their definitions with what was said in the budget speech, together with the single national pension fund, has ominous implications for our Fund.

Synopsis



Mampara's guide to running SA economy into the ground – Marius Oosthuizen

20 February 2020 by Jackie Cameron

Pieter-Dirk Uys has an unlikely competitor for his special brand of political satire. In this piece, Oosthuizen unpicks the economic problems weighing heavily on South Africa and explains humourlessly how the ANC are mucking things up. He cuts through the tangled web of ideas around how to fix Eskom to shed light on what should really be happening. Ditto SAA.. He cautions, too, against squeezing ordinary taxpayers even more rather than working on what will really boost the fiscus – economic growth. Jackie Cameron

The pre-budget speech – if Mboweni was honest

By Marius Oosthuizen

Madam Speaker, Mr President and dishonourable members, and in the absence of an uninvited FW De Klerk, all protocol observed.

When I stood before Judge Mantame and took an Oath of Office. I said: “I will be faithful to the Republic of South Africa”. But I had my fingers crossed inside my pocket, because you know, loyalty to the party comes first and our left hand does not know what the right hand is doing.

Today, I submit before this august House, the National Budget. It reflects, to the best of my judgment, the twitterati's opinion of the nation's financial situation. While we should safeguard the sound financial status of the Republic, we must carefully balance the interests of the rich communists and ANC-aligned labour, even if it costs us another year teetering on the fiscal cliff.

Madam Speaker, in the 2019 SONA our President set out an ambitious agenda for our nation, but it was more of a wish-list than an action plan. Smoke and mirrors, but mostly smoke, from the defunct chimneys of Medupi and Kusile.

Madam Speaker, our President is committed to a track of renewal, but the party is not sure what renewal looks like. Let me explain using six fundamental questions:

1. Does South African need a higher rate of economic growth, or a new constitution?
2. Can we increase our tax collection, or should we take land instead?
3. Should we control expenditure, or nationalise the South African Reserve Bank and just print more money?
4. Should we stabilise and reduce the debt, or just shuffle the pension funds over to our overdraft?
5. Must we reconfigure state-owned enterprises to be efficient, or reconfigure the Washington Consensus to convince capital markets that statist communism is a better system?
6. Must we manage the public sector wage bill, or divert attention to the greedy capitalists?

It will not be easy to choose. Many of my comrades believe in either one option or the other, mostly depending on if they went to school or whether they travelled and saw the world.

Developments since the October Medium Term Budget Policy Statement

During the last Medium Term Budget Policy Statement, I outlined our main budget fiscal outlook. At that time, I projected that tax revenue would continue to decline and that spending would continue to rise. That would leave us with a budget deficit of over 4,5% of GDP.

The scaremongers wanted us to put the knife in to stop the bleeding, but as you know, we have opted for the more gentle approach of debating competing ideologies. The taxpaying middle classes are cash-strapped but we think we can push them a little further before they all emigrate, so no rush.

I said that we were at a crossroads, and that we could go either to heaven, or the other way. Now I see that we had a third option – never-never land, where we know the medicine but refuse to drink it.

Then, we expected economic growth of 0,7%. But, many of the risks that we warned about have materialised. Especially Stage 6 load shedding and ANC NEC brain-shedding. We now expect a slower but still steady rate after the technical recession. It is expected that real GDP growth in 2020 will not rise to 1,5% as hoped, nor strengthen moderately to 2,1% in 2021 as we dreamed, but rather it will stay low for long – a bit like the outcomes of our education system.

South Africa is a small open economy impacted by events in the global economy. But we prefer to behave as if we are a large closed economy that controls global events. Which is why my comrades look to China as a model for us.

World growth is now expected to slow, which should constrain South Africa's export growth forecast. But fear not, we are legalising cannabis. So while we will be poorer, we will be blissfully unaware.

Madam Speaker, walk with me on a journey through the economic Magoebaskloof of how we have chosen to respond to these challenges.

Tax revenue and raising SARS capacity

In this current year, tax revenue has been revised down compared to our October estimate. This lowers revenue collection for the year.

Recommendations:

1. We will tax South Africans who earn money abroad, even if paying tax in those countries. God forbid they actually emigrate entirely, but in the short term we have something new to do at SARS.
2. The new Illicit Economy Unit is on track to fight the trade in illicit cigarettes and tobacco,

but not cannabis because we have the plants in our back yards.

3. Judge Davis will assess the tax gap, which is the difference between revenue collected and what ought to be collected. We already know it is due to slow growth, but we'll pretend its tax evasion which is politically more attractive for cadres to say.

4. We will also review the proliferation of duty free shops inside South Africa, which is a non-xenophobic way of saying the Somalis, Ethiopian and Pakistani traders are going to be shaken down for some cash.

Madam Speaker, excise duties on alcohol and tobacco will be increased. You will shortly be able to buy a beer, a bottle of wine and a packet of cigarettes for one kidney. For two kidneys you will be able to buy fuel. But you won't be able to buy both.

The Road Accident Fund will be reallocated to Luthuli House as a slush fund, because we all know the carnage that will occur if we don't oil the wheels of the party.

The National Treasury will work with the Department of Trade and Industry and the Department of Economic Development to explore the introduction of an export tax on scrap metal. Ideally this will be in place before land expropriation without compensation, as was the case in Zimbabwe, we expect to see a thriving scrap metal industry rise from the ashes of EWC.

The ordinary taxpayer is fully tax compliant and pays his fair share. Only, in 2020/2021 they will have to pay someone else's fair share as well. Thuma Mina. Paying your taxes is the right thing to do, paying someone else's is even better.

Expenditure

Let me turn to our spending projections. Since October, government has taken steps to adjust baseline expenditure downwards, but don't fear, we will not really stop the party. Half of the reductions were to come from adjustments to government's spending on compensation. In reality we will redeploy cadres to cost centres that are less transparent and more difficult to track, such as International Relations and the Security cluster.

Provisional allocations are made for the financial support to Eskom and the

Infrastructure Fund. The former will be paid in Monopoly Money and the latter in private sector money, if we can convince the banks that we are investable.

The SOE pose very serious risks to the fiscal framework. Funding requests from SAA, SABC, Denel, Eskom and other financially challenged state-owned enterprises have increased, with several requesting state support just to continue operating.

The sensible question the country could ask at this time is: do we still need these enterprises? Instead, let's ask, can we still tell SAA what to do even if it is in business rescue? Also, if nobody flew in an SAA plane to London, is it still a national carrier, or just a very expensive joy ride for the pilots and the crew?

State-owned enterprise restructuring

Madam Speaker, I said in October that we would have no holy cows when it comes to our approach to state owned enterprises. As it turns out, holy cow! I did not realise how passionate Irvin Jim and Zwelinzima Vavi are about aviation.

Eskom

In the State of the Nation Address, the President announced a clear and executable plan for electricity. We now have a new plan. Plan number nine to be exact. At the core of this plan is the subdivision of Eskom into three independent components. This will set the electricity market on a new trajectory, and allow for more competition, transparency and a focused funding model.

There will be some feet-dragging by the Minister of Energy though, as my comrades figure out how they can set up the back-room deals to ensure the new opportunities in energy are captured by politically connected elites. Pouring money directly into Eskom in its current form is like pouring water into a sieve. So we prefer pouring it directly into third party bank accounts.

I made it clear: the national government will take on Eskom's debt. Well, not in a way that says "we will bail you out". Bail-outs must be done by the people. It is their democracy we are mismanaging. Eskom took on the debt. The pensions must take it over. If someone

must ultimately repay it, let it be our grandchildren.

Instead we are setting aside another R30bn a year to financially support Eskom during its reconfiguration – which is code for "allowing us to tell the cadres we deployed to Eskom to go away without taking us to the CCMA."

Minister Gordhan and the strong team he has built at the Department of Public Enterprises will continue to exercise close and ongoing monitoring of Eskom. Don't be fooled though, Minister Gordhan must also fulfil his obligations as a decoy for attacks by President Ramaphosa's enemies. There are no heroes in liberation politics, unless we say so.

Other state-owned enterprises

Financial support will be budget neutral as far as possible, until it isn't.

During this past financial year, total guarantee utilisation increased by another R50 billion or so, but who is counting. After the ninth zero it's just more zeros, right?

1. Eskom used more of its guarantee.
2. Denel was granted another guarantee.
3. SAA guaranteed debt increased.

We must tighten the guarantee rules. But we will do this later, maybe in 2035. If a state-owned enterprise applies for a government guarantee for operational purposes, it will be required to appoint a CRO in concurrence with the National Treasury and its bondholders. The CRO will undertake a full operational and financial review. When banks need state support, we appoint a curator.

These fancy new positions will report directly to Luthuli house. Of course, the decisions we make will still remain the same, but one can never be too cautious about keeping up appearances of good governance.

Cabinet is considering a proposal to end the issuing of guarantees for operational purposes. Once it has a recommendation, it will stick a wet finger in the air and feel the political mood, before making a decision.

The consolidated fiscal framework

To summarise: in this coming year, we expect less revenues and more spending.

That means we will spend billions more than we earn. Think of it as a Christmas shopping trip using our grandchildren's credit card. *Ho! Ho! Ho!*

Put another way, we are borrowing more than R1,5bn a day, assuming that we don't borrow money on the weekend.

We are masters of our own destiny. We can go financially broke in the future, if we so choose.

Conclusion

In summary, Madam Speaker, let me outline the highlights of this Budget:

1. We are taking tough steps to fix the fiscal position and state-owned enterprises. Baby steps. Sometimes backwards. More like learning to walk. Walk the plank.
2. Our children are our future. Most of our spending goes to education, and we will strengthen early childhood development and support higher education for the most deserving. They are our future, and we hold their future in our hands. But right now, the future of coal jobs is a more important future.
3. On land, we have set aside money to help our people buy their own houses, support land reform, and transfer title deeds. Some say "land or death!", we say "chicken or beef, or both?".
4. On electricity, we face tough choices on Eskom. Lights or candles?
5. We are reprioritising resources towards the President's infrastructure fund and away from the wage bill – on paper. In reality we are going to try to do both.

Madam Speaker, this is a Budget that plants a seed for renewal and growth. A mental seed, not a fiscal one.

See you at dinner time on twitter, where I will host "Master-chef – bring and braai". Bring your taxes so we can braai! After all is said and done, we will let the people eat cake.



Marius Oosthuizen is Programme Co-ordinator at the University of Pretoria's Gordon Institute of Business Science.

Comment

Although written as satire, it is heart-breaking to realise that most of what he writes is true. Will the government really have the funds to pay your pension?

ENERGY EXPERT COALITION

Fighting for lower tariffs

www.eeca.co.za

22 February 2020 Ted Blom

Power to the people

MEDIA RELEASE - FOR IMMEDIATE DISTRIBUTION

Earlier this week, the High Court in Pretoria declared a R3,7 billion Gupta-era coal supply contract between Tegeta and Eskom unlawful. Energy Expert Ted Blom, who was instrumental in instigating and formulating the successful case, handed over a legal dossier to the SIU in 2018.

Ted Blom has been uncovering Eskom fraud – including coal frauds – since he first discovered massive irregularities at Eskom in 2007 during a 2-year Coal Roadmap consulting assignment to plot coal supply until 2030.

Blowing the internal whistle on these crimes earned him a 10-year extension to execute the findings on looming coal shortages. However, Eskom dismissed Blom 24 hours before the agreed investigation start date.

Blom then approached Carte Blanche who has aired extensive programs on Eskom corruption. Blom continued over the next ten years with extensive reporting on coal frauds, as well as frauds on Medupi, Kusile & Ingula totalling over R400bn - something the ruling ANC is in denial about, despite all their public posturing.

Initially, Blom made use of the NERSA hearings to expose Eskom fraud. Still, Nersa avoided investigation and at one stage, Blom was labelled a "troublemaker" by the previous board. "Thank goodness the new Nersa panel are far more supportive and determined to root out Eskom's corrupt pricing regime," says Ted Blom.

"It has been a 13-year struggle, which included numerous 'death threats', theft of my files and threatening phone calls. I was also fired from a former civil society employer for assisting a member of the public, despite having negotiated written permission, to do so," Blom recalls.

"I want to thank my Maker and all those brave people who have provided encouragement, support and advice along the way, as well as Adv. Steven Davies, who kindly recompiled the Tegeta file for me."

Blom will be presenting at the final Nersa hearings in Midrand on 24 February 2020, where he will deliver his next evidence-bombshell on the unconstitutionality of Eskom's tariff hike RCA claim of over R27bn.

Ted Blom

BCom, BJuris, ACIS, MBA, DMine Eval, PmD

Comment

The contents are very clear. There are also several videos on the website well worth watching.

How much of the Eskom debt is due to precisely the activities that Blom has exposed and is still exposing? How much sooner can Eskom debt be repaid if all the institutionalised corruption is terminated?

Synopsis

[Business Insider](#) | [Business](#)

Govt's pension fund seems to have gifted developers hundreds of millions for empty farmland – now questions are being asked

Phillip de Wet , Business Insider SA

7 Feb 2020



The section of land between Klerksdorp and Stilfontein. (Satellite image via Google Earth)

The PIC has invested well over half a billion rand of pension money from

government employees in a piece of empty farmland between Klerksdorp and Stilfontein in the North-West province. The price and location have already drawn sharp questions as has the PIC's plan to build what amounts to a new suburb.

But there is more to the transaction. The nature of the deal means that two opaque companies, each with a single director, seem to be immediate beneficiaries, gaining value that outstrips the purchase price paid by the Fund.

Between them the two companies, Anglo Saxon Developments and Moedi Bosele Investors, have claimed R837 million in value from the deal, by Business Insider South Africa's calculations.

They have also been bailed out of around R137 million worth of trouble with an entirely different pension fund, one that looks after municipal councillors.

Neither Anglo Saxon nor Moedi Bosele on Thursday responded to requests for shareholder details.

The PIC plans a new suburb for Klerksdorp – and says it struck a good deal.

The PIC confirmed it had bought 60% of farms on either side of the road between Klerksdorp and Stilfontein, next to an existing mall, on behalf of the GEPF. "The PIC plans to develop a new mixed use precinct on the land over time," the organisation said in a statement attributed to its head of corporate affairs, Deon Botha.

The PIC believes it can turn the land into a "decentralised suburb and attract corporate and government tenants for the offices", plus create retail space that "will be complementary" to the adjoining Matlosana Mall.

And the PIC holds that the price it paid was fair, with an independent valuation conducted as part of its due diligence exercise. "Regulatory requirements in relation to the land, which include municipal approvals, environmental impact assessments, have been met," it said.

The PIC ignored questions on the identity of the valuer, and details of the valuation – and likewise did not comment on whether it was, in part, bailing out another pension fund, the Municipal Councillors Pension Fund (MCPF).

How R137 million went from one pension fund to another

The farms belonged to Isago@N12, which has for many years been touting the development potential of its holdings –until it ran into trouble with the MCPF.

In mid-2015 Isago sold a dozen pieces of land to the MCPF for R136,8 million, but all was not well with the deal.

The MCPF was put into curatorship in late 2017, and the Isago transaction stuck out. The price seemed to have been very high. Some R95 million of the land never made it onto the MCPF's books; instead the pension fund held shares in Isago that its curators listed at the par value of the shares – R24.

Facing court action and liquidation at the hands of the MCPF, Isago agreed to repay the entire amount. But it had no money and it had to wait on regulatory clearance: the sale of farms to the GEPF via the PIC.

After the PIC paid its R586,5 million Isago settled its debt to the MCPF.

But there was still money, and land, to spare.

The GEPF only bought it 60% of the land Isago held. The other 40%, according to deeds office information, is owned by "Isago Prop Holdings", a name that is not accidental.

As the GEPF already has extensive property holdings, competition authorities were involved. In that process the plan for the farms emerged, as did more details of the parties involved.

Synopsis

BUSINESS DAY

MPs question GEPF about 'dubious' PIC land deal

BL Premium



Renosi Mokate. Picture: Arnold Pronto

The PIC has been asked to account to the GEPF about an allegedly dubious land investment worth more than R570m. GEPF chair Renosi Mokate and Principal Executive Officer Abel Sithole, were questioned by MPs about the deal on Wednesday during a meeting of SCOF. Claims have been made by the DA and Freedom Front Plus (FF+) that the price the PIC paid for the land was grossly inflated.

“On the face of it, the deal raises a number of red flags and looks quite dodgy, the seemingly exorbitant price paid for the land, the zoning of the land, the location not being suited to development, and the individuals involved in the deal. All this must be explained in full by the PIC to assure the public and pensioners that there is nothing improper or corrupt happening here,” DA MP Geordin-Hill Lewis said.

FF+ MP Wouter Wessels claimed that the land consists of a lot of dolomite and is therefore unsuitable for development.

Mokate said the GEPF has asked the PIC for a full report on the deal, which is awaited. It would be considered at the March meeting of the investment committee. Sithole added that the PIC bought the land in advance of development, saying independent valuations for the redeveloped property had been presented.

“I think that, based on what the valuator recommended, the indications are that we paid a fair price for the land. It is not unusual for the GEPF via the PIC to look for areas of development, especially in areas where we are not currently focused on.”

PIC head of corporate affairs Deon Botha has been quoted by Business Report as

saying that the valuation of the land was done by an independent property evaluator. "The transaction was subjected to a thorough investment process before being approved. Before approving the transaction, the PIC conducted due diligence on the transaction.

Comment

Interesting, the role the repayment of the municipality's pension fund plays in this saga. However, the GEPF has a huge property portfolio, of which this will form part. This transaction confirms the need for splitting the investment management of the PIC.

If this is such a good investment, why the uncertainty, questions and lack of answers, including the lack of the valuator's identity and report.

Synopsis

BUSINESS DAY

Inquiry outcome needs to push PIC in right direction to benefit the economy

11 February 2020 Khaya Buthelezi



In the next few days or weeks, the President will announce the findings and recommendations of the Commission of Inquiry into the PIC.

When Ramaphosa announced the Commission I wrote in Business Day that "The arduous task facing retired Judge Lex Mpati and his co-chairperson, Gill Marcus ... as they preside over the Commission of Inquiry into the PIC is safeguarding the role of the PIC as a developmental investor while strengthening its governance structures and ethics protocols to avert lapses that may result in wrongdoing".

I trust that they have analysed the evidence presented by the affected parties carefully,

separated the wheat from the chaff and fact from fiction, and made solid recommendations to the President that will be implemented swiftly to correct any wrongdoing and, most importantly, clearly define the role of the PIC as a long-term developmental investor in the interest of its depositors.

Former GEPF Principal Executive Officer, now entrepreneur and executive chair of Thirdway Investment Group, John Oliphant, used to argue that it was not in the best interests of GEPF members and pensioners if the economy underperformed. So, pension funds, as part of their diversification and long-term strategies, should invest in assets that produced commercial and developmental outcomes for society. This included making infrastructure investments in the construction of roads, dams, bridges and renewable energy, taking bets on start-up businesses and making social investments in areas that were previously neglected, such as the townships and rural villages.

While it is true that the conditions for investments in the SA economy are not favourable, pension fund trustees with the PIC and GEPF taking the lead, should actively engage policymakers at Luthuli House and their fellow travellers at Cosatu House to fundamentally change the policy environment to make it more favourable for investments and job creation.

The PIC, on behalf of the GEPF, must take the lead in investing in assets that will have long-term developmental effects for society. For example, the PIC was one of the seed funders of MTN when it was founded in 1994. Today, MTN is a multibillion-rand multinational whose healthy investment returns have contributed handsomely to ensuring that the GEPF pays above-inflation increases to its 400 000 pensioners.

The addition of labour representatives to the PIC board will also go a long way towards bringing labour to the coalface of investment decision-making that affects their hard-earned retirement savings. Most importantly, labour will have a much more acute understanding of the macro and micro economic factors driving workers' investment portfolios.

Already, positive steps have been taken in the right direction. The appointment of Reuel Khoza was applauded and welcomed by the industry. This replaced the tradition of the

Deputy Finance Minister automatically becoming chair of the board and may finally shield the PIC from political machinations.

In addition, the PIC must be partially privatised to allow for a multi stakeholder participation in its ownership, alongside the state. The labour movement, the real owners of the assets the PIC is managing, should be aggressively pursuing this option instead of rubber-stamping every noise that comes from whatever faction is on top at Luthuli House.

At the heart of discussions by investment industry players is what a future PIC should look like. The Association of Black Securities and Investment Professionals attempted to answer this question in its submission to the Commission. "Given that the minister (and the cabinet) and the National Assembly are constituted on the basis of explicit political appointment and that unions are not completely insulated from political activity, it would be practically impossible to remove the PIC from political oversight."

"However, a clear distinction should be drawn between political oversight accountability and participation in strategy, and political control and interference. The former is a natural outgrowth of the role of an SOE while the latter is a pernicious subversion thereof."

There is also a view that the PIC is too big and should therefore be split into three parts — real estate, private equity and listed equity — with separate boards, to drive efficiencies and improve oversight and governance.

Whatever the future PIC looks like, at its heart strategy and outlook must be a developmental investment agenda to deliver healthy commercial and development returns in the long term for its members and broader society. This can be done voluntarily, without the prescribed asset approach the governing party is ostensibly suggesting.

Buthlezi, a former communications manager at the GEPIF, is now MD of reputation advisory firm Aphinko Consulting.

Comment

Quite true that increasing development of the country should only be to the advantage of the economy, leading to better ROI, as for MTN. However, not to the detriment of the ROI for the Fund.

Interesting how often the tripartite alliance appears in the media the last few weeks; Luthuli House and Cosatu House.

Interesting again how labour continues to be linked to pensions, investments, savings, etc without being part of it or showing any interest up to now. And labour isn't mandated to understand workers' investment portfolios, if the workers do indeed have such.

Ans labour definitely isn't the real owner of any assets the PIC manages; the members of the Fund are.

The above article provides insight about how misinformed those who work at the GEPIF really are, and the subsequent propagation of the misinformation through articles and opinions such as this. And that the PIC play a role in developing the economy ...

Synopsis

Finance minister to give details of state bank, sovereign wealth fund in budget speech - Ramaphosa

Fin24 13/02/2020 Khulekani Magubane, Jan Cronje, Marelise van der Merwe

Finance Minister Tito Mboweni will give details around the establishment of a sovereign wealth fund [SWF] and a state bank when he delivers his Budget speech later in the month, President Ramaphosa said when he delivered his SONA.

The sovereign wealth fund is "a means to preserve and grow the national endowment of our nation", Ramaphosa said. A sovereign wealth fund is a state-owned investment vehicle. Mboweni said late in 2019 that plans for a sovereign wealth fund were in the pipeline.

The establishment of a state bank is also going ahead, the president said. This would help "extend access to financial services to all South Africans", he added.

Ramaphosa did not provide further information about the scope of the fund or the bank, saying Mboweni would provide further details on February 26.

South Africa has a large market of unbanked or under-serviced consumers. Prior to the launch of its mobile money service with UBank, MoMo, MTN said its research had

shown some 11 million South Africans were unbanked.

Mboweni has previously suggested that a the establishment of a state-owned bank was crucial to assist South Africans who felt they had been discriminated against by established commercial banks, Fin24 previously reported.

"It's a matter of responding to a cry amongst our people. That cry fundamentally has to do with the discriminatory nature of the banking institutions. There has to be a response. So it is a big task that he [Deputy Finance Minister David Masedo] has there," Mboweni said in 2019.

Comment

Unbanked? Why is that a problem? It means they deal in cash only, which SARS can't really know about, or they don't earn enough to be able to bank. Their money goes directly into buying necessities in their area of living. Providing for a need that doesn't really exist?

A cry amongst our people? I'm not sure how this cry from our people manifested so suddenly without it appearing in the media. I might be under-newsed?

State bank.

Read the short bit in the budget speech. Such as consolidating fragmented financial institutions, provincial, etc. Ominous when the government manages such a bank. Note, the government, not the state, they aren't the same.

Sovereign wealth fund

From the Investopedia

A state-owned investment fund or entity that comprises pools of money derived from a country's reserves. Reserves are funds set aside for investment to benefit the country's economy and its citizens. The funding comes from central bank reserves that accumulate from budget and trade surpluses, official foreign currency operations, money from privatisation, governmental transfer payments and revenue generated from the exporting of natural resources.

Consider the source of funding thoroughly. Presently there are no pools of money or reserves or foreseen reserves, where is the funding going to come from? Ominous.

Synopsis STATEMENT

On behalf of the Association for the Monitoring and Advocacy of the Government Employees Pension Fund (AMAGP)

16 February 2020

GOVERNMENT PENSIONS ARE NOT SAFE OR GUARANTEED AT THIS MOMENT

Some commentators and many pensioners are, after the SONA, under the incorrect impression that their pensions are now safe. However, clearly it is not at all safe!

The President's choice of words and the context in which it was communicated during his speech, are ambiguous. From what he said it is clear no pensions are safe or guaranteed. Not now and not in future.

The President clearly stated that the government has its own financial woes. Therefore, the government **is in no position to guarantee anything** related to finance and pensions.

Many South Africans were eager to hear government's plans in respect of Eskom and especially the use of the GEPP to rescue the failing SOE. The President failed to address the concerns of pensioners.

President Ramaphosa said: The social partners – trade unions, business, community and government – are committed to mobilising funding to address Eskom's financial crisis in a financially sustainable manner. They would like to do this in a manner that does not put workers' pensions at risk and that does not compromise the integrity of the financial system.

It is assumed that this comment was directed at members and pensioners of the GEPP and not to members of all the other pension funds in the country. One cannot be too careful; what a politician says and means are not always the same. He did not say that GEPP funds would not be used. All that was said was: "They would like to do this in a manner that does not put workers' pensions as risk ..."

The AMAGP is very aware of the fact that the collapse of Eskom will be a national

disaster. **However, the AMAGP is totally opposed to using the GEPF to rescue Eskom.**

In the past, the GEPF and PIC have played down losses of R2-3billion as being insignificant when compared to the total assets of the GEPF. A “loan” of R200billion, as proposed by COSATU, can certainly not be dismissed as being insignificant under the current circumstances.

Minister Mboweni during his Medium Term Budget Speech (Oct 2019) stated: “Pouring money directly into Eskom in its current form is like pouring water into a sieve . . . I want to make it clear: the national government is not taking on Eskom’s debt.” Strong words from the Minister of Finance indeed. However, four months later the scenario is to pour GEPF money into the sieve.

The GEPF has on more than one occasion told members and pensioners that their pension is a defined benefit and that it is protected by law and that the government has to guarantee the fund.

That is true, but where is the logic in all of this? All that has happened is that Eskom’s debt is alleviated by the GEPF and then it becomes a government debt. The government is proposing a short term solution and creating a long term risk. How will government repay the GEPF? Will it raise taxes?

According to STATS SA, since 2007/08, the government has consistently spent more than it earns. Minister Mboweni indicated in 2019 that the national debt is now in excess of R3 trillion. This debt must be serviced.

An interesting omission in the SONA is the national water crisis. In December 2019, Minister Sisulu stated that her department would need approximately R900 billion over the next 10 years for water supply and water storage. She was silenced. Here is clearly yet another pending national crisis. Will government once again look to the GEPF? What about all the other failing SOE? Will there be another proposal to use GEPF funds?

The AMAGP is not alone in expressing its concern regarding the use of GEPF funds to rescue ESKOM.

The government would be well advised to listen to the concerns being raised by the politically non-aligned unions that represent public servants. What is interesting is that on 12 February 2020, COSATU admitted that there is some unease amongst its own members regarding the security of their pensions and that COSATU should move slowly and consult its members.

One is reminded of those oft quoted lines from Ernest Hemingway’s *The Sun Also Rises*:

**“How did you go bankrupt?”
“Two ways. Gradually, then suddenly.”**

Adamus P Stemmet
SPOKESPERSON FOR AMAGP

Comment
Take note. Very clear that using pension money is part of government planning, it is just how the government is going to do it that wasn’t included in the SONA. If the government is bankrupt how is it going to guarantee your pension payment? Be very aware of the national water crisis, it is much more serious than you can imagine.

Synopsis
More than 70 conditions before pension funds can be used to rescue Eskom

Junior Khumalo and Palesa Dlamini 17 February 2020



Cosatu parliamentary co-ordinator Matthew Parks

Organised labour has given the presidency, the National Economic Development and Labour Council (Nedlac) and Eskom more than 70 conditions that “have to be adhered to” before the unions can give government the

go-ahead to tap into the GEPF to help reduce the power utility's debt.

Cosatu and its affiliates the Federation of Union SA (Fedusa) and the National Council of Trade Unions (Nactu) presented the conditions, which include 25 Eskom-related interventions and more than 50 economic interventions, at the presidential working committee held at Nedlac last Monday.

In their proposal, the three unions are calling on Eskom to make a commitment that "no workers will be retrenched; a comprehensive public audit will be undertaken on all Eskom contracts and expenditure; and all those who have looted from the utility must be arrested and their assets seized".

The economic interventions include an "urgent call for a stimulus plan to inject new capital into the economy as well as government to force business to produce six-month implementation plans for their jobs investment summits agreements".

Cosatu's parliamentary coordinator Matthew Parks, described the new proposals as an urgent initiative to help stabilise Eskom and save jobs. "Fedusa and Nactu have embraced the idea and the principle of a social compact and an intervention plan for Eskom. But their decision will depend upon them having broader consultations with their internal structures and the conditions and modalities of the investments," he said.

Parks said this was still at the proposal stage and no decisions had been taken. Cosatu had invited more submissions to be considered by its central executive committee a week's time, he said.

Narius Moloto, Nactu's general secretary, said: "At the moment, Eskom is failing in a number of areas, including management, financial controls and corruption. Moloto said that his union had agreed, in principle, that should all the stipulated conditions be met then there was no reason the PIC should not help save Eskom.

Masale Selematsela, the president of Fedusa, told City Press that "from a principled point of view, Fedusa was supportive of the principle that Eskom must be assisted but we thought the money should come from elsewhere".

"At the end of the day, Eskom serves the whole nation. But as a federation we are not in support of money for an Eskom bailout being taken from the pension funds. What we are saying is that Eskom needs to be assisted, but government should get the money from elsewhere," said Selematsela.

He argued that having engaged with their members during the week, the consensus was that using their pension funds would not be the best option.

"Eskom has been getting assistance and bailouts through and through, therefore this means that there is no guarantee that workers' money given to Eskom would be recovered.

Meanwhile, trade union Solidarity has threatened to take legal action to stop what it has described as "the capture of public servants' pensions". In a letter to the GEPF as well as the PIC, Solidarity's legal team demanded that the trustees and the boards of both institutions should not accept the controversial plan to finance Eskom from the pension fund.

However, the president remains optimistic that common ground will be found. During his SONA Ramaphosa said: "The social partners organised under Nedlac have been meeting over the last two weeks to agree on the principles of a social compact on electricity.

"This is a historic and unprecedented development since it demonstrates the commitment of all social partners to take the necessary actions and make the necessary sacrifices to secure our energy needs," he said.

Comment

The Eskom debt saga is riddled with serious misconceptions, of which the ownership of the GEPF and other pensions is the most important. These funds belong to the members only, not the nameless 'workers', of which most trade unions have few belonging to the Fund.

I have no doubt that the proposals are well thought out and workable, as long as they don't include our Fund.

Synopsis

Press release by the DA

Fellow South African,

Your pension may be at risk of being sunk into paying off Eskom's massive debt!

But we are fighting to stop this.

The ANC government, led by COSATU, is proposing to take 7% of civil servant retirement savings to fund a R250-billion Eskom bailout. **Without your permission.**

This threatens the pensions of **every civil servant** in South Africa who is a member of the **Government Employees Pension Fund**, and it will only get worse.

If the ANC are not stopped from doing this now then **other pension funds will be at risk next.**

Please join us in strongly opposing this proposal so that we can protect your pension from being taken.

If approved by the ANC government's Government Employees Pension Fund (GEPF), state employee pensioners will never see their money again!

We encourage all civil servants to make their voices heard:
Write to the Government Employees Pension Fund at enquiries@gepf.co.za or call them on +27 80 011 7669.
Contact your local COSATU representative here: <http://mediadon.co.za/provinces-2/>, and tell them that you reject this plan!

Kind regards,
Geordin Hill-Lewis
Member of Parliament

Samevatting

Solidariteit begin regstappe om pensioenkaping te stop

Woensdag 12 Februarie 2020

Solidariteit het met regstappe begin om die kaping van staatsamptenare se pensioene te stop. In 'n regsbrief aan die Staatspensioenfonds (GEPF) asook die OBK, het Solidariteit se regspan geëis dat die instellings se trustees en direksie nie die

omstrede plan om Eskom uit die GEPF te finansier, moet aanvaar nie. Indien Solidariteit nie so 'n waarborg kry nie, of indien besluit word om die omstrede Eskom-plan te implementeer, sal Solidariteit verdere regstappe doen.

In die skrywe wys Solidariteit die Trustees op hul fidusiêre plig., ook dat individuele trustees en direksieledede persoonlik aanspreeklik gehou sal word vir skade indien hulle nie hul fidusiêre plig nakom nie.

Volgens die Solidariteit-regsbrief sal enige stap of aksie om werknemers se pensioen te gebruik om Eskom of enige ander staatsonderneming te red, buite die mandaat van die GEPF en die OBK wees, en sal sit ook 'n verbreking van die kontraktuele ooreenkoms met die lede van die Fonds wees.

Volgens dr. Dirk Hermann, bestuurshoof van Solidariteit, is die mandaat van trustees nie om die land se groot sosio-ekonomiese uitdagings op te los nie. Hul taak is ook nie om ekonomiese groei te stimuleer om moontlike sekondêre voordeel vir pensioenfondsledede te bewerkstellig nie.

Solidariteit is bewus van verskeie ander vakbonde se weerstand teen die omstrede pensioenplan. Ons sal enige stappe wat enige ander vakbond teen die plan doen, steun. Ons moet die plan uit soveel hoeke moontlik aanval.

Solidariteit het ook bekend gemaak dat hy voldoende begroot vir veldtogte en litigasie indien die regering sou voortgaan met enige ander stappe om pensioenfondse te gebruik om ander sukkelende staatsondernemings te finansier. Ons tree dus nie net in belang van staatsamptenare op nie, maar in die belang van almal wat lede van 'n pensioenfonds is.

“Ons kondig vandag ook 'n veldtog aan waardeur ons duisende Suid-Afrikaners vir mandate gaan vra om pensioenkaping die stryd aan te sê. Ongeag wie jy is, waar jy werk en aan watter organisasie jy behoort, ons sal namens jou veg om jou pensioen te beskerm.

Om werkers se pensioenopbrengs te verwater is 'n besluit wat anti-werker is. Werkers se pensioene is nie staatsgeld nie; dit is hul eie geld. Ons moet 'n bedeling van staatsmonopolie-kapitaal teenstaan. In die lig

van die huidige toestand van staatsfinansies kan werkers nie staatmaak op staatswaarborg vir hul pensioengeld nie. Staatswaarborg is geen waarborg nie. Pensioengeld moet gebruik word om die leë staatskas te red en dan waarborg die leë staatskas die pensioenfondselede.

Dit is nie werkers se verantwoordelikheid om bankrot staatsondernemings te befonds nie. Pensioenkaping kan nie die skade van staatskaping regstel nie. Dit begin by die GEPF en as 'n vrywillige bydrae. Later word privaat fondse betrek en dan word die bydrae verpligtend. Ons sê nie net hierdie besluit die stryd aan nie, maar ons baklei teen die volle gevolge van besluite wat nog gaan kom.

Kommentaar

Dit is duidelik dat Cosatu se voorstelle nie al die vakbonde se goedkeuring wegdra nie. Die meeste vakbonde het min of geen staatsamptenare as lede en is dus onbetrokke.

Synopsis

GEPF says it will not invest in Eskom purely to save SA

BL Premium

19 February 2020 Linda Ensor



GEPF principal executive officer Abel Sithole.
Picture: SUPPLIED

The GEPF will not invest more in Eskom solely for the purposes of saving SA, but would require that the power producer meet its investment criteria in terms of the management of the entity and the provision of a return, the fund's Principal Executive Officer Abel Sithole said in an interview on Wednesday.

Sithole was in parliament to brief the standing committee on finance on the GEPF annual report for 2018/2019.

Cosatu's proposal has generated a storm of controversy with the Federation of Unions of SA (Fedusa), union Solidarity and the DA strongly opposed to it.

The GEPF has not been presented with a concrete proposal based on Cosatu's plan.

Sithole said the answer to the question of whether the GEPF would consider investing in Eskom is a complicated one. "I can't say we will not consider it if we are approached. But the devil will be in the detail. There are two aspects of consideration — firstly the actual funding mechanism and whether it meets our terms and conditions, and secondly the important issue of Eskom itself."

"When you invest you [do so] because you believe that there will be a company that is run properly and that will generate revenue and profits to pay back the monies you are investing in it. While you are making a financial investment, what is important is the management of the entity and what is going to be done to run the operations of the entity efficiently so it can give you the return that you want."

'Utterly unacceptable'

DA member of the finance committee Geordin Hill-Lewis said in an interview that there is no way that Eskom would pay back any money invested in it by the GEPF. He rejected Cosatu's proposal as "absolutely and utterly unacceptable" because of the lack of financial return and the zero chance of Eskom ever paying back the money.

"Pensioners have not been asked and financially it is a very unsound investment to make with pensioners' funds," he said.

ensorl@businesslive.co.za

Comment

Note, the GEPF has 'not been presented with a concrete proposal', to my mind meaning that proposals have indeed been presented to the GEPF and the GEPF is probably working on them already.

Mr Sithole is quite correct in his investment approach. Question is, will he follow this approach wrt the Eskom debt?



Govt pension fund: It would be wrong to dismiss Eskom bailout proposal

News24 | Politicsweb 19 February 2020
19 February 2020

It would be "untoward" of the GEPF to dismiss a proposal to bail out debt-laden power utility Eskom without knowing all the facts, MPs heard on Wednesday.

The GEPF's PEO, Abel Sithole, and its Head of Corporate Services, Musa Mabesa, briefed the SCOF on the Fund's 2018/19 financial report.

In February the PIC and the GEPF said they had not been consulted by Cosatu about the proposal. On Wednesday, SCOF chairperson Joe Maswanganyi said the proposed bailout was a matter of interest and called on the GEPF to weigh in.

Sithole told the committee that to date the GEPF has still had not been consulted. Maswanganyi said that the SCOF would extend an invitation to the PIC, Eskom and unions to brief the committee on the proposal within the next two weeks.

'Difficult year'

Commenting on the fund's 2018/19 annual results, Sithole said that despite it being a "difficult year" the GEPF managed to grow its investment portfolio. This is the worst performance of the GEPF since the Global Financial Crisis 10 years ago, when the yield was -10,2%.

Comment

It should be clear to you, dear reader, that the figures used by the PEO don't reveal the full situation of our Fund, as the details in the report are already a year old! And why can other financial institutions brag about good returns in the same year as the GEPF/PIC had a 'difficult' one?

Notas oor die debat

Die SONA se moleste, Cosatu se 'reddingsplan' en die Mpativerslag het die fut en LP teenwoordigheid uit die debat gehaal. SKOF se program sal herrangskik word sodat 'n debat moontlik in die week van 2 Maart 2020 sal plaasvind. waar die volgende teenwoordig moet wees: Die OBK, GEPF en die vakbonde

Desnieteenstaande het AMAGP se verteenwoordigers heelwat baat gevind met die wisselwerking aldaar. Hieronder is 'n verkorte terugvoer van Adamus en James:

- 1) Mnr Hill-Lewis van die DA is die AMAGP goedgesind, soos reeds uit die nuusbriewe blyk.
- 2) Die meeste van die LPs se vrae en argumente was duidelik gebaseer op AMAGP informasie wat vroeër aan hulle gestuur is.
- 3) Mnr Wouter Mouton van die VF+ het beindruk met skerp vrae en aandrang op antwoorde.
- 4) AMAGP is by die vergadering verwelkom "as represented by messrs ...". Wragtag is ons nou op rekord by die parlement!
Alhoewel AMAGP soos ander organisasies en die publiek nie toegelaat word om vrae by verslagvergaderings te vra of deel te neem aan die verrigtinge nie, is ons is welkom om deel te neem aan verrigtinge waartoe die publiek insette kan lewer, soos bv die voorgenome gesprek in Maart.

- 5) Goeie mediaskakeling is gedoen.
- 6) LPs was verbaas oor die goeie gees deurgaans tussen die GEPF se Dr Mokate, Mnr Abel Sithole en AMAGP en die gemaklikheid waarmee met mekaar omgegaan is, terwyl ons verskille sigbaar maar sonder venynigheid op die oppervlak duidelik was.

Kommentaar

Die bewys van die waarde wat AMAGP se aktiwiteit reeds bygedra het in slegs ongeveer drie jaar, om 'n belangrike rolspeler in ons pensioensake gereken te wees deur SKOF!

Eskom pension bailout is 'terrible madness' - Cape Chamber of Commerce

Politics 20 February 2020, Songezo Ndlendle

The proposal by Cosatu that the pension funds of public sector employees should be used to settle some of failing power utility Eskom's debt was "terrible madness", the Cape Chamber of Commerce said on Thursday.

"When the largest trade union in a country seriously suggests that failing SOE should be the recipients of savings in pension funds, one could be forgiven for thinking that magic rather than logic has taken over," the chamber's deputy chairman, Jacques Moolman, said via an emailed statement.

"If such a country was a family, it would be tantamount to a father raiding his child's college fund to pay his gambling debts, or cashing in his pension to do the same. Yet, that is what Cosatu has suggested."

Moolman said that the idea of "raiding pension funds" was worsened by the fact that the utility had caused its own mess and, should the proposal come to fruition, would be "rewarded for its incompetence by dollops of cash taken from other people who had nothing to do with the mess".

"The cause was more than a decade of bad managers who aided and abetted criminal looting either through highly suspect purchasing practices or vast expansions of their own and their staff's salaries. As for Eskom, throwing more money into the pit will not fill it up." added Moolman.

African News Agency/ANA

Comment

The awareness of the threat to our Fund is snowballing. Cosatu's proposals might possibly the act that escalates the threat to our Fund to national and parliamentary awareness.

IMPORTANT NOTICE. PLEASE READ

OR READ AGAIN IF YOU HAVE ALREADY

Please take a while or two or three to consider what the all-volunteer AMAGP is all about and is actually and continuously achieving. Our Facebook page has more than 17 000 members and continually growing; we must be doing something right. We need you to inform and motivate all the civil servants, policemen, soldiers, correctional services members, etc, you know to join the AMAGP to strengthen our voice when promoting the sustainability of your pension. We need many more AMAGP members, not just the Fb page. Of which there are already over 3 000, but not enough yet if we consider over a million GEPF members.

- ROLE OF THE FACEBOOK PAGE - GEPF WATCHDOG/WAGHOND

This Facebook page is the social media platform of the non-profit organisation "The Association for the Monitoring and Advocacy of Government Pensions" (AMAGP). The AMAGP has only one agenda point – safeguarding the GEPF against looting and mismanagement.

Most of our GEPF members are content with the fact that pensioners still get their monthly pension (and some increases annually), and they are convinced by GEPF newsletters and ambitious briefings by the GEPF Board of Trustees that our Pension Fund is in a super condition. There is, however, another side to the coin!

As a member of the GEPF (working or retired), this Facebook page will keep you updated about any developments affecting the health of YOUR Pension Fund. It also provides you with the opportunity to participate in the debate and raise issues of concern. Although it is not part of the core business of this page, you may also raise matters regarding the day to day management of your pension administration, which we will gladly refer to the Government Pensions Administration Agency (GPAA). Please read the articles that are posted on the wall, BUT also read items saved under "Announcements" and "Files". You can get further information on our website – there is no reason to be in the dark regarding our Pension Fund, and what you must do as a member.

This page will only have any value for you if you join the AMAGP. Kindly take note that you do not have to pay membership fees, or do any work for the AMAGP if you do not wish to do so – BUT your membership will add one more brick to the wall that the AMAGP is building to protect our money. You can complete the online registration form under “Announcements” (English and Afrikaans) at the top of the Facebook page, or you can visit our website at www.AMAGP.co.za, and complete the online application form that you will find under “Membership”. There are also registration forms in English and Afrikaans that you can print, complete and return to us under “Files” on the Facebook page.

The AMAGP does not want any GEPF member to leave the Fund, because it still is the best pension fund in the RSA – BUT, we as members and owners of the Fund have to protect it against abuse.

Welcome to our page – please help us to get thousands more GEPF members to join this page and the AMAGP, so that we will have the required bargaining power. We are the owners of the GEPF, and we have the right and the power to force the GEPF Board of Trustees, and the Public Investment Corporation (PIC), to manage and invest OUR money in a responsible and profitable way.

VRYWARING

Die AMAGP maak die Nuusbrief beskikbaar as ‘n diens aan beide die publiek en AMAGP lede.

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