



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 7 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
PIC – Public Investment Corporation
PSA – Public Servants' Association
ROI – return on investment
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

Our lockdown has and will continue to have a huge impact in many areas, social, economic,

work, etc. The value of a dependable pension fund must now be crystal clear to all of us, even more so the importance of its sustainability to ensure our pensions.

We have been kept up to date with the scary virus statistics, which statistics never reveal how many of the infected have recovered completely! If they haven't passed away they all recover, not so?

The lockdown is going to change the way we do business. There has been a spike in data use from homes as business continues from there. How many companies have realised they can decrease office space by working from home? E.g., online purchase and home delivery; the importance of distilling and brewing at home; growing and curing tobacco sufficient for own use requires more than the average backyard. Etc, etc. Prepare for it.

It all sounds and looks so attractive to misappropriate the assets of our Fund and other pension funds. However. Liquidating the assets of the GEPF and other pension funds, assets that belong to the members, will probably wipe out the JSE as that is where the funds are mainly invested. You don't sell R1,8 trillion in stocks, bonds and shares on any stock exchange without wiping out all their value and the exchange too. Don't forget the UIF, DBSA, IDC will also cease to exist as they won't have any funds anymore. Not to mention all the SOE investments! I wonder if those lusting after our savings have seriously considered this?

Our Facebook page has a very appropriate new face. As Kleynhans is doing a more than sterling job of the page, keeping our more than 31 000 page members up to date and aware. Take look.

Ed Herbst has two articles in this Newsletter, for different media houses, regaling us on the

Mpati report and Sekunjalo. Both brutally frank! To the despair of spin doctors at Survé's Independent Media I believe.

There are two corona virus media releases by AMAGP, one lambasting Cosatu for its stand on the easy use of other people's savings while not contributing itself, and the other supporting government initiatives.

It might be the billions in bail-out the PIC provided to Edcon isn't ever coming back, the article by Ann Crotty provides the reason. It seems the management didn't do what it was supposed to do and the lockdown might be the last step in its demise. Our money?

You might remember the frequent reminders about writing letters? Of which Adamus Stemmet is a prime example of an AMAGP member dedicated to the future of our/your Fund. Here is an insistent letter from a member, which might have gone viral if it was on the internet/YouTube. It would reflect well on your commitment if you were to forward a copy of your published letters to AMAGP, for the newsletter.

Then SAA is on the verge of disappearing. Business rescue doesn't seem to be viable without government giving more billions away, according to a Mail and Guardian article. Last ditch union proposals are too late I suspect.

Nedlac convened with the President, labour, business and community to discuss a R1-trillion proposal to limit the fall-out of the lockdown. Guess who was the labour? The community that attended is unknown. Who was the business? The funding of the initiative? More detail in the article at the end of the newsletter, but the onslaught on our Fund is intensifying.

Lastly, a short reassuring note about Eskom from Eskom.

NEWS NUUS NEWS

Synopsis

The PIC report and Sekunjalo: South Africa's Milly Dowler moment

Opinionista Ed Herbst 19 March 2020
Daily Maverick

Media observers have been, to say the least, gobsmacked by the way in which newspapers in the Independent stable have chosen to interpret the findings of the Mpati Commission of Inquiry into the PIC. Veteran Sekunjalo observer, Ed Herbst, casts a jaundiced eye on the unfolding saga.

"Since the Sunday Independent and all titles of the Independent Media group have elected to end their membership of the South African National Editors' Forum and to no longer subject themselves to the national Press Code, or the authority of the Press Ombud, their news reporting can no longer be objectively challenged or adjudicated upon, other than before court. This has necessitated this cautionary note to all other media." **Footnote on a cautionary media release by the Department of Public Enterprises, 7 March 2020**

Branko Brkic, editor-in-chief, Daily Maverick: "One thing I want to stress — we have never been sued by Mr Survé or the EFF for our exposés. We are, however, taking legal action in connection with this. Readers should draw their own conclusions." **Unpacking the single-sourced accusations against Daily Maverick published in Iqbal Survé-owned media** by Rebecca Davis, 11 March 2020

Anyone who watched the televised evidence of former Iqbal Survé employees such as Kevin Hardy and Siphwe Nodwele, and current employees such as Naahied Gamielden and Abdul Malick Salie, knew for a fact that the subsequent front page attempts in his newspapers to exonerate him and the former CEO of the PIC were devoid of truth and simply smoke and mirror spin.

And so it proved when the Commission's report was released. What the Commission's report makes clear is that Dan Matjila's connivance in facilitating Iqbal Survé's deals played a major multi-billion rand role in the PIC rot.

The South African Federation of Trade Unions (Safu) has welcomed the report saying it is *"scathing about the extreme malfeasance that took place in the PIC under the leadership of the former CEO Dan Matjila"* and it expresses concerns about the safety of workers' pension funds.

Compare that statement to the article by Sizwe Dlamini and Adri Senekal de Wet three weeks ago, which was headlined *PIC Inquiry report clears ex-CEO Dan Matjila, black-owned companies* and which, as is now obvious, was a pre-emptive lie aimed at damage control.

Ann Crotty, one of the journalists to suffer Iqbal Survé's "Stratcom" smear, sums this up succinctly in a Moneyweb article: *The R4,3-billion investment in Ayo is currently worth R270-million*. The R2-billion investment in the Independent News & Media may now have zero value.

Milly Dowler moment

In July 2011, British people exploded in outrage and revulsion when it was revealed that the *News of the World* had hacked the phones of murdered schoolgirl Milly Dowler's parents. That led to the closure of the *News of the World* and the two-year Leveson Inquiry which recommended a change to existing legislation.

I believe South Africa's Milly Dowler moment occurred when the Department of Public Enterprises issued a cautionary notice against the reporting of Sekunjalo Independent Media, which has conducted a venomously abusive campaign against President Ramaphosa and Pravin Gordhan, rival news organisations, and the journalists working for them.

Up till now, respected journalists such as Sam Sole, Ferial Haffajee, and Jacques Pauw, have had to defend themselves but on 7 March a government department spoke up for ethical journalism and raised its voice against the pervasive dishonesty of Iqbal Survé's news company.

That, I believe, was South Africa's Milly Dowler moment, the moment when a government department spoke out against the corrosively amoral journalism of a once-respected newspaper company.

Three days after the DPE cautionary media release, I was able to reveal that Sekunjalo Independent Media's ombudsman post did not exist and that its purported claim of self-regulation was a pack of lies. The company

was forced to take down the relevant section of its website and if you try to access www.independentmediaombud.co.za you get the following message:

"Maintenance mode
Sorry for the inconvenience.
Our website is currently under construction.
Thank you for your understanding any complainants can be sent to the following email address: complaints@inl.co.za."

As Peter Bruce has pointed out, the days of Sekunjalo Independent Media are numbered. President Ramaphosa has urged that its recommendations be expedited.

"77. The Commission recommends that the Regulatory and Other Authorities should consider whether any laws and/or regulations have been broken by either the PIC and/or the Sekunjalo Group; determine what legal steps, if any, should be taken to address any such violations; and assess whether the movement of funds between accounts, as indicated above, was intended to mislead/defraud investors and/or regulators."

That process is already under way and PIC board chair, Reuel Khoza, has promised swift retribution, which is so clearly needed, and which a corruption-weary public so desperately craves.

The attempt by the PIC to protect the pensions of our civil servants has seen a plethora of Sekunjalo Independent Media articles defining it as "racially and politically motivated"; "frivolous"; a "racist witch-hunt"; a "threat to media freedom"; a "crime against democracy"; a "fishing exercise for political gain"; a "violation of constitutional rights" and an "attack on media and black people", not to mention "bizarre and ludicrous".

Iqbal Survé has reneged on repaying what he still owes the PIC while nevertheless servicing the loans of his Chinese funders (or at least he claims he did). This could ultimately have an adverse impact on the wellbeing of almost two million government employees and current civil service pensioners.

The cause of ethical journalism and its anti-corruption component is enhanced if

government speaks out against its antithesis – as the Department of Public Enterprises did about Sekunjalo’s reporting a fortnight ago – our own Milly Dowler moment. **DM**

Comment

The Department of Public Enterprises’ cautionary media release is damning. And then the inventive Survé rhetoric, always good for a giggle. Enjoy the ludicrous claims made by Independent News about the Mpati Commission’s findings!

Synopsis

Mpati Commission Report: Sekunjalo Spin Goes Stratospheric

by Ed Herbst

*CAPE TOWN The much-awaited Commission of Inquiry report into allegations of impropriety at the PIC has cleared erstwhile chief executive Dr Dan Matjila. Business Report can reveal that the report made no adverse findings against Matjila, Sekunjalo chairperson Dr Iqbal Survé and his companies, and other black-owned companies. Sources claim that Matjila was described as a credible witness and his submission to Judge Lex Mpati as impeccable. **Sizwe Dlamini and Adri Senekal de Wet** IOL 24/2/2020*

The Democratic Alliance (DA) welcomes the Mpati Commission Report recommending that the PIC instigate a full-scale review of all existing deals between the entity and Sekunjalo Investment Holdings in order to recoup any money that was invested in Sekunjalo companies.

The DA also supports the recommendation that the report be forwarded to the NPA and all relevant authorities to take necessary steps.

*The report has exposed the false claims by Sekunjalo that they had been cleared by the Mpati Commission. Both Iqbal Survé and Dan Matjila must be held accountable for their alleged wrongdoing. **Alf Lees** Democratic Alliance 12/3/2020*

In a flagrantly disingenuous attempt at

exculpation published in Iqbal Survé’s Sekunjalo Independent Media newspapers on 24 March, Adri Senekal de Wet, the executive editor of Business Report, makes the following remark about the report of the Mpati Commission into systemic malfeasance at the PIC on the watch of its former CEO, Dr Dan Matjila:

There are no adverse findings against Sekunjalo, Dr Survé or the companies in which Sekunjalo and the PIC have invested contained in the report (in fact no findings at all against Sekunjalo are reported on) - pages 33 and 34 points 60-64.

It should come as no surprise that what she carefully omits to mention are the nine damning references to Sekunjalo and the two equally damning references to Survé contained in the subsequent points 67 to 77 of the report.

Devoid of truth

Her claim, therefore, that the report contains no adverse findings against Survé and Sekunjalo is devoid of truth. Four days earlier, the following and equally mendacious statement relating to the Mpati Commission report was attributed to Sekunjalo spokesperson Mandla Mbusi in an article carried in all Sekunjalo Independent Media newspapers:

There are no adverse findings against Sekunjalo, Dr Iqbal Survé or any of the companies in which Sekunjalo and the PIC have invested contained in the report.

Lies do not get more blatant or brazen than that as the DA’s Alf Lees points out in one of the anchor quotes to this article.

On 20 March, the PIC Board issued a media statement welcoming the Mpati Commission report and promising to implement its findings which, as the report states in point 77, calls for the investigation of Iqbal Survé’s companies and legal steps to be taken where necessary:

77. The Commission recommends that the Regulatory and Other Authorities should

consider whether any laws and/or regulations have been broken by either the PIC and/or the Sekunjalo Group; determine what legal steps, if any, should be taken to address any such violations; and assess whether the movement of funds between accounts, as indicated above, was intended to mislead/defraud investors and/or regulators.

So, in the media release of March 20, the chairman of the PIC board, Reuel Khoza states:

The Board noted that the report has found that a number of transactions were funded without following due processes in line with accepted due diligence and corporate governance. I am pleased to announce that the Interim Board had already instituted processes to address the corporate governance lapses that were exposed before and during the duration of the Mpati Commission proceedings. The measures already under way include internal disciplinary action that has led to the dismissal of implicated staff and the legal action that is already under way pertaining to transactions such as the Ayo, Steinhoff, VBS and others. These proceedings are aimed at recovering monies that have been lost by the PIC and civil proceedings will also be instituted against the directors of affected companies.

The Board will also be securing the services of highly skilled external legal and forensic experts to ensure that no stone is left unturned in holding implicated parties accountable. In the interest of transparency, the details of the teams to be established will be published in due course to keep our staff, clients and the public informed.

The PIC media statement opens with a sentence about taking disciplinary action against those implicated in the report – i.e. Sekunjalo and AYO and Iqbal Survé and Daniel Matjila, and the need to involve the Hawks in this process.

The IOL summary of this PIC media release relegates this aspect to the last sentence in the article and makes no mention of the PIC

board's deliberate reference to AYO which it brackets with scams such as VBS and Steinhoff.

The truth about the Mpati Commission report is aptly summed up in the headline to this article by Marianne Thamm: '*Malfeasance*', '*outright manipulation*' on part of Iqbal Survé – '*gross negligence*' on part of Dan Matjila and the headline on this article by Kyle Cowan: '*PIC investments in Survé's Sekunjalo Group clearly flouted policy, report finds*.'

In announcing that a successor to Matjila had been identified, PIC chairman Reuel Khoza said:

'The PIC faltered because its ethical conduct was questionable and that is where the corrosive effects and influences came in. Without ethics, it doesn't matter how competent you are as an organisation, you will ultimately fail.'

This media amorality which carries the imprimatur of Iqbal Survé raises an obvious question: Is this what our civil servants wanted their pension money invested in? In the past week we have seen donations of a billion rand each from the Rupert and Oppenheimer families and from Patrice Motsepe, all aimed at ameliorating the impact of the Covid-19 lockdown on citizens.

Despite being a billionaire philanthropist who exemplifies moral leadership, a litigious decimator of white privilege and one of the world's top minds, there has been no equivalent or better offer from the 'other Mandela doctor'.

In April 2018, Adri Senekal de Wet published an article in all Independent Media newspapers across the country headlined '*Unethical and fake news should be criminalised*'. She did not respond to the questions I put to her in this regard on this website at the time or to Ivo Vegter's similar article on Daily Maverick.

In her opinion, what legal penalty should she now face for her unethical and Fake News claims that the Mpati Commission has

completely exonerated Iqbal Survé, and all his companies as well as Dan Matjila?

Comment

Interesting to read the infighting in the media between the media. The full length article is even more damning and will repay the reading of it in full.

The bottom line: What about our money! Bring on the full wrath of the law please!

Synopsis

MEDIA RELEASE

Issued on behalf of the Association for the Monitoring and Advocacy of Government Pensions. (AMAGP)

Cape Town

31 March 2020

COSATU DEMANDS ON PENSION FUNDS FOR FINANCIAL AID DURING CORONA VIRUS PANDEMIC

Cosatu is at it again! This time the Covid-19 virus is the excuse to drain workers' and pensioners' pension fund.

Cosatu has become notorious for dreaming up ideas to use money belonging to other people. They seem to have a bee under the bonnet about GEPF funds invested by the PIC. This while Cosatu also has a particularly fat bank account itself!

Now Covid-19 is used as an excuse to raid the PIC/GEPF again

Cosatu conveniently forgets that during June 2019 it forced the PIC to make R2,7 billion available from money they managed on behalf of the UIF for the bail out of Edcon. Now that Edcon is again struggling to survive, they want another bail-out by the PIC. This after they only last week tried to force the PIC to contribute to the Covid-19 Relief Fund. Of course, they never mention a word about contributing a single cent itself.

Various claims and demands Cosatu recently made regarding the R1,8 trillion the PIC is investing on behalf of the GEPF, are incorrect. It is perceived by the AMAGP to be based on deliberate disinformation.

Cosatu proposed to the cash strapped government that the PIC could easily hive off R254 billion from the GEPF, as well as from other funds managed by the PIC, to take over approximately half of Eskom's enormous debt load. In spite of them putting forward impressive conditions, its real reason was to keep Eskom's bloated workforce, mostly Cosatu members, intact.

The GEPF's assets, although very impressive, are declining fast. AMAGP has already drawn attention to the fact that it could not afford Cosatu's R254 billion adventure to save Eskom and that their new plans are bound to completely sink the Fund, making it a huge burden for the taxpayer.

Lately Cosatu went a step further when, in the throes of the corona virus pandemic, demanded that the government plan to provide financial relief to workers in all the sectors of the economy, be extended to include contributions from the PIC, the Development Bank of South Africa (DBSA), the Industrial Development Corporation (IDC), as well as private pension funds, as it maintained that the government's plan is inadequate.

Cosatu has 1,8 million members of whom it claims 800 000 work for the government and form the majority of the 1,3 million civil servants who contribute to the GEPF, a defined benefit fund. But are they all members of the GEPF? We doubt it.

The GEPF is the custodian of its members' retirement money. The PIC as a state owned entity only acts as an investment agent for the GEPF. Neither the PIC, nor government, nor Cosatu, owns the money in the Fund! The owners of the GEPF are the pensioners and current contributing members.

The PIC is run by a Board appointed by government, and on which trade union members serve. Half of the members of the GEPF Board of Trustees are appointed by government, while the rest are made up to a large part by trade union representatives.

On account of its representation on both the boards mentioned, where Cosatu is in alliance with the ANC government, and the majority of civil servants being members of the GEPF

and allegedly also of Cosatu, Cosatu now presumes that it is entitled to demand funds at will from the GEPF on behalf of its members, to provide bail-outs to a business like Edcon as well as SOE such as Eskom.

The false presumption is that, as the Cosatu affiliated members hold the "majority share" and the money in the GEPF belongs to the Fund members, Cosatu also has the majority say in matters such as the use of the Fund at will.

The flaw in this misrepresentation is that:

- a) the membership of the GEPF, which is governed by its own law NOT the labour laws under which trade unions operate, is NOT linked to trade union membership;
- b) In any case, 430 000 pensioner members of the Fund are not covered by the labour laws, nor represented by a trade union like Cosatu any longer; and
- c) The PIC, although it is a government entity and only manages the investment of pension funds, must obtain its investment mandate from the GEPF Board of Trustees, and certainly does not own the pensioners' money.

Moreover, Cosatu's presumptuousness in this regard is worsened by the fact that it obviously hasn't consulted with its members regarding the utilisation of their pension savings for uses other than their retirement livelihood.

Cosatu also has not offered to make available some of its billions of its own reserves for providing financial relief to its members or for whatever bail-out. This truly is blatant hypocrisy and audacity, which needs to be exposed for what it is.

Finally, AMAGP needs to point out some facts that Cosatu is conveniently silent that :

- Large sums in the GEPF have already been invested in ailing SOE; in Eskom alone about R90billion of which only 67% is covered by a state guarantee, as well as a further R94 billion in other SOE. Under

current fiscal constraints it is highly uncertain whether these investments, which make up about 10% of the assets of the GEPF, will ever be recovered, nor yield a return.

- The PIC, through its substantial investments in the DBSA and the IDC, will (as was the case with the SAA) be contributing pension funds indirectly towards government's financial relief plan anyway.

Cosatu has now proved that it is hell bent on draining money belonging to workers and pensioners, and for selfish purposes is putting the interests of its own members in jeopardy. However, it becomes clear that Covid-19 is ushering in a new economic era in South Africa, in which trade unions such as Cosatu will no longer play such a dominating role. Like an animal that is dying from serious drought, Cosatu is displaying its final convulsions. We are witnessing a dying breed. It must be prevented from inflicting further damage to the GEPF and the economy.

Adamus P Stemmet
Spokesman Amagp
Comment

It must be speculated that serving on the GEPF BOT is seen as a sinecure [look it up] and the members on the Board are paid by us [see the GEPF AR for detail] as well as their employers. Being paid twice for the same "work". It might be the same for the PIC Board. Mmmmm. Ethics are involved.

Synopsis

Edcon: Tragic job losses on the cards

Ann Crotty 31 March 2020



Image: Waldo Swiegers, Bloomberg

The chilling prospect of more than 100 000 people losing their jobs was grimly tagged by a conference call between Edcon CEO Grant Pattison and suppliers just hours before the country entered an unprecedented lockdown.

Unusual for a conference call of this nature, it went viral. For 55 million jittery South Africans, it was quickly deemed to encapsulate all the nightmarish forebodings presented by a lockdown that could last three weeks or, who knows.

The grim reality is that Edcon was a case of dead man walking into the coronavirus lockdown; like so many of the unfortunate thousands of Covid-19 victims across the globe with 'pre-existing conditions', Edcon was in no condition to survive even the very early stages of the virus.

During the conference call Pattison told suppliers Edcon only had sufficient liquidity to pay salaries that were deemed a priority and that the company was unable to honour any other accounts during the lockdown period.

"By the end of today [Thursday, 26 March] we'll be about R400 million below forecast sales and cash for the month," said Pattison.

The dramatic statements confirm speculation that the 90-year old retailer has seen little improvement in operations since the headlining grabbing "rescue" that was bedded down less than one year ago. "How is it possible they've almost run out of cash?" asked one analyst. "Didn't they convert most of their debt to equity as part of the restructuring and didn't they get generous discounts on their rents?"

In June 2019 Edcon put to bed a R2,7 billion rescue package funded to the tune of R1,2 billion by the PIC, with the bulk of the remainder in the form of rent reductions and cash commitments.

This was part of a joint effort by multiple stakeholders, including Cosatu, to keep the company afloat and prevent the loss of over 140 000 jobs across the value chain.

While no one questioned the need to protect jobs, not everyone agreed with the refinancing; at least one leading banker

questioned the value of keeping a chronically weak operator alive, pointing out that such a move tended to weaken all around it.

Customer buy-in missing

The latest shocking development gives credence to this scepticism and to market speculation that while Edcon had managed to persuade funders and property owners to provide support, it was unable to get the crucial buy-in from customers.

A few stores have been upgraded to an enticing degree but by and large Edcon management has failed to implement the sort of retail strategy needed to attract customers in enough numbers. This is over a decade-long failure.

He referred to business support packages offered by government and other agencies and funders but cautioned: "For your own planning it would be prudent to consider that orders already placed with you may be cancelled."

Author Profile

Ann Crotty

Ann Crotty has been writing on business and corporate governance for decades and has seen little improvement in all that time.

Comment

About R1,2 bn of the R2,7 bail-out came from the PIC. Our money? Another impairment on the PIC's books? Or will it be the GEPF again?

Sent: Saturday, 28 March 2020 6:31 PM

To: donald@cosatu.org.za

Cc: 'Albert van Driel' <drielaav@gmail.com>;

'As Kleynhans' <askleynhans@telkomsa.net>

Subject: OBJECTION TO COSATU's PROPOSALS wrt GEPF Money

Donald

You do not know me, and I do not know you personally, but let me say the following from one human being to another:

I have been an employee of the State for more than 31 years. During this time I diligently contributed to the GEPF in order to

ensure a reasonable pension payout when I retire. I am now retired and am receiving a monthly payment, not much, taking into consideration the country's poor economic performance and the junk status we now find ourselves in.

The Mpati Commission of Inquiry certainly proved beyond reasonable doubt that crooked CEOs and crooked co-beneficiaries, via the PIC, have cost our GEPF Fund BILLIONS already!!!!

Now, you with your crooked ideas, or shall I say ideology, have the audacity to "commit" or "persuade" this privately owned money belonging to millions of GEPF beneficiaries and contributing members to a delinquent government???? This government managed to drive South Africa into bankruptcy through fraud, lies, disinformation and looting of the SOE in a mere 25 years - from a first world country to a bankrupt third world - "New Africa Record" I suppose? **(THIS IS NOT YOUR MONEY!!!!)**

I am sure you have also planned for a retirement one day and are contributing towards a fund with your member's monthly contributions. How convenient for you to propose that **my** pension be used to "save" bankrupt SOE, of which thousands of your members are employees contributing towards the same GEPF for their retirement one day.

Carry on, on this destructive path, further destroying our economy and causing thousands of jobs lost, and your own members will seek you out one day when you are sipping from a crystal glass on your mansion's stoop!!! And I am reasonably sure, they will not be writing emails or letters to you like I do, they will be very demanding accompanied with "mass action" as you commonly like to call it.

Now lastly, put yourself in my shoes – would you be happy if I "commit" your pension fund towards a lost cause???? Consider this scenario and ask yourself – would you also be **FIGHTING** for your pension money? But, considering your latest proposals, you have definitely NOT YET given this scenario any thought – EVER.

My proposal to you now is simple – LEAVE THE GEPF FUNDS ALONE, AND DIG INTO

COSATU'S COFFERS AND COMMIT YOUR MILLIONS TO SALVAGING ESKOM AND OTHER BANKRUPT SOE'S AND THEIR EMPLOYEES YOU REPRESENT.

Thank you for reading and comprehending my position.

A Very Upset Pensioner

Comment

This message to Cosatu has been widely distributed, on the Watchdog/Wagbond and to other organisations, and has elicited widespread approval. See newsletter no 6 of 2020 for a similar letter, about the land purchase near Klerksdorp, which focused attention on the irregularities evident in the purchase. Your letters serve as the 'neighbourhood watch' for your Fund! Make a difference and write!

The author's name is available on request.

STATEMENT ON BEHALF OF THE
ASSOCIATION FOR MONITORING AND
ADVOCACY OF GOVERNMENT
PENSIONS (AMAGP)
Cape Town
11 April 2020

Civil servants who are members of AMAGP support the government's Covid-19 attempts.

AMAGP supports the government's policy pertaining to Covid-19, emphasising and welcoming several announcements by the President. The disaster management regulations are in the interest of all South Africans regardless age or ethnic differences.

AMAGP members and supporters greatly appreciate the much needed services rendered under difficult conditions by several categories people.

It is with great appreciation that we note the President's strong leadership and regular feedbacks. We assure him of our loyal support. He and other senior politicians set an example to follow and their willingness to surrender one third of their salaries for a period is appreciated by all. AMAGP calls upon all its members, supporters and members of the GEPF to contribute within their means to aid registered funds.

AMAGP will contribute and calls upon all unions, associations, or any organisation representing civil service pensioners, to come to the fore, encourage their members and they themselves to do the same in order to help alleviate the suffering by our less privileged fellow citizens.

Adamus P Stemmet
Spokesperson AMAGP

Comment

Stop your immediate reaction to “AMAGP will contribute...” and read the last words in the sentence “in order to help alleviate the suffering by our less privileged fellow citizens.” too. It is clear from the statement that AMAGP wholeheartedly supports the government initiative to combat the virus and that is what the “contribute” means: full support to combat the virus without ever endangering our Fund. Do not understand anything else! In fact, AMAGP strives to ensure that GEPF members receive their rightful pensions and that the Fund is invested in a sustainable way.

Synopsis

STATEMENT

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

Cape Town 19 April 2020

Use of funds from the Government Employees Pension Fund will be illegal

We have noted from newspaper reports that a task team under the chairmanship of Professor Michael Sachs made certain recommendations to the government regarding the economy of the country. Unfortunately we do not have the full statement at our disposal.

According to the newspaper reports the task team is of the opinion that it may become necessary to use funds of certain pension funds "in suitable ways". What exactly this means we do not know as yet, but it is obvious to AMAGP that the Government Employees' Pension Fund (GEPF) will be

affected if this recommendation is accepted by government.

The purpose of the GEPF Act, 1996 (the Act) is to ensure that the GEPF provides pensions to its members **and for nothing else.**

The GEPF is managed by a Board of Trustees, which is in full control of the pension fund. No other body, including government, has any role to play in the management, including decisions on the investments or use of the pension fund.

We respectfully wish to point out to the President and government that the utilisation of the assets of the GEPF for any purpose other than those provided to by the Act will be illegal.

Adamus P Stemmet
Spokesman Amagp

Synopsis

SAA business rescue practitioners offer severance settlement agreement for all staff

Sabelo Skiti 18 Apr 2020



Practitioners inform staff that the government's rejection of R10-billion bailout last week almost guarantees that the prospect of rescue is now impossible.

A severance settlement proposal from business rescue practitioners at embattled airline SAA will all but shut down the business, but labour representatives at the airline are of the view it can still be saved if drastic measures are taken.

At least one union thinks that insourcing all services at SAA would go a long way towards reducing costs that have seen the airline crippled. Part of the counterplan also includes moving SAA staff who work on SAA domestic routes to SAA subsidiary Mango in a bid to

save jobs. Mango is set to take over SAA's domestic routes.

In a settlement agreement sent to eight different groups representing workers, SAA business rescue practitioners Les Matuson and Siviwe Dongwana say the government's decision to reject a R10-billion bailout request last Friday means it is unlikely that SAA will be rescued.

Their spokesperson, Louise Brugman, said they would not comment on whether the agreement was signed; the next move would be to apply to the courts for business rescue to be rescinded and replaced with voluntary liquidation of the airline.

President Ramaphosa and his Cabinet have mandated Public Enterprises Minister Pravin Gordhan to present a report on SAA.

Gordhan and the Finance Minister have been at odds over whether the government should continue to fund SAA's restructuring, costed at R7,6-billion, and also help the airline deal with the effects of the Covid-19 pandemic, which has grounded the airline industry.

Mboweni has made no bones about the fact that SAA, which has received a total of R31,7-billion in cash bailouts and government guarantees in the last five years and is set to receive R16,5-billion until 2023, cannot continue to weigh so heavily on the government.

The entire settlement proposal rests on SAA's ability to sell its meagre assets, which include property, aircraft spares and trade debts, which would take between six to 12 months to collect.

"In the event that the condition precedent set out in clause 5.3 above is met, the company will make payment of the severance packages to employees on a monthly basis, over a period of six months, once the sale of assets have been concluded," the agreement read. It also said individual workers now have until April 24 to accept the agreement in writing.

On Friday the *Mail & Guardian* reported that it had learnt that Matuson and Dongwana were in a race to secure severance packages for employees before SAA is forced into

liquidation, as this would place priority on some of the airline's creditors over the workers.

At least one union, the National Transport Movement (NTM), has indicated that it will not only oppose the offer but it will table yet another savings plan, in the hope it will buy time for the embattled airline or protect more workers.

"We are not convinced that all avenues have been covered, and we will be making this point to the BRPs [business rescue practitioners] as early [as] Monday," he said.

Comment

The demise of SAA can be charted by those interested, using the annual reports and financial statements. Some national airlines in Europe have disappeared and the countries in question didn't suddenly die off because of it. I doubt last ditch efforts by unions will suffice, they should have done this decades ago. The question isn't why SAA is on the verge of disappearing, but of the investments in this SOE now being worthless.

Synopsis

BUSINESS MAVERICK

Ramaphosa considers R1-trillion Covid-19 stimulus proposal for SA's frail economy

By Ray Mahlaka 19 April 2020

President Ramaphosa is considering a R1-trillion stimulus proposal that will be at the centre of the government's economic intervention to limit the catastrophic fallout of an extended Covid-19 lockdown on SA's economy, which is expected to plunge into a deep recession during 2020.

The proposed R1-trillion stimulus package, nearly the equivalent of SA's budget for fiscal year 2020/21 of R1,95-trillion, was discussed at a Nedlac meeting chaired by Ramaphosa on 17 April 2020 and attended by business, labour and community representatives.

The proposed package is expected to be similar to the enormous \$2-trillion scheme recently approved in the US. Targeted sectors under the stimulus package include certain aspects of manufacturing, retail,

hospitality and tourism, which are expected to record many job losses because they are not essential service providers, resulting in their operations being shut during the lockdown.

This is according to Matthew Parks, the parliamentary co-ordinator for Cosatu, who attended the Nedlac meeting and said the stimulus package proposal was unanimously endorsed by labour and business.

“The President [Ramaphosa] has been calling for a massive R1-trillion stimulus fund, which we agree with completely because the economy is already in a recession and unemployment numbers will rise,” Parks told *Business Maverick* this weekend.

The proposed stimulus package is expected to be presented at a Cabinet meeting on 20 April.

Slow economic response

Ramaphosa’s administration has been highly praised for the speed with which it has moved to address the Covid-19 crisis. But the administration faces growing criticism for the lack of decisive action to deal with the economic impact of Covid-19 and the resultant lockdown.

As BUSA president Siphon Pityana, who attended the Nedlac meeting, put it: “We have an impressive, well-thought-out and well-articulated response to the health crisis. We don’t have a similarly thought-out response to the economic crisis. One wishes that what we see in terms of the health response can quickly manifest in the economic response. Unless we have a credible economic plan, this whole crisis will get deeper and deeper.”

He expects the lockdown to lead to job losses of between 1 million and 3 million in 2020, an economic contraction and fiscal deficit of up to 10%.

Funding the stimulus package

To fund the R1-trillion stimulus package, the Nedlac meeting discussed, among other things, mobilising reserve funds from the government’s entire balance sheet; using surpluses or funds of the Unemployment Insurance Fund (UIF) and Government

Employees Pension Fund (GEPF), which are managed by the PIC.

The private sector is also expected to come on board to build muscle into the stimulus package. There is an expectation that the private sector will set aside more money to offer loans or financial assistance to distressed businesses – through similar schemes recently launched by SA’s prominent families.

Investment banker Martin Kingston said the business community, along with organisations such as the Banking Association of SA and the Association for Savings and Investment South Africa, are having discussions with the National Treasury and SA Reserve Bank about “the extent to which reserves are available in the country”.

Kingston, who is part of B4SA (an organisation that supports the government’s Covid-19 combating initiatives), also attended the Nedlac meeting. The National Treasury is expected to draw up a budget for the reallocation of public funds to social assistance, health and economic programmes because figures in the February 2020 budget are outdated.

Funds from SA’s private sector savings (including pension), and investments, which are estimated to be worth about R8-trillion, are also expected to be mobilised for the stimulus package. The mechanics of this aren’t yet known.

Pityana and Parks said the government might opt for directly using private sector savings and investments, or indirectly, by imploring asset managers to allocate funds to impact investments, which aim not only to generate a financial return for the investors, but also to have a positive social and environmental effect.

Kingston said the potential use of private sector savings and investments should be done in a way that doesn’t “compromise the mandate of financial institutions and responsibilities of trustees that manage funds and don’t reduce risk-adjusted returns [for savers/investors]”.

Pityana supported Kingston's views about the need for a cautious approach to using public and private sector savings.

"We need to be raiding resources wherever we can find them."

"But the funds must be supplied to an economic strategy that would make the economy sustainable. Otherwise, we would be throwing good money after bad. If we are not clear about a direct economic growth path, then we will not put money in prospects that will see growth and ensure that economic interventions are sustainable," he said. **BM**

Comment

It is clear the Cosatu Eskom proposal stalled because of the lockdown, is moving one step sideways, but still targeting our Fund, but this time in addition to the government, other business seems to agree.

The Fund does not have any surpluses to be given away and will never have any, as it is our savings money. It isn't a reserve either.

The AMAGP comment/reply to this BM article to the Editor of Business Maverick is below. The full distribution isn't included but it is encompassing.

From: Adamus Stemmet

<adamusp2602@gmail.com>

Date: Mon, 20 Apr 2020 01:27

Subject: Ramaphosa considers R1-trillion

Covid-19 stimulus propo...

To: <firstthing@dailymaverick.co.za>

<https://www.dailymaverick.co.za/article/2020-04-19-ramaphosa-considers-r1-trillion-covid-19-stimulus-proposal-for-sas-frail-economy/>

Editor,

Firstly, since when is Mathews parks of Cosatu the government spokesman?

Secondly, to use money provided for GEPF pensioners for any other purpose than provided for in the GEPF Act will be illegal. See AMAGP Statement dated 19 April.

Thirdly, still no indication of contributions by Cosatu and other unions.

Fourthly, it is not savings of the GEPF but investments for the purpose of providing an income for the GEPF to pay out pensions.

*Adamus P Stemmet
Spokesman Amagp*

Comment

Interesting the government isn't quoted. Remember the tripartite alliance?

Synopsis

Eskom tells investors it doesn't need more state funding

7 April 2020 Antony Sguazzin and Lyubov Pronina

Eskom has told investors it currently doesn't need to approach the government for more support, even as a Covid-19-related national shutdown slashes revenue. The company needs to raise R89 billion this year, R56 billion of that will come from an existing state bailout, CEO Andre de Ruyter and CFO Calib Cassim said on the call, according to investors who listened to it.

"After accounting for the R56 billion of bailout funds committed this year, Eskom management estimates that it has R31 billion of funding needs for this year," said Ali Dhaloomal, a London-based credit research analyst at Bank of America. "Eskom doesn't see the need to ask for additional state support at this point of time."

More lockdown?

About 40% of the remaining funding required has been committed by development finance institutions; the balance will come in the form of structured products from banks, export-credit agencies and the sale of domestic bonds, the people said. They asked not to be identified as the call wasn't open to the media. In a discussion dominated by investor concerns about cash flow, the executives said the company could withstand a few more weeks of a lockdown if it was extended. An estimated revenue loss of R4 billion is anticipated for the three-week lockdown that began 26 March.

The plunge in electricity demand due to the mandatory closure of mines and factories has allowed Eskom to boost maintenance to 9 500 megawatts of capacity from 4 000 megawatts. However, longer-term closures of plants for

deeper maintenance will have to wait until the lockdown is lifted.

Comment

Good news. Let's believe it is going to continue.

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 31 000 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 4 000, but not enough yet if we consider over a million GEPF members. Keep in mind we have just less than 2 million members, of which about 450 000 are pensioners and the other about 1 380 000 are still working but contributing members of our Fund.

- 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 superb 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/your 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

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