Association for Monitoring and Advocacy of Government Pensions (AMAGP)

NPO Registration No: 198-822

SEMPER VIGILANS

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

www.AMAGP.co.za

GEPF Watchdog - Waghond

GEPF Forum

GEPF your investment, your future

NEWSLETTER NO 7 of 2023

AMAGP – Association for Monitoring and Advocacy of Government Pensions
AR – annual report
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
SLAPP - Strategic litigation against public participation
SOE – state owned entity

The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1.2 million active members, in excess of 450 000 pensioners and beneficiaries, and assets worth more than R1.61 trillion. GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Our core business, which is governed by the Government Employees Pension Law (or GEP Law), as amended, is to manage and administer pensions and other benefits for government employees in South Africa. https://www.GEPF.gov.za/ dd 10 July 2023.

***WE ARE THE OWNERS OF THE GEPF** and we have the right to expect the GEPF BOT and the PIC to manage and invest OUR money in a responsible and profitable way, to the advantages of members and pensioners. Note the misbalance: the single pensioner on the BOT representing all 450 000 pensioners and the 15 representatives from the multitude of trade unions and government departments representing the 1,2 million contributing members.*

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.

The Editor's Word

"The nine most terrifying words in the English language are: We are from the government and we are here to help." Ronald Reagan.

The threat to our Fund has been low key so far this year. Note the NHI, one central pension fund, the state bank, increasing number of SOE, etc. Underlying all of these is the funding for them, keeping our Fund attractive for looting.

I suspect politicians will have a separate section of NHI similar to their own private pension fund. Cynical I know.

The new buzz word…
Kakistocracy - a government run by the worst, least qualified, or most unscrupulous citizens [Wikipedia]; government by the least suitable or competent citizens of a state; a state or society governed by its least suitable or competent citizens [Oxford]; the total lack of integrity of the administration [Cambridge].

Confirming: the figures used in the comments below are taken from the 2022 GEPF AR, which on its own reflects the GEPF financial status as at the beginning of 2022. Said figures currently <u>more than a year and a half old</u>.

Dear reader, please read the plea below thoroughly, with your pension firmly and prominently in mind. The statements in the plea can all be independently verified:

Project 'My Secure Pension': Who is willing to contribute R100 per month to free the state employees' pension fund from toxic political control?

AMAGP has calculated that an amount of more than R35bn of the GEPF has been lost to politically friendly investing. The reason: the two acts of parliament that created the GEPF and the PIC created an environment where, in practice, the Minister of Finance has total control over these two entities. (Note: R1bn = nine zeroes = one thousand million)

On the other hand, the private pension fund environment is regulated by the Pension Funds Act (PFA), which contains a variety of principles that safeguard these funds from abuse e.g.:

i) funds must be invested 'in the best interest of the fund',
ii) ii) funds 'may not be invested in the business of the employer', and
iii) others.

These safeguarding principles are not replicated in the Government Employees Pension Law (GEPL) or the Public Investment Corporation Act (PICA). To the contrary, the GEPL specifically determines that the GEPF trustees shall determine the investment policy of the GEPF in consultation with the Minister of Finance. In practice the Minister thus determines the policy.

A judicial commission (popularly known as the Mpati-commission) investigated allegations of improprieties at the PIC and its 2020 report specifically recommended that the PIC Board of Directors should not be appointed by the Minister of Finance, and that the chairperson of the Board should not be the Deputy Minister of Finance. In 2021 the PICA was nevertheless amended to allow exactly this: i.e. that

i) the PIC Board of Directors be appointed by the Minister, that
ii) the Deputy Minister of Finance may be appointed as the chairperson of the Board and, in addition,
iii) an 8-point list of political objectives is to be pursued during investing i.e. transformation and the creation of work.

The result: R81bn of GEPF pension money is invested 'in the business of the employer' i.e. Eskom, and the media group Independent Media was bought with the racial motivation 'to create a black Naspers' The result of the latter R4bn of GEPF pension money was squandered, clearly not in the best interest of the fund.

The political control over the GEPF's funds is a direct threat to the sustainability of the GEPF. It also contributed to the low pension increase that we received in 2023 i.e., 5,5%, being 75% of the inflation rate. The challenge is to rid the GEPF and PIC of toxic political control and as alternative implement the 'best interest of the fund' principle. Sound reasons exist for the above: e.g., the laws of parliament quoted above create an unequal and discriminatory pension environment where the pension funds of private sector employees enjoy sound statutory protection against abuse, whilst the pension fund for state employees does not enjoy equal statutory protection. The result: billions of state pension funds were, and still are being, diverted to political pockets.

Together with other institutions AMAGP is now launching a process to challenge the constitutionality of political control over our pension funds, with the primary purpose of strengthening the sustainability of our pension fund. Practically, we will approach the courts to set aside this discriminatory legislation and to declare the ministerial control over our fund as in conflict with the constitution. This may be a 4-year process.

Are you willing to contribute R100 per month (or an amount to your choice) to contribute to a fund to free the state employees' pension fund from toxic political control? These funds will be used for both the general administration of AMAGP and for the proposed legal process.

If you are not yet a member, join AMAGP by clicking on

[https://amagp.coffeecup.com/forms/amagp membership/](https://amagp.coffeecup.com/forms/amagpmembership/)

and follow the instructions. Within a brief period, you will get a response and a membership number.

To donate to AMAGP and to this project to litigate against the status quo, please arrange with your bank for a monthly stop order to AMAGP's bank account: Bank – FNB, branch: Brooklyn 251345, cheque account 627 4334 7454, use your (new) membership number or ID number as reference number.

Zirk Gous
27 June 2023
084 512 5104
zirk.gous@gmail.com

Comment

1. Afrikaans version is at the end of this newsletter.
2. Note the entire AMAGP management is /are unpaid volunteers since its initial inception and establishment and still is/are, including the editor of the newsletter.
3. Any funding goes into the AMAGP bank account, which is audited and reported on annually and is available for detail scrutiny at the open AMAGP AGM.
4. Such donations may be tax deductable, check with your tax advisor.

Now for news from the media

Eskom stays in the news. The newest example is R500mn paid for a three months' security contract. And the neverending debt. If we believe the media, a large part of Eskom's debt may be to keep paying the kickbacks, fraud, theft, patronage, etc, evidently still rampant in Eskom.

Treasury reported SAA made a profit of R500mn, all if it in the second half of the of the financial year. Including Air Chefs, Mango and SAA Technical. While increasing its staff by 50%. This takes some assimilation.

Naspers and Prosus remain in the news. Naspers is busy minimising cross-holding with Prosus. In effect the companies both own some of each other. The ROI remains good.

Have you heard of the Corporation for Deposit Insurance? No? Now you have, take a look at another possible threat to our Fund.

Telkom remains newsworthy in its quest for new ownership. It is progressing slowly, with the GEPF and PIC part of a proposal, although we already have a stake in Telkom.

The PIC is acquiring a large share in Waterfall City through Attacq, one of the GEPF investments. Not clear whose money it is using.

NUUSNEWSNUUS

Synopsis

Eskom's controversial R500 million security contract raises eyebrows: Allegations of mismanagement and overspending

Biznews
26 June 2023
By Myles Illidge

Under then-CEO André de Ruyter, Eskom executives awarded the Fidelity Services Group a R500mn three-month security contract that could have cost R10mn a month, reports City Press. According to the report, Eskom's acting head of security, Karen Pillay, had approached NSA Global to develop an emergency security contract, which was then channelled to Fidelity.

In December 2021, Pillay approached NSA Global and several other companies for a security solution to protect Eskom's infrastructure from sabotage and social unrest.

An NSA Global official stated that Pillay asked the company to pitch a scaled-up model to Eskom, which it did. "Hours were spent doing so. Our company's intellectual property was [then] taken and given to Fidelity," said the official. He added that NSA Global was told the agreement with Fidelity was established outside of Pillay's authority.

In May 2023, it was alleged that Eskom had paid the Fidelity Services Group R500mn over three months to provide security and collect intelligence at its power stations. The security company's services were reportedly procured by De Ruyter and Pillay and concluded in October 2022. Eskom spokesperson Daphne Mokwena confirmed that Eskom followed its emergency procurement procedure to appoint Fidelity.

According to the agreement, the service provider was to supply the state-owned power utility with 400 armed guards; aerial surveillance, response services, and support; and armoured surveillance and response vehicles. Pillay said Fidelity was paid for its services without the knowledge of state security entities because Eskom did not trust South Africa's law enforcement agencies.

She said threats to Eskom's infrastructure also present a threat to national security. With law enforcement unable to mobilise at short notice, it was critical for Eskom to deploy additional security measures. Eskom also requested that it provide specialised security guards and technology deployment for intelligence-led protection of Eskom assets and infrastructure.

In June 2022, Eskom revealed that it had spent only half of the budgeted amount. "A total of approximately R250mn, including VAT, was spent for the duration of the contract," it said. Eskom placed Pillay on precautionary suspension following allegations of her involvement in the security tender.

Eskom told MyBroadband that Pillay was suspended to allow space for the investigation into the allegations against her to go ahead unhindered. It did not specify which allegations were being probed. "No further comments will be provided on this matter until the investigation is finalised," it added.

Eskom has denied that there was anything untoward regarding its security contract with Fidelity Services. National Treasury also told The Association of Private Security Owners of South Africa (Tapsosa) there was nothing wrong with the contract.

Tapsosa said it escalated the matter to Treasury after being met with silence after writing to De Ruyter and then-Eskom COO Jan Oberholzer.

Comment

What are the facts? It seems the contract was awarded correctly but it may have been possible to have the same services much cheaper. However only R250mn was spent.
Not knowing the facts encourages media hype and sells newspapers. I suspect this is going to quietly go away.
Note the lack of trust in law enforcement.

Synopsis

SAA's surprise profit questioned

Daily Investor
By Shaun Jacobs
25 Jun 2023

SAA's surprise profit for the year ended 31 March 2023 has come under scrutiny with no explanation from the government as to how the company managed its miraculous turnaround. The National Treasury reported at the beginning of June that SAA had turned a profit of R500mn for the year ended 31 March and that the carrier is no longer technically insolvent, versus a budgeted loss of R740mn.

This profit comprised mainly of consolidation entries which totalled R505mn. SAA only turned a profit of R31mn. Air Chefs lost R12,6mn, and domestic-only carrier Mango posted a loss of R66mn. SAA Technical turned the largest profit with R84,4mn.

When asked by the Citizen how SAA turned a profit and for the details of the R505mn worth of consolidation entries, Treasury refused to answer and instead directed them to SAA and the Department of Public Enterprises. Treasury also refused to disclose whether the state-owned carrier posted a net or an operating profit.

SAA directed reporters to its annual financial statements, which are set to come out later this year. At the same time, the Department of Enterprises said they would only comment after an audit of the financial statements has been conducted. SAA has not released annual financial statements for the last five years.

The fact that SAA posted a profit is even more miraculous given that Treasury said for its half-year report to Parliament in February that SAA reported a R50mn loss for the half-year. SAA Technical also miraculously turned around from posting a R2,7mn loss in the first six months of the financial year to posting a profit of R84,4mn.

Considering SAA Technical's only regular customer is SAA, with a fleet of seven aircraft, experts doubt that the subsidiary could break even – let alone turn a profit.

Moreover, when the company exited business rescue, it had 1 200 employees, and within 18 months, this ballooned to over 2 000 employees. This would normally reflect an increase in operating expenses.

Comment

The endless SAA saga. Note how the employee figure increased by 50%? Of course, getting SAA to function properly requires people, so it might be justified.
Then the illogic of the sudden profit. Hmmm. Especially the uninvolved answer from Treasury. If you add the loss of R50mn of the first six months to the profit, SAA made a profit of R550mn in the second half of its financial year. I'm certain when[if] the financial statements are released there will be interesting innovative non-committal bookkeeping evident.

Synopsis

Eskom wants more money after R242 billion in bailouts

Daily Investor
By Bianke Neethling
25 June 2023

The government is seeking a plan to allow Eskom to breach its bailout agreement with the National Treasury and accept billions in loans aimed at reducing carbon emissions.

Reuters recently reported that the Finance Ministry appointed an unnamed consultant to come up with a plan that will allow Eskom to access money from international pledges, despite its agreement with the National Treasury. This agreement is in regard to the Eskom Debt Relief Bill tabled by the National Treasury earlier this year.

As per the agreement, the government will take over more than half of Eskom's current debt, with a total bailout package of R254bn. Among many strict conditions, the agreement stipulates that Eskom cannot take on any more debt and imposes conditions that restrict the utility's access to loans for three years, pending written permission from the Finance Minister.

However, in November 2021, wealthy nations, including the UK, France, Germany, the EU, and the US, pledged $8,5bn in funding to help South Africa transition away from coal. Over $3 billion was intended to be a loan for Eskom.

The obvious solution to this problem would be for the Finance Minister to make a written exception to this requirement, which the agreement allows. However, according to Reuters, this would require complex recalculations and more parliamentary procedures. The Treasury and the Presidency appointed a consultant to find a solution to allow the funding disbursement without negatively impacting Eskom's balance sheet.

A decade of bailouts

Aside from the R254bn debt-relief arrangement announced this year, the National Treasury has awarded Eskom R242bn in bailouts between 2013/14 and 2022/23. However, despite this tremendous amount of money given to Eskom in bailouts and government guarantees, Eskom is in a worse state now than ever before.

Comment

Eskom will remain a bottomless pit as long as there is no political will to fix the problems and that permanently. Much is available in the media about how and why Eskom is in the dire straits it is. It can't be fixed with the same thinking that caused it.
Interesting the 'unnamed' consultant to sidestep the conditions of international funding, possibly leading to the funding being withdrawn.

Synopsis

Naspers set to outperform stablemate Prosus after cross-shareholding eliminated

Biznews
29 June 2023
By Charlotte van Tiddens [CFA at DMA ONE]

Following the announcement on Tuesday to remove the cross-holding structure, we see opportunity for a structural shift in Naspers' discount relative to Prosus and the underlying portfolio. The transaction will effectively address two issues that have weighed on the discount: 1. The complex cross holding 2. The 10% limit on the Naspers buyback that the market started pricing earlier this year (see figure below). Naspers has been executing the buyback through a subsidiary, the reason for the 10% limit (company law), as doing so at the HoldCo level would push Prosus' interest beyond 50%.

We expect Naspers to outperform Prosus within the next 6–12 months. Our investment case is underpinned by the following factors:

- The risk of the transaction not proceeding appears to be negligible.
- Implementation is expected to take place soon if the transaction proceeds (September – Q3 CY23).
- According to the JSE's listing requirements, a company cannot repurchase more than 20% of its issued share capital within a year. This implies that the new Naspers buyback limit post implementation should be lifted to 20% per year, assuming the required special resolution is passed at the August AGM.
- Since the start of the current buyback program Naspers has repurchased 5% of shares issued. The bulk of this has been done at max. participation, indicating that an annual 20% limit should be sufficient to continue at the current trajectory. Daily participation has been above 15% on 150 of the 190 trading days since the current program started.

Naspers' discount relative to Prosus has narrowed significantly during the last two trading days. In our view, the likely extension of the Naspers buyback could result in further outperformance.

Comment.

Naspers/Prosus remains in the news. The ROI remains good.

Samevatting

Grootste pensioenfonds in SA word geplunder

Solidariteit
6 Julie 2023
Deur Heléne Leonard

Vir baie indiwidue is die GEPF die enigste bron van inkomste wanneer hulle aftree. Hulle vertrou daarop dat die fonds gesond en doeltreffend bestuur sal word sodat hulle kan voorsien vir hulself en hul gesinne. Hierdie fonds ondersteun nie net die indiwiduele lede nie, maar ook 'n land se sosiale en ekonomiese stabiliteit in geheel. Die fonds se beleggings deur die PIC in gelyste maatskappye op die Johannesburgse aandelebeurs dra ook by tot die ekonomie.

Daar is egter groot kommer dat die GEPF deur die regering geplunder word. Hierdie kommer spruit voort uit verskeie risiko's wat verband hou met die huidige regering en sy beleid van korrupte praktyke. Solidariteit se Finansiesnetwerk het 'n saak teen die plunderaars van die GEPF aanhangig gemaak. "Die netwerk tree as 'n waghond op teenoor onregverdige veranderings wat in die finansiële sektor plaasvind, …" sê Rickus Botha, netwerkorganiseerder.

Die risiko's wat die fonds in die gesig staar, sluit die volgende in:

1. Politieke inmenging: Die huidige regering bemoei hom met die bestuur van die fonds, dikwels deur mense wat nie die nodige kwalifikasies het om 'n aftreefonds te bestuur nie.
2. Wanpraktyke en korrupte bestuur: Die Mpati-kommissie het verskeie wanpraktyke en wanbestuur in die fonds blootgelê. Byvoorbeeld, die PIC het R4,3 miljard belê in die AYO-maatskappy, waarvan die fondse verkwis is deur korrupte indiwidue. Die PIC kon slegs 'n klein gedeelte van die fondse terugvorder, ten koste van die belastingbetaler en bydraes van werkende(bydraende) GEPF-lede.
3. Onverskilligheid teenoor wanpraktyke: Die GEPF-bestuur doen min om die geïdentifiseerde wanbestuur deur die PIC aan te spreek.
4. Swak beleggingspraktyke: Die PIC, wat deur ANC-kaders beheer word, maak swak beleggingsbesluite wat die GEPF se fondse ondermyn.
5. Inmenging deur die minister van finansies: Die betrokkenheid van die Minister van Finansies in die beleggingsbesluite bots met gesonde bestuurspraktyke vir 'n aftreefonds.
6. Transformasieprojekte en SEB: Die PIC word deur die ANC-regering as 'n instrument vir transformasie en SEB-projekte misbruik. Hierdie projekte bied egter min tot geen beleggingsvoordele vir die fonds nie, en daar is reeds biljoene rande daarin belê sonder behoorlike oorsig.
7. Onbevoegde politieke benoemings: Die GEPF doen min om te verseker dat onbevoegde politieke "kaders" wat in die PIC aangestel word, verwyder word.

Hierdie voorbeelde van wanbestuur deur politieke figure met 'n rasagenda toon die risiko wat die GEPF in die gesig staar. Solidariteit se Finansiesnetwerk speel 'n kritieke rol in die beskerming van die belange van sy lede. Die volgende aksies gaan geneem word:

Daar is reeds skrywes aan rolspelers in die GEPF en PIC gerig om verdere inligting te bekom oor die vordering met aanbevelings, gemaak deur die Mpati-kommissie, om inligting te bekom oor alle beleggings asook om die skriftelike ooreenkoms tussen die GEPF en die PIC te bekom. Ons is reeds besig met 'n formele PAIA-aansoek wat aan verskeie rolspelers, onder andere die GEPF, PIC en die Nasionale Tesourie, gestuur word waarin dokumentêre bewyse en finansiële state geëis word.

Solidariteit is vasbeslote om sy lede se pensioenbelange te beskerm en die GEPF aanspreeklik te hou vir enige beleggings waar die enigste oogmerk nie is om in die lede se beste belang te belê nie. Solidariteit sal ook as waghond optree teen moontlike wanbestuur en plundering van dié fonds.

Kommentaar

Solidariteit bevestig weereens die bedreiging teen ons Fonds. Verblydend om te verneem dat Solidariteit as waghond gaan optree. Ek dink nie dit gaan AMAGP vervang nie.

Synopsis

Robbing little guys to create jobs and perks for bigger guys?

Business Brief
By Dr Brian Benfield
5 July 2023

Dr Brian Benfield, retired professor, Department of Economics, University of the Witwatersrand

Considerable negative public comment notwithstanding, the National Treasury and

the South African Reserve Bank (SARB) have pressed ahead with the establishment of a new statutory body, this time a state insurer of bank deposits.

Despite almost every previously established statutory insurer having traded itself into circumstances that would have had privately-owned insurers being forthwith declared insolvent (think Road Accident Fund, Workers Compensation Fund, Compensation for Occupational Diseases in mines fund, Sasria, etc.) and having to be bailed out by the fiscus using money more properly destined for care of the poor, the Treasury and SARB drive on with this narrative.

Run and managed by employees at the SARB

Incorrectly described as a "subsidiary" of SARB, the Corporation for Deposit Insurance (CoDI) will nevertheless be run and managed by employees at the SARB.

Disturbingly, CoDI will not be a registered insurer subject to the usual oversight by insurance regulators. Nonetheless, It will undertake the insurance of private citizens' bank deposits, as well as those of companies, up to a maximum covered amount of R100 000 (around $5 500). This insurance will pay out, if and when on SARB's recommendation, the Minister of Finance determines that a bank may be unable to meet its obligations. Then, to protect the bank's small depositors, SARB will put the bank into a state of "resolution".

CoDI required no fewer than three Acts of Parliament to bring it into being: the Financial Sector Laws Amendment Act 23 of 2021 provided for the establishing of CoDI, the Financial Sector and Deposit Insurance Levies Act 11 of 2022 provides for the paying of deposit-insurance levies to fund the operations of CoDI, and the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act 12 of 2022 provides for the charging of deposit-insurance premiums.

Compulsory deposit-insurance premiums will be collected from every bank in relation to the size of each bank's total covered-deposit amounts. Compulsory levies to fund CoDI's operations will also be collected from every bank in relation to the size of each bank's total covered-deposits.

SARB will collect all these deposit-insurance premiums and all the new levies and pay them over to CoDI. It may not be immediately apparent to depositors, but every bank's charges to its customers will soon reflect that bank's extra overheads for these deposit-insurance premiums and levies.

Unsound means of establishing one-size-fits-all premium rates

Before long CoDI will accumulate vast funds, assuming that these funds are properly accounted for and are not first drained away by discretionary expenses such as donations to ANC functions (think Sasria) and colossal executive salaries and travel perks (think FSCA).

Insurance professionals have already indicated that the SARB has proposed unsound means of establishing one-size-fits-all premium rates. Moreover, the SARB suggestion that this is part of the so-called "twin peaks" programme is palpable eyewash. This is akin to SARB's opportunistic and cynical reference to the recent Silicon Valley Bank insolvencies, ironically brought about by the very conduct of the US Federal Reserve itself.

A senior US treasury official has in any event, now been put in a position where he has had to authorise the bailout of depositors with amounts far in excess of the $250 000 insured under their FDIC scheme. Compare the USA's $250 000 protection per depositor with the derisory South African $5 500. How is this to counter systemic risk in the SA financial system, one wonders?

It is also nonsense to simultaneously imply, as the SARB, Treasury and FSCA have often done, that "twin peaks" was introduced to prevent a recurrence of the 2008 "global financial crisis". There is nothing in the inscrutable twin-peaks legislation that could realistically contribute to such an objective.

By SARB's own admission, nearly 80% of the overall value of all bank deposits will not be covered by their CoDI scheme. This means that the likelihood of pressure for the fiscus to bail out depositors for this uncovered excess will immediately be brought to bear when

SARB employees fail to successfully "resolve" a bank's difficulties. The systemic losses might otherwise be far too great and inevitably have a seriously detrimental effect on the economy. This will mean the all-but-complete defeat of the stated purpose of the three newly-promulgated CoDI statutes of 2021 and 2022.

What has not been explained is why, in the more than two centuries of private banking in South Africa, no private deposit-insurance scheme to cover deposits across the entire banking system has ever been deemed necessary by the market. If indeed such a deposit-insurer is now deemed necessary, it may be questioned why private insurers have not been asked to provide this type of indemnification? Why is it suddenly necessary to put bank depositors and potentially the general taxpayer at even greater risk with another statutory enterprise of indeterminate pedigree and benefit?

In conclusion

The new statutes require that CoDI must, after the end of each financial year, submit to the Minister and to SARB a report on its operations and those of its Deposit Insurance Fund, as well as audited financial statements.

The Minister must table a copy of the report and the financial statements in Parliament. Among many other things, observers will be interested to note how often these accounts are presented on time, how often extensions of time will be requested and why, how solvent the fund will prove to be, especially after each institutional "resolution", what the overheads of the organisation consist of, and how much is paid to CoDI executives in salary and perks.

Regrettably, it is difficult not to gain the impression that this new statutory insurance contrivance is being introduced for reasons that include objectives other than those proffered by Treasury and SARB.

Let us take steps now to avoid CoDI becoming just another governmental insurance financial calamity with, God forbid, the accompanying patronage, corporate capture and corruption which CoDI's operations might so easily entail. South Africa has been warned.

Comment

Dear reader, please Google twin peaks. It should confound you with its financial obfuscation. Saying much with little content.
This seems CoDI doesn't have a real or realistic purpose but is an unnecessary 'government' issue and possibly sinecure for patronage. CoDI is probably going to morph over years into whatever the 'government' wishes it to be.
You should be aware that huge amounts will be involved eventually and, if a bank goes under, the 'government' will be looking for huge amounts to meet the requirements of that catastrophe, ie the GEPF.

Synopsis

Telkom rejects acquisition proposal from former CEO Sipho Maseko

Mybroadband
Jan Vermeulen
7 July 2023

Telkom says it has terminated discussions with a consortium led by its former Group CEO Sipho Maseko for a bid to buy a slice of the partially state-owned telecommunications company.

The consortium comprises Maseko's Afrifund Investments, Madagascan operator Axian Telecom, the GEPF, and the PIC.

Bloomberg reported in May that the consortium was looking to **acquire a 35% stake** in the company. A subsequent report in Business Times stated that the consortium had previously approached Telkom with an offer for a controlling stake at R46 per share, which was rejected for being too low. Telkom has now clarified that the proposal sought a controller stake in the company.

Since the consortium's initial proposal, Telkom's share price plummeted from around R38 per share to under R30. At the time of publication, Telkom's stock was trading at R28,50 per share.

According to the Business Times report, the consortium's new bid was not materially different from the one that was rejected in March 2023. Following the reports of the consortium's resubmitted offer, Telkom's current CEO, Serame Taukobong, said the board had reached out for "more points of clarity around the fundamentals of the deal".

Telkom has now officially shot the deal down. "The Telkom board of directors, having considered the indicative proposal, has decided not to continue discussions with the consortium, as the board is of the view that the indicative proposal is not in the best interest of shareholders and that the current Telkom strategy will yield better value," it said in a notice on the JSE news service.

Telkom withdrew a cautionary announcement that it issued in June warning shareholders to exercise care when trading its shares.

Comment

We have about R3,5bn in Telkom already, why would we want more? Except if the ROI was acceptable. The share price is an indication of interest in the sale, Telkom's current value and expected future value, but not of future profitability and value.

Synopsis

Government grabs R2,7bn stake in one of South Africa's newest and fastest-growing cities

Businesstech
7 July 2023
Staff writer

The PIC is set to acquire a 30% stake in Waterfall City for R2,7bn, after signing a binding agreement with developer Attacq this week. The newly developed city, which is home to Mall of Africa, the PwC tower and a host of other new residences and office developments, is one of the fastest-growing precincts in the country.

Should the transaction be approved by shareholders and be implemented, the PIC will acquire 30% of the ordinary shares and shareholder loans in exchange for a maximum consideration of R2,4bn in cash, with an additional R300mn being injected by the PIC into AWIC as a shareholder loan.

"The effect of the proposed transaction, if implemented, is that Attacq will retain control of AWIC with a majority shareholding of 70%, with the PIC holding a minority shareholding of 30%, and Attacq continuing to provide asset, property, development and fund management services to AWIC at market-related fees," Attacq said.

Attacq said that it would use the proceeds of the sale to settle R2,2bn of debt in AWIC and around R500mn of debt in the rest of the Attacq Group.

While the preliminary purchase price is in flux, and the final price is still to be determined, the maximum price set for the deal is R2,688bn, including the R300mn loan.

The entire Waterfall City development has an asset value of R15,2bn, including the R5,2bn Mall of Africa and R1,9bn PwC tower. Of this, AWIC holds approximately 80% of the asset value, totalling R12,25bn. However, in terms of Net Asset Value, deducting R5bn in interest-accruing debt, its NAV is closer to R64bn.

Waterfall City currently has a multitude of developments under construction, including the Ellipse residential hub, Nexus collaboration hub and expansions in the city's logistics hub. The transaction is pending shareholder and regulatory approvals, with no completion date or window yet set.

Comment

We have about R446mn invested in Attacq, which owns Waterfall City through a subsidiary. The GEPF has more than R10bn in real estate all over SA, ROI too intricate to extract from the GEPF AR. No mention of this acquisition being for the GEPF.
Interesting the view that the PIC is 'government'. Not really wrong, is it?

AFRIKAANSE WEERGAWE

Projek 'My Veilige Pensioen': Wie sal R100 per maand bydra om ons staatsdienspensioenfonds van toksiese politieke beheer te red?

AMAGP se berekening is dat daar reeds meer as R35miljard van ons pensioenfondse deur polities vriendelike beleggings verlore gegaan het. Die rede: die twee wette wat die Government Employees Pension Fund en die Public Investment Corporation daarstel, plaas die Minister van Finansies prakties in totale beheer van ons pensioenfondse.

Die Pension Funds Act (PFA), wat die privaat pensioenfondse beheer, bevat 'n meervoud bepalings wat daardie fondse beskerm teen misbruik bv.
i) pensioenfondse mag nie belê word 'in the business of the employer' nie,
ii) alle beleggings moet in die beste belang van die fonds belê word en
iii) meer. Geeneen van hierdie beskermende bepalings kom in die Government Employees Pension Law (GEPL) of die Public Investment Corporation Act (PICA) voor nie. Inteendeel gee die GEPL aan die Minister van Finansies die bevoegdheid om, saam met die GEPF trustees, die beleggingsbeleid van die GEPF te bepaal – prakties skryf hy dit voor.

'n Geregtelike kommissie (bekend as die Mpati Kommissie) wat ondersoek ingestel het na onbehoorlikhede by die PIC, het in 2020 aanbeveel dat die Minister van Finansies nie die direkteure van die PIC mag aanstel nie en dat die Adjunk Minister van Finansies nie die voorsitter van die PIC direksie mag wees nie. Die PICA is egter in 2021 spesifiek gewysig om dit statutêr te wettig dat i) die Minister wel die direksielede moet aanstel, ii) die adjunk minister wel die voorsitter van die PIC direksie mag wees en iii) pensioen-fondse belê kan word ter nastrewing van 'n 8-punt stel van politieke doelwitte bv. vir doeleindes van transformasie en werkskepping. Die gevolg: R81miljard is in die 'business of the employer' naamlik Eskom belê en die aankoop van Independant Media is met pensioengelde befonds met 'n ras-gedrewe doel i.e. 'to create a black Naspers' wat direk gelei het tot die verlies van R4miljard pensioengelde – duidelik nie in die beste belang van die fonds nie.

Politieke beheer oor die staatsdienspensioenfonds bedreig die volhoubaarheid van ons fonds en het tot gevolg die lae pensioenverhoging wat ons vanjaar gekry het nl. slegs 75% van die inflasiekoers - 5.5%. Ons moet wegdoen met die toksiese beheer deur die Minister van Finansies en die PFA-beginsel van 'beste belang van die fonds' as alternatief toepas. Daar is goeie gronde hiervoor: die wetgewing soos bo na verwys skep 'n ongelyke en diskriminerende pensioen stelsel in Suid Afrika waar privaat werknemers se pensioene statutêr beskerm word maar staatsdienswerknemers se pensioene nie gelyke statutêre beskerming geniet nie met miljarde wat in politieke sakke beland.

Saam met ander organisasies loods ons tans 'n proses wat daartoe moet lei dat die politieke beheer oor die fondse van die Staatsdienspensioenfonds uit die hande van politieke ampsdraers geneem word. Dit het ten doel dat ons die volhoubaarheid van ons maandelikse pensioene vir die jare wat kom wil verseker. Ons gaan dus die howe nader om die diskriminerende wetgewing ter syde te stel en om die beheer deur die Minister van Finansies onkonstitusioneel te verklaar. Dit kan 'n 4-jaar proses wees.

Wie sal bereid wees om R100 per maand (of 'n bedrag na u keuse) by te dra tot 'n fonds waardeur ons die staat voor die hof sal daag om hulle te dwing om politieke beheer oor die staatsdiens-pensioene prys te gee?

Sluit aan by AMAGP. Klik op die skakel https://amagp.coffeecup.com/forms/amagp%20membership-afr/en volg die instruksies. U sal binne ure bevestiging kry tesame met 'n lid nommer.

Vir die donasie om die litigasie teen die staat te ondersteun: reël asseblief met u bank vir 'n maandelikse aftrekorder na die AMAGP bankrekening: Bank – FNB, tak nommer Brooklyn 251345, tjek rekening nommer 627 4334 7454, gebruik u lid nommer of ID nommer as verwysing.

Zirk Gous
27 Junie 2023
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THE GEPF WATCHDOG / WAGHOND FACEBOOK PAGE

Welcome to our page!!

The GEPF Watchdog/Waghond 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.

We are the owners of the GEPF, and we have the right to expect the GEPF Board of Trustees, and the PIC, to manage and invest OUR money in a responsible and profitable way. To the advantages of members and pensioners!

Most of our GEPF members are content with the fact that pensioners still get their monthly pension and perhaps a non-inflation related increase sometimes. They are convinced by GEPF newsletters and ambitious GEPF Annual Reports that our Pension Fund is in a superb condition. The AMAGP newsletters, annua reports and press releases tell a different story.

Our Facebook and AMAGP are together more than 59 000 members and continually growing, but this isn't enough. The continued growth confirms the ever increasing concern pension fund members and pensioners have about the future of their pensions.

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.

Please read the articles that are posted on the wall, BUT also "re" and "Files". You can get further information on our website – there is no reason to be in the dark regarding our/your Pension Fund, and what you must do as a member.

This page will only have any value for you if you join the AMAGP. Note there are no membership fees. You don't have to do any work for the AMAGP if you do not wish to do so – BUT your membership will add one more voice to AMAGP convince the government our pensions remain ours, not theirs to misuse.

VRYWARING

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