

MEDIA RELEASE:       EDCON bailout: PSA concerned about PIC lack of due diligence in investments

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EMBARGO:              None

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The Public Servants Association of South Africa (PSA), despite supporting initiatives by trade-union federation, Cosatu, to protect the jobs of approximately 140 000 workers in the Edcon group and related companies, questions the process that was followed by the Public Investment Corporation (PIC) in securing the R2.7 billion bail-out.

The PSA, as the largest non-politically aligned Union in the Public Service with more than 240 000 members, indicated the PIC's claims that it was under pressure to secure the bailout does not add up in view of recent revelations by the Investigation Commission led by Judge Lex Mpati of how investments from the PIC are secured and recommendations by investment professionals that such investments cannot be supported as these are not based on a risk and investment-return basis.

The PSA pointed out that whilst is the right of any party to lobby for support in this matter, there is also an obligation on the PIC to make sound business decisions and to adhere to the strict rules that are applicable when such decisions are taken. The PIC has an obligation to ensure that due diligence is applied when decisions are made and should not to hide behind excuses of political and union pressure.

The PSA is increasingly concerned about the PIC's capability to manage a fund such as the Government Employees Pension Fund in an accountable and ethical manner in line with the principles of good governance. The PSA eagerly awaits the outcomes of the Mpati Commission and will then consider class action against the PIC related to severe losses suffered in investments on behalf of the GEPPF owing to negligence, poor governance and non-accountability.

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