

MEDIA RELEASE PSA concerned about ongoing irregular expenditure at Public Investment Corporation

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The Public Servants Association (PSA) is concerned about and strongly condemns ongoing irregular expenditure at the Public Investment Corporation (PIC), as highlighted in recent scrutiny by the Standing Committee on Public Accounts (Scopa).

The PIC, responsible for managing significant public funds, including those of the Government Employees Pension Fund (GEPF), the Unemployment Insurance Fund (UIF), and the Compensation Fund (CF), has been found to have incurred over R467.7 million in irregular expenditure and R558 million in fruitless and wasteful expenditure over the past five years. The Auditor-General's recommendation is to strengthen internal controls, expediting investigations into irregular expenditure and ensuring strict adherence to financial-management legislation.

This alarming revelation underscores systemic deficiencies and a lack of accountability at the PIC. There have been concerns about governance and oversight at the PIC, resulting in questions about the effectiveness of its internal controls. Furthermore, some of the PIC's investment decisions have been controversial, leading to financial losses and public outcry. The PIC is mandated to ensure efficient asset management of the GEPF, UIF and CF. It must grow the investment portfolio to generate financial and social returns, which are supporting projects that promote inclusive growth and alignment with the United Nations' Sustainable Development Goals. The PIC's inefficiency, breach of fiduciary duty and poor management make it difficult, if not impossible, to achieve this mandate.

The lack of consequence management and accountability have perpetuated the irrational decisions in the form of questionable investments as well as continuous irregular, fruitless and wasteful expenditure. Subsequently, the integrity of the PIC remains questionable.

The PSA calls for the appointment of the new PIC Board since the term of the current Board expired 31 October 2024. This Board has failed in its oversight to ensure that the PIC's financial decisions are justified and transparent in all aspects. The Minister of Finance must ensure the implementation of consequence management, deterring those who are part of the non-compliance culture of irregular expenditure. The PSA stands firm in the Union's commitment to protect the interests of public servants and ensure that their hard-earned pensions and funds are managed with the utmost integrity and accountability.

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