

MEDIA RELEASE: PSA concerned that PIC is used to bailout Denel

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EMBARGO: None

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Public Servants Association (PSA), the representative trade union of more than 240 000 public-sector employees and pensioners, has been raising concerns regarding operational matters and certain decisions made by the Public Investment Corporation (PIC) on behalf of Government Employees Pension Fund (GEPF) members.

The Union's concerns include corruption, questionable investment decisions, bailing out of state-owned enterprises (SOE), the composition of the board and political interference. After losing billions of funds invested by the GEPF on behalf of public-service workers in the Steinhoff debacle, the PSA believes that extra caution should be exercised in any decisions going forward.

It has been reported that another SOE, Denel, is in financial woes and could not pay workers their full salaries for June 2019. In a quick turnaround of events, the Minister of Public Enterprises, Pravin Gordhan, announced that Denel has a lender and that full salaries will be paid to workers. Although this is a relief for workers at Denel, the PSA is concerned that this may be another loss of public-service employees' pension savings.

The PIC bought bonds in the cash-strapped Denel even after private investors were reluctant to do so owing to corruption scandals faced by the SOE.

The Minister did not name the lender, which leads to suspicions that it may be the PIC. The PSA, rather than jumping to conclusions, calls for details of the deal be made known to the public in the interest of transparency. Should the PIC be implicated, the PSA will have to assess the implication of this action on the GEPF and take suitable action to protect members' pension. The PSA indicated that given the fact that the Commission of Inquiry into impropriety dealings by the PIC is still underway, it will be arrogant of the PIC to continue with such investments.

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