

MEDIA RELEASE: PSA questions Cosatu's support for using public servants' pensions to bail out Eskom

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EMBARGO: None

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The Public Servants Association of South Africa (PSA) is shocked and angered by the Congress of South African Trade Unions (Cosatu) public support for a R200 billion investment in Eskom using workers' money, including public servants' pension-fund money.

In a media statement issued on 29 January 2020, Cosatu said it wanted a special purpose vehicle put together to include the UIF, Public Investment Corporation Development Financing Institution and the Development bank to take over 50% of Eskom's debt. Details on how this vehicle must be put together was not provided. The PSA is on record that no additional investment in struggling State Owned Enterprises should be made involving Public Service Pensioners' money unless proper corporate governance has been implemented and market related returns on investment can be guaranteed.

The PSA has a membership of more than 237 000 public-sector employees and with the second largest membership of unions with members in the Public Service, the PSA represents some 17% of public servants. More than 87% of the PSA's members belong to the GEPF with its 1.2 million active members and more than 400 000 pensioners and beneficiaries. In addition, many of the GEPF pensioners are former members of the PSA and still look to the PSA for support in various matters, including their dealings with the GEPF.

The PSA pointed out that although the GEPF is a defined-benefit fund, it doesn't give government and the Public Investment Corporation *carte blanche* to continue with such irresponsible practices. Should Eskom not be able to fulfil its financial obligations of the loan, it will place a further financial burden on government to ensure that GEPF members' pension benefits remain intact. In the current economic environment that South Africa is faced with, this will have disastrous effects.

The PSA has in the past called on the Minister of Public Enterprises to explain the financial state of Eskom and what this entails for the country. The PSA also called for a forensic audit to assess the scale and depth of Eskom's woes to lay a foundation for a possible financial rescue that would be recovered and generate a return on investment.

The PSA will continue to oppose the abuse of the GEPF to ensure that good governance principles are adhered to.

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