



PETITION: Stop looting of the Government Employees Pension Fund

Petition summary and background

Stop the looting of the Government Employees Pension Fund



Renewed media reports on the Public Investment Corporation (PIC) discussion document that was tabled to National Treasury on its investment in Eskom, is of grave concern to the PSA as representative Union of one of the largest groups of depositors of the Government Employees Pension Fund (GEPF). These media statements resulted, once again, in huge uncertainty amongst the more than 250 000 PSA members belong to the GEPF.

The PSA is of the opinion that such a bailout to a struggling state-owned entity will have a detrimental impact on the GEPF and its members. Should the PIC consider such a request, the PSA regards this as an irrational and irresponsible gamble with government employees' pension money.

These continued investments into Eskom or any other struggling state-owned entity without following a consultative process with relevant stakeholders raise serious concerns regarding the PIC's commitment to the agreed process. It also raises concerns regarding the way "social responsibility" loans /grants are being administered by the PIC. The GEPF in its 2018/19 annual report even expressed concerns regarding governance at the PIC.

You will appreciate that the PSA on behalf of its members has a very significant and direct interest in how the GEPF's assets are invested and thus in the governance structure and management of the PIC. During a media interview of the Chairperson of the PIC, Mr Reuel Khoza, the PSA discovered with shock that the PIC has tabled a proposal to convert Eskom bonds into equity, which may result in overweighting in local equities and underweight in the more stable asset local bonds.

In addition, such a decision may impact negatively on the asset liability model read together with the Fund's developmental investment policy of which the objective is to earn good returns for members and pensioners of the Fund whilst supporting positive, long-term economic, social and environmental outcomes for South Africa. The developmental investment policy has four key pillars. which amongst others, is a sustainable future (green economy). Eskom is one of the highest consumers of fossil fuels and the GEPF, as a responsible investor, should consider the environmental impact before taking any decision in this regard.

This proposal entails that over R200-billion of public servants' hard-earned pension fund money will be utilised for such a bailout. The PSA outrightly condemns such a proposal as it will be regarded as reckless and irresponsible given the economic environment and the fact that Eskom is not even able to fulfil its financial obligations.

	<p>The PSA further condemns the Minister of Finance’s view that the PIC does not require approvals from any shareholder for its investment activities and urges the Minister to refrain from making such irresponsible statements.</p> <p>The PSA continuously warned against reckless investments or bailouts to struggling state-owned entities. The PSA also made submissions to the Zondo Commission regarding these reckless bailouts to Eskom. Although the GEPF is a defined benefit, fund it does not give Government and the PIC free reign to continue with such irresponsible practices.</p> <p>The PSA insists that the full discussion document that was tabled at National Treasury be made available to the Union to ensure transparency and adherence to good governance principles.</p> <p>If the GEPF or the PIC even considered such a bailout, it will be contrary to their own decision, as captured in the annual reports, not to invest in any struggling state-owned entity. The PSA will not hesitate to institute legal action against such a reckless decision.</p> <p>Members are urged to support this petition to bring an end to this attempt to loot the GEPF through irresponsible and reckless decisions.</p>
Action petitioned for	We, the undersigned, are concerned members who urge our leaders to act now in stopping the looting of the Government Employees Pension Fund:

Name	Signature	PSA Branch	Yes	No

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