

FOR PSA MEMBERS: PUBLIC SERVICE COORDINATING BARGAINING COUNCIL
(PSCBC)

03-07-2020

PETITION: Stop looting of Government Employees Pension Fund (GEPF)

Renewed media reports regarding 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 GEPF depositors. These media statements resulted cause huge uncertainty amongst the more than 250 000 PSA members who belong to the GEPF. The PSA is of the opinion that a bailout to a struggling state-owned entity (SOE) will have a detrimental impact on the GEPF and its members. Should the PIC consider such a request, it will be an irrational and irresponsible gamble with government employees' pension money.

This continued investment into Eskom without following a consultative process with relevant stakeholders, raises serious concerns regarding the manner in which the PIC executes its mandate. 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 with governance at the PIC. The PSA, on behalf of its members, has a significant and direct interest in how GEPF assets are invested and thus in the PIC governance structure and management.

During a media interview with the PIC Chairperson, Reuel Khoza, the PSA learned with shock that the PIC has tabled a proposal to convert Eskom bonds into equity that may result in overweighting in local equities and underweight in the more stable asset local bonds. 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 while supporting positive, long-term economic, social and environmental outcomes for South Africa. The developmental investment policy has four key pillars, including 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.

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 able to fulfil its financial obligations. The PSA further condemns the Finance Minister's view that the PIC does not require approval from any shareholder for its investment activities and urges the Minister to refrain from making such irresponsible statements. The PSA continuously warned against such reckless investments or bailouts to struggling SOEs and made submissions to the Zondo Commission on these reckless bailouts to Eskom. Although the GEPF is a defined-benefit fund, it doesn't give Government and the PIC free reign to continue with such irresponsible practices.

The PSA insists that the full discussion document that was tabled at National Treasury be made available to the PSA to ensure transparency and that good governance principles are adhered to.

The PSA urges all government employees to support the petition: *Stop looting of the Government Employees Pension Fund*. The petition (copy *attached*) is being circulated by all PSA Provincial Offices. Signed petitions should be returned to your nearest PSA Provincial Office by 10 July 2020.

GENERAL MANAGER