

# INDEPENDENT LABOUR CAUCUS

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## INDEPENDENT LABOUR CAUCUS OPEN LETTER TO GOVERNMENT EMPLOYEES' PENSION FUND

Dear: Members of the GEPF Board of Trustees  
Chairperson of the GEPF Board of Trustees –Dr Renosi Mokate  
GEPF Principal Executive Officer – Mr Abele Sithole  
Minister of Finance- M Gigaba  
Deputy Minister of Finance – S Buthelezi

The Independent Labour Caucus (ILC) that comprises 12 unions and represents more than 420,000 members in the Public Service Co-ordinating Bargaining Council (PSCBC), has noted with apprehension, reports that the GEPF, through its investment entity, the Public Investment Corporation (PIC), may make an investment in the South African Airways (SAA). Such an investment would undoubtedly not comply with the strict principles that should underpin an independent and *bona fide* investment.

The repeated statements by the GEPF that members of the Fund need not panic “because the Fund has not received any proposal to help fund the SAA” does little to allay the fears of members. The GEPF should, unequivocally, pronounce that should it receive such a request, **it would be turned down**, based on the fact that it is common knowledge that the SAA has an extremely poor business record that has reflected a downward spiral over the last few years, having had to be thrown a lifeline, repeatedly, by the State as majority shareholder.

It is an undeniable fact that the Trustees should always act independently and in the best interest of the Fund and its members. Investments should always be based on objective investment considerations that will generate the best possible returns on investment. The granting of a loan to, or investment in, the SAA will raise serious questions, as it will definitely not be in the best interest of the Fund or its members. The ILC is convinced that any considerations to enter into such a transaction would not be based on independent and sound investment principles, but could be conceived to be politically influenced.

It is trite that in those cases where Trustees do not comply with their primary fiduciary duties, allow conflicts of interest to influence their decisions, or deliberately subject themselves to external influences, they can be held personally liable for possible losses. Be assured that the ILC, in protecting the interests of its members, will not hesitate to take legal action should it transpire that GEPF funding has been utilised for SAA bail-out purposes.

Trustees should also act in a transparent manner and therefore it is in the public interest, but more so in the interest of members of the GEPF, to divulge the investment mandate of the PIC. The perception has been created during the past few months that the PIC has an open mandate as several investments have been made that have not been in the best interest of the Fund and its members.

The ILC believes that the time has never been more appropriate for the Trustees of the GEPF to record their absolute independence, state unequivocally that they will act in the best interest of the Fund at all times, and also divulge the investment mandate of the PIC. It is in the public interest that this matter must be addressed in a manner that befits a responsible Board of Trustees.

The ILC trusts that the Board of Trustees of the GEPF will take the content of this letter to heart and respond in a responsible and transparent manner.

Yours sincerely



**B. L. Manuel**  
**CHAIRPERSON**