



Dear members

Please see below, a communication from NAPTOSA Executive Director, Mr Basil Manuel. The communication is titled “NAPTOSA statement on utilization of pension moneys for Eskom assistance”.

GAYLIN BOWLES, PROVINCIAL CHIEF EXECUTIVE OFFICER

NATIONAL OFFICE NEWSFLASH

NAPTOSA STATEMENT ON UTILISATION OF PENSION MONEYS FOR ESKOM ASSISTANCE

NAPTOSA has noted media reports that COSATU is proposing the utilization of pension fund moneys, including those of the GEPF, to reduce the debt burden on ESKOM. It is understood that the proposal is subject to several conditions of which NAPTOSA has not had sight, although it is doubtful that it would change our position on the matter.

Members will be aware that it was reported in previous communication that GEPF funds have in the past, when ESKOM was a strong and stable organization, been invested in ESKOM bonds. Also that in the recent past (i.e. three/four years ago), NAPTOSA was not opposed to the granting of a bridging loan of R5b of GEPF money to ESKOM, based on the fact that it would be of a short term nature, with a clear repayment time frame. The repayment was honoured. These conditions clearly do not apply in the proposed scenario. This is not a bridging loan, but money to repay some of ESKOM’s enormous debt.

It has always been NAPTOSA’s position that the investment of GEPF funds in State Owned Enterprises (SOEs) could, under certain circumstances, be supported, linked to a single proviso that there must be clear evidence that such investment will yield substantial returns. Unfortunately, that ship has sailed. Government, the sole shareholder of ESKOM, is clearly not confident of its prospects, and frankly this is no surprise with load shedding now a daily occurrence and evidence of large-scale corruption at the institution being the order of the day.

Furthermore, Government’s most recent reaction to the decisions of the business rescue practitioners at SAA does not instill any confidence that the ESKOM situation can be improved. It appears that Government wishes everything to remain as they are at SOEs, whilst at the same time expecting different outcomes. Putting pension funds into any of these organisations in this climate, makes no sense.

NAPTOSA is therefore emphatically opposed to any further of its members’ pension money in the GEPF being channeled to ESKOM.

Our position is that if there are organisations or trade unions who wish to commit the interests of their members in the GEPF to the funding of ESKOM, let them do so. This may, however, not jeopardise the funding level of the GEPF. With this in mind, we propose that before such action is embarked upon, the actuaries of the GEPF should develop a provision similar to that of the “clean break principle” applicable to cases of divorce of members of the Fund. In other words, based on the amount that each member of such organisations/ trade unions will be contributing towards ESKOM, his/her years of pensionable service must be reduced pro rata. Should, by some miracle, the pension money so utilized, be returned to the GEPF (with yields/ interest lost over the period in question) the position of those members involved, could be re-calculated.

NAPTOSA will continue to monitor the situation and keep members informed.

B L MANUEL, EXECUTIVE DIRECTOR

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