

MEDIA RELEASE: Eskom bailout: PSA threatens legal action if GEPF monies used

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EMBARGO: None

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The Public Servants Association (PSA), as one of the largest public sector unions with some 240 000 members who contribute to the Government Employees Pension Fund (GEPF), is ready to take legal action should the Fund's monies be used to bail out Eskom.

The GEPF has more than 1.2 million active members and more than 400 000 pensioners and beneficiaries. The PSA's members therefore represent approximately 13% of the GEPF membership. In addition, many 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.

It has come to the PSA's attention that an Eskom social compact framework agreement was signed on 9 December 2020 at the annual summit of the National Economic Development and Labour Council (Nedlac), which seemingly allows for the conversion into equity of R100 bn worth of Eskom bonds held by the Public Investment Corporation (PIC).

The PSA has continuously warned against such loans to struggling state-owned entities (SOEs) and made submissions to the Zondo Commission regarding these reckless bailouts to Eskom and other SOEs. Although the GEPF is a defined benefit fund, it does not give Government and the PIC leverage to continue with irresponsible practices. Should Eskom not be able to fulfil its financial obligation on the loan, it will put a further financial burden on Government to ensure that public servants' pension benefits are intact. In the current economic environment in South Africa, this may have an impact on the looming junk status being imposed by rating agencies.

The PSA regards such bailouts as contrary to section 76 of the *Companies Act, No 71 of 2008* and will hold the GEPF Board, the PIC, and any other party responsible liable in their personal capacity as this will amount to an irresponsible investment that is not in the best interest of the GEPF or its members.

The PSA has instructed its legal team to enquire from the PIC and the GEPF's Board of Trustees on whether media reports regarding the bailout of Eskom or any other struggling SOEs are factually correct. Once a response is received, the PSA will consider its options to stop such practice, which may include legal action. A PSA petition against the use of GEPF monies being used for bailouts, in any form, received overwhelming support and the Union is determined to protect public servants' hard-earned pension savings.

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