
Joint Press Statement by Government, COSATU, FEDUSA and NACTU

27 June 2008

Government and Trade Unions share a commitment to improve the living standards of our people, and want to collaborate in working towards this objective. Part of this commitment is to ensure that all workers are able to live a better life when they retire, rather than live in dire poverty in old age.

Government and Trade unions are therefore committed to introducing a compulsory comprehensive savings scheme for all workers, as part of the reform of our social security system. These positive reforms seek to encourage all our people to save with assistance for lower income workers, and at the same time to lower the costs of administration by setting up a national contributory savings fund so that we can take advantage of economies of scale. This is not only good for the individual, but good for the country as a whole, as we have to save more in order to invest more, and so that our economy can grow even faster for the benefit of all our people.

The reforms also support the efforts of everyone who has saved for retirement in the past, and recognises that such deferred income is amounts they have set aside for a rainy day. We have every intention that a reformed social security and retirement system will reward and encourage such savers even more than in the past.

We intend to build on current legislation like the Pension Funds Act and recent amendments which protect such investments in pensions and provident funds, and which also ensure that workers receive their fair share from past surpluses where applicable. We should balance the need for high growth in such savings against the temptation for early withdrawals for current consumption. The proposed social security and retirement reforms will ensure that people not only preserve their savings, but will continue to allow them to withdraw some of their retirement savings, under certain circumstances such

as retrenchment. Therefore, aside from allowing savers to decide on what they want to do with savings they have when the new system is introduced, we have every intention of ensuring that a reformed pension system rewards savers even more than in the past.

Both Government and Labour are committed to such principles. Government will negotiate with trade unions and all other social partners through NEDLAC, and also consult the wider public via Parliament.

We are aware that some unscrupulous individuals and service providers have started to circulate rumours suggesting that Government will nationalise or take away the money in pension and provident funds in 2010, and that workers should be encouraged to withdraw such funds now, in light of Government's intention to reform the pension and social security system. We call on all shop stewards and trustees of pensions and provident funds to report these unscrupulous individuals and service providers to trade union offices, Government or the regulatory agencies.

This is a gross misrepresentation of the truth. It would be patently unconstitutional for Government to attempt to commandeer individual savings. Moreover, it is unthinkable that Government or trade unions would want to inflict hardship on working people who have saved. Government, COSATU, FEDUSA and NACTU wish to unequivocally dismiss these rumours as malicious and untrue, and jointly state that the rights and choices attached to existing savings will continue to be protected. We reassert our fundamental belief that we must ensure that workers continue to live their lives with dignity when they retire from pensions and provident funds.

Government and Labour pledge to work together with all stakeholders, including workers, shop stewards and trustees of pension and provident funds, to get this message to our people.

To this end, Government, together with Labour, will organise roadshows as part of the process of broader consultation with workers and communities.

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