

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER 133 (2458E)

Adv A de W Alberts (FF Plus) to ask the Minister of Finance:

(1) Why has National Treasury not yet given effect to Parliament's request for his department to supplement Transnet's Second Defined Benefit Fund in the amount of R1, 9 billion?
(NO2458E)

REPLY:

When the Portfolio Committee on Public Enterprises resolved on 02 November 2010 that a cash injection of R1.964 billion be provided in the Transnet Second Defined Benefit Fund to cover an ex gratia payment of 5 months pension; a base upliftment of 3.21%; and a 75% of CPI annual increase going forward on the 3.21% uplifted base, it was recognised that a funding solution still needed to be finalised.

The Minister of Finance has met with the Minister of Public Enterprises and reached agreement that Transnet will be responsible for providing all of the funding. To effect this decision, requires that the following process be followed:

1. Rule amendments drafted;
2. Approval of the rule amendments by the Board of Trustees, together with support from the Actuaries;
3. Approval of the rule amendments by the Board of Directors of Transnet;
4. Approval of the rule amendments by the Minister of Public Enterprises together with the concurrence of the Minister of Finance; and
5. Rule amendments to be gazetted at which time the amended increase policy can be implemented;

(2) Whether he, in co-operation with Transnet, will be taking any steps to pay out increases to pensioners forthwith, because Transnet is unwilling to make the money for the payment of increases available immediately, but first wants to use the fund's surplus for disbursements; if not, why not; if so, what are the relevant details?

As highlighted under (1) the additional financing required for the payments to the pensioners, over and above the existing fund surplus, is to be provided by Transnet. Payments can be effected once the Pension funds governance process as outlined in (1) has been completed.