



NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 1985 [NW2197E]

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1985. Adv A de W Alberts (FF Plus) to ask the Minister of Finance:†

What steps he is taking to protect pension funds which are controlled by the State and State-Owned Enterprises against abuse and to ensure that pensioners receive their rightful pension, especially seen in view of those members of the Government Employees Pension Fund who do not have access to the Pension Funds Adjudicator?

NW2197E

REPLY:

Government has since 2011 stepped up its retirement reform programme and the aim of such reform is to ensure that we maximise and protect the interest of all retirement funds and their members. The reform aims to protect the funds and their members from high and opaque charges, poor governance and poor investment decisions or approaches that can benefit more the industry and not members. This process is ongoing and impacts on both State and private retirement funds.

In the 2013 Budget, as part of our retirement reform proposals, the National Treasury indicated the importance of bringing all public sector retirement funds under the purview of the Pension Funds Act ("PFA"), subject to financial feasibility. This approach would enable uniform regulation and supervision under the Financial Services Board, and access to free dispute resolution institutions like the Pension Funds Adjudicator for members of such public sector retirement funds.

There are a few State pension funds that fall outside of the PFA, these are the Government Employees Pension Fund ("GEPF"), Transport Pension Fund, Transnet Retirement Fund, Transnet Second Defined Benefit Fund, Post Office Pension Fund and Telkom Pension Fund. Of these, only the GEPF falls directly under the Ministry of Finance. The other public sector funds fall under the ambit of the Ministers of Transport, Telecommunications and Postal Services, and Public Enterprises, even though the Minister of Finance does have an indirect role regarding any decisions that may have financial implications. However, all these State funds that are not covered by the PFA generally have a Board (of trustees), whose duty it is to protect the members and the fund.

With the exception of GEPF and Transnet, Telkom and the Post Office have also established Defined Contribution retirement funds that are registered under the PFA, while the 'old' (Defined Benefit) funds are closed to new members. This means that the main challenge with protecting retirement funds remains with funds that fall outside the PFA.

