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SAVA

REG. NO. 1995/009042/08 FSB REG. 4234

28.9.2006

CHAIRMAN
PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES

Fax : 021.4032808

TRANSNET PENSION FUND AMENDMENT BILL 2006

Dear Sir,

I write with reference to your request published in the media for inputs into the passing of the above bill.

This Association with 100000 members of which approximately half are ex employees of Transnet and its former companies has for some time been endeavouring to obtain information and decisions from Transnet management and the Board of Trustees of the Transnet pension fund regarding the systematic manipulation of funds in the pension fund in order to generate an acceptable balance sheet for the company Transnet.

Over the years the fund obtained T011 stock from Transnet in order to compensate it for losses due to previous decisions made by the company to the detriment of the fund. These losses were paid into the fund by various means one of which was the T011 stock which gave a guaranteed return to the fund of 16.5%. The servicing of the stock over the years, at this rate of return, had a detrimental effect on the balance sheet of Transnet with the result that when the company decided to privatise it looked for a means of release from this burden.

Its way of getting out of the problem was for the financial section of Transnet making a proposal to the Board of Trustees to exchange this stock for M cell shares owned by Transnet and then going over as trustees and accepting the exchange. This resulted in approximately R5.0 Billion worth of T011 stock being exchanged for, at that time, R1.0 Billion worth of M Cell shares resulting in the pension fund moving from a 103% funded position to a 72 % funded position. This resulted in the curtailing of pension increases for Transnet pensioners.

The matter was taken up with the Public Protector, who is the only person able to investigate this matter, and after investigation Transnet agreed that the loss of the fund would be paid in. The enormous loss of investment potential to the fund, to the detriment of the pensioners, meant nothing to a company whose only worry was creating a balance sheet which made the company attractive for privatisation.

Directors / Direkteure

J. Benwell, P.S. Rosenbrock, F.J.J. Brand, R. Pretious, V.M. Hope

It is understood that this T011 stock has been sold recently at an amount of R5.4 Billion which would mean that the fund was again fully funded. Attempts to clarify this from Transnet management have met with no success. We asked whether the sale took place, what amount was realised and if the money is in the fund. We also asked whether the dividends on these shares were paid into the fund. We have been unable to obtain this information as all correspondence has been ignored so we can only assume that again Transnet has not paid this into the fund and does not want to put this in writing. If it is the case the management should be behind bars.


Now the V&A Waterfront has been sold. As a member of the investment committee that purchased the Waterfront years ago we had a principal of only investing in property that gave in excess of 10% return. We have asked management for the motivation for the sale and again our letters are ignored. Pensioners need to know the motivation for selling an asset that continues to grow in value and gives a return of over 10% so as to obtain cash that can only be invested at 8% return. At the same time pensioners need to know that the 74% of the value of the sale has been put into the pension funds and have not again been used by Transnet to sort out their financial woes.

Over the past few years Transnet has systematically used the pension funds in order to sort out their own financial problems to the detriment of their pensioners. Pensioners have only received the statutory 2% increases due to the financial position of the fund resulting in extreme hardships to pensioners who gave their lives to make the strong organisation that it was.

We have over the years tried to obtain sitting of elected persons on the Board of Trustees of the Pension Fund, as has happened in the Transnet medical scheme, but Transnet has paid no attention to these requests and appoints their own stooges as trustees to represent pensioners. One of these stooges was employed as a financial advisor to the Chief Financial Officer yet he was appointed as a trustee. His actions as a trustee clearly show why Transnet is reluctant to meet the requests of the pensioners and the rules generally laid down for pension funds in the Pension Fund Amendment Act.

In passing this Act we appeal to the committee to make sure that the outstanding monies removed from the fund are paid back and the proceeds of the sale of the M Cell shares and the V&A Waterfront are paid into the fund. We also request that the fund members be allowed to elect their own Trustees as laid down by other funds instead of allowing Transnet to continue with its seemingly corrupt practices. It is also advisable that the fund be registered in terms of the Pension Fund Amendment Act so that it falls under the jurisdiction of the Pension Funds Adjudicator, thereby allowing members to expose seemingly corrupt practices.

Kind regards



J. BENWELL
PRESIDENT

(Copies of all previous correspondence is available on request.)

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2 October 2006

THE CHAIRMAN
PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES
Fax No. 021 403 2808

Re: **TRANSNET PENSION FUND AMENDMENT BILL, 2006**

Dear Sir

This letter is in response to your media request for suggestions and input from concerned Pensioner Organisations.

The **Silver Springbok Association** represents all the retired employers of SOUTH AFRICAN AIRWAYS irrespective of rank, gender or creed.

We are indeed heartened to hear that at last something, at Parliament level, is about to take place to address the deplorable state of the Transnet Pension Fund.

This Association has for many years tried to contact, reason with, liaison with or in some way establish a communication system between our members and the Board of Trustees of the Transnet Second Defined Benefit Fund. To date nothing concrete has been achieved.

There are many aspects of concern that we could list but for the purpose of brevity the following major concerns are submitted for serious and in-depth debate and to be provided for in the Amendment Bill.

1. The present statutory annual increase of 2% **must** be increased and this must also be supplemented with an additional annual increase. The official Inflation Rate is ludicrous when applied to the Pensioner. Basic necessities for a Pensioner is Food, Accommodation, Medical, Utilities and Transport. Inflation on all these commodities have far exceeded the official inflation rate. A cursory calculation for the past year showed a inflation rate in excess of 17%. The Pensioner is indeed suffering.
2. The moneys appropriated by TRANSNET from the Pension Funds must be repaid with interest.
3. The revenue generated from the sale of the M Cell shares and the sale of the V&A Waterfront must not be allowed to end up in the grubby hands of TRANSNET but paid direct to the Pension Funds.
4. The proposed Amendment Bill must provide for and include the Transnet Pensioner under its protection.
5. This last item is very important. The new bill must provide that, we the members elect our own representatives to the Board of Trustees. *We do not accept the Board appointed representatives, who are, in our opinion not in the least concerned with the daily struggles of the average Pensioner to survive.*

THIS ASSOCIATION, ON BEHALF OF ITS MEMBERS TRUST THAT YOU WILL SUCCEED IN YOUR EFFORTS TO negotiate a just dispensation for all Retirees.

Kind regards

p/p
J. Jooste
President Silver Springbok Association.

Copy, Mr. K Minnie Fax 021 403 2690



KLUB - CLUB 60



TRANSNET GEPENSIOENEERDES TRANSNET PENSIONERS

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TRANSNET PENSIONFONDS WYSIGINGS WET

Geagte Meneer

Ek skryf aan u met verwysing na u versoek in die media vir insette rakende die aanvaarding van die bogenaaamde wetsverandering.

As Nasionale voorsitter van Klub 60 wat bestaan uit sewe en twintig takke landwyd met 'n ledetal van ongeveer 4 000 lede wat gestig is onder Transnet pensioenarisse ag ek dit my plig om die volgende onder u aandag te bring.

Reg van die begin toe die tweede definieerde fonds sy ontstaan gehad het in 2001 het Transnet twee Trustees aangestel om die pensioenarisse op die Raad te verteenwoordig. Verteenwoordigers van verskeie instansies soos SAVA, Silwerspringbokke, Klub 60 ens. het onmiddellik beswaar aangeteken teen die wyse waarop ons verteenwoordigers op die Raad aangestel is. Ons is egter meegedeel dat 'n vergadering binne drie maande gehou sou word om die saak te bespeek. Daar het al vyf jaar verloop en nog niks is daaromtrent gedoen nie. Die saak is daarna op opvolg konferensies geopper, maar nog niks is daaraan gedoen nie.

Na al die onreëlmatighede wat daar by die fonds plaasvind het dit egter vir my nou duidelik geword waarom die Maatskappy nie die twee Trustees met demokratiese gekose lede wil vervang nie.

Die twee Trustees wat 'n salaris van Transnet ontvang sal mos eerder na die Maatskappy as na die pensionarisse se belange omsien. "Die man wie se brood jy eet, se taal sal jy praat."

'n Goeie voorbeeld hiervan is die feit dat hulle toegelaat het dat waardevolle aandele vir minderwaardige aandele geruil word om Transnet finansieel te bevoordeel, en

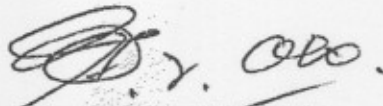
sodoende die Fonds in die rooi te druk.. Die vorige Nasionale voorsitter Mnr F.C. Stoop het briewe geskryf aan bestuur, maar nooit antwoorde ontvang nie.

Ons voel dat hierdie saak nou so spoedig moontlik reggestel word, deurdat die fondse wat hier bestuur word ons gelde is en die reg het om te besluit hoe dit bestuur moet word.

Ons versoek ook Transnet om die gelde wat die Fonds skade gely het deur korrupsie en wanbestuur onmiddellik aan die Fonds terug te betaal, sodat die lede die verhogings wat hulle toekom kan kry. Die 2% per jaar wat hulle wel kry hou glad nie tref met inflasie. Van die pensioenarisse moes al hul eiendom verkoop omdat hulle nie die kostes wat jaarliks styg meer kon bekostig nie. Baie is gedeeltelik finansieel afhanklik van hulle kinders.

Die pensioenarisse het hulle lewe lank 'n lojale diens aan die Maatskappy gelewer met die veronderstelling dat hulle, wanneer hulle kragte afgeneem het, hulle 'n leefbare pensioen sal ontvang. Baie van hulle het kwale ontwikkel deurdat hulle onder laaglike omstandighede in wind en weer moes werk. Ek dink werklik dat ons as pensioenarisse beter behandeling verdien as wat ons huidiglik ontvang.

Die uwe



CT von Abo
Nasionale Voorsitter
Klub 60

**UNITED TRANSPORT & ALLIED TRADE UNION**

REF: UT/DPE.019.3

2006-10-09

Mr C Thisani
Committee Secretary
PC and Public Enterprises
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**PUBLIC HEARINGS ON TRANSNET PENSION FUND AMENDMENT BILL
(B-2006), 13 OCTOBER 2006**

As UTATU we accepted the Principles of the amendments however the principle we cannot accept is the decision by Transnet to prevent new employees of the state owned Enterprises from joining the Transnet Retirement Fund.

The decision has some material negative implications for the fund.

- A) The death and disability cover provided by the fund is expressed as multiples of member's annual pensionable salaries. This cover is insured with an insurance company.

One of the Principal factors in determining the cost of such cover is the average age of the fund membership. With the prevention of new state owned employers from joining the fund it creates the average age of the fund membership to increase overtime. This in turn means that the premiums required to purchase the insured death and disability cover will increase.

Obviously the increase in premiums can only be dealt with as follows.

- Reduce the amount of the death and disability cover
- Reduce the allocation of contributions to retirement funding
- Increase the contribution rates payable by members.

None of the above options will be acceptable to us as UTATU.

Nonprofit Organisation – Ref. Number 036-913

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Preventing new employees from state owned enterprises from joining the fund will mean a steady depletion of the fund over time, keeping in mind that some of the expenses incurred by the fund are proportionate to size of the membership whilst others such as audit fees, valuation reports, communicating costs do not reduce proportionately

As membership reduces the increased costs will have to be borne by members by reducing contributions to retirement savings.

It is therefore crucial that new state owned employees be given the opportunity to join the Transnet Retirement Fund.

We also believe that the consequences of preventing new State Owned Enterprises (SOE's) employees from joining the Transnet Retirement fund would require – SOE's to establish new funds to supply pension benefits to them.

The effect of this is in nobody's interest at all.

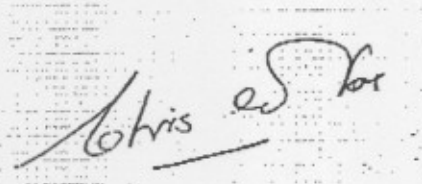
AS UTATU we thus place on record we cannot agree to the proposed changes of the Transnet Pension Fund Act unless the provision to prevent new employees to qualify from joining the fund is withdrawn.

We trust that this will receive your urgent co-operation in the light of all the contribution we have made.

Mr George Strauss (President UTATU), will address the Committee on this matter Friday 13 October 2006 and will provide further oral evidence.

Please acknowledge receipt of this document.

With kind regards.



GENERAL SECRETARY
CJ De Vos