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| **COSATU Proposals:****Public Investment Corporation****Second Amendment Bill****15 July 2018** |
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**Submitted to:****Standing Committee on Finance****National Assembly****Republic of South Africa** |

1. **Introduction**

COSATU strongly welcomes and appreciates the Finance Committee’s support for a PIC Amendment Bill.

COSATU would like to thank all Members of SCOF for their principled support on this critical issue. We appreciate the spirit MPs have taken on this issue and the cross-party support for COSATU’s call.

We welcome the second PIC Amendment Bill. It is a very progressive bills that will significantly empower Parliament, depositors, unions and the public to play a more meaningful oversight role with regards to the PIC.

This submission will comment on the bill as well as include COSATU’s proposed further amendments.

As COSATU has made several earlier submissions to SCOF on the PIC Amendments Bills and will focus on our remaining few proposed amendments. We will not raise broader contextual issues as these have already been extensively covered in our previous submissions to SCOF.

1. **Areas of Support in Bill**

As indicated previously, COSATU strongly supports the Bill’s proposed provisions for:

* 2 to 3 trade union representation selected by PSCBC unions proportionally to represent unions and workers on the PIC Board.
* PIC accountability and transparency to depositors, government, parliament and the public.
* A clear developmental and pro-worker and pensioner investment mandate for PIC investments.
* Designating the Deputy Minister or Minister to chair the PIC Board.

COSATU welcomes these amendments and supports them fully.

1. **Reports and Tabling of Requests (Section 10 and 11)**

It is a massive blunder and serious risk that the PIC Act does not currently legally require the PIC to submit annual and other reports to Parliament. This is not in line with the requirements placed upon other state entities and in fact in violation of government’s constitutional requirements. It is extremely dangerous given the size and role of the PIC in the economy and the crisis of state capture.

Simply put, it is workers’ money and workers must at all times have direct access to PIC reports. These must be in a reader friendly format and not cluttered with technical jargon aimed at confusing readers and hiding looting.

We welcome the wording in the SCOF Bill’s proposed provisions requiring the tabling of annual reports on all investments to the Minister and all Ministerial requests, for tabling at Parliament and for publication on the PIC’s website.

These will serve as critical tools for transparency and accountability and oversight as well as to help fight corruption.

We are sensitive to the confidential nature of investments at times e.g. before purchasing shares. However we do not feel this should mean a permanent secrecy. Once such investments have been done then there should not any reasons that they cannot be included in such annual reports. We are comfortable with the proposed wording in the SCOF Bill but feel it needs to be expanded to include major depositors.

We feel that there is one omission in this section. It does not provide for the tabling of reports and Ministerial directives to the PIC’s major depositors. 87% of the PIC funds come from the GEPF, 6% from the UIF etc. We feel that the PIC should be required to table its annual reports to its major depositors.

**COSATU Proposals:**

**3.1 Wording to be inserted after 10 (4) (a) and before (c); as well as after 11A. (2):**

***Be submitted to major shareholders for consideration; and***

1. **Regulations (Section 16)**

COSATU welcomes the SCOF Bill wording guiding the formulation and tabling of regulations. This is critical for transparency etc.

We have one simple proposed amendment based upon the above proposals for the engagement of major depositors and the public when drafting regulations. This will be in line with the standard practise when drafting regulations across government.

**COSATU Proposals**

**Wording to be inserted after 10 (4) (a) and before (c) as well as after 11A. (2) :**

***That 16 be expanded to provide for consultation with and input from major depositors and the public.***

1. **Conclusion**

COSATU would like to thank the Committee and its Members for drafting these important bills and engagements between Parliament, government, the PIC and unions on this critical matter for workers, the state and the economy.

COSATU is committed to playing a constructive role. We are equally committed to representing our members and their families’ interests and to defending their hard earned pensions and funds.

We will not hesitate to oppose government if we feel it is threatening the rights and pensions of workers. We hope that government understands the mandate workers gave it in 2014 and that it will not disappoint them. Government should remember the next elections are a year away. COSATU wants to warn government, that it will not hesitate to mobilise its members to go on strike and take to the streets if there are any moves to loot the PIC.

Government must not take this warning lightly. Teachers, nurses, police officers, prison wardens, doctors, public servants across the board will not hesitate to go on strike if government thinks it can allow the PIC and their pensions to be looted like how it allowed chaos and looting to run unabated at SAA, Eskom, the SABC, SASSA etc. If government does not want the state to collapse, then it must not provoke workers and touch their pensions.

We hope this submission helps the Committee in its important work.  We will continue to avail ourselves to assist the Committee at any time.

Lastly COSATU urges Parliament to treat this PIC Amendment Bill as a matter of the highest urgency. It must continue to be prioritised. It must not be dropped due to an excitement of elections. It must be adopted by Parliament by the end of 2018 and come into effect by 2019. Anything less will be a clear message to workers that their deep and legitimate anger, concerns and proposals are not taken seriously.

We are confident that our MPs will not reject COSATU’s clear, reasonable, logical and correct proposals. We hope that our comrades will not disappoint the 1.7 million members of COSATU, the 400 000 GEPF current pensioners, the 1.2 public servants, 12 million workers and the 57 million South Africans who depend upon these workers for their livelihoods. We look forward to engaging with the Finance Committee on our proposals as soon as possible.

Thank you for your time and support.

Yours comradely,

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