



# OFFICE OF THE SECRETARY GENERAL

## NATIONAL ASSEMBLY

Ms. Thoko Didiza  
SPEAKER OF THE NATIONAL ASSEMBLY  
Parliament Street  
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Per email: [Speaker@parliament.gov.za](mailto:Speaker@parliament.gov.za)

Monday, 09 September 2024

## ESTABLISHMENT OF AN AD-HOC COMMITTEE TO INVESTIGATE NON-COMPLIANCE WITH SECTION 13A OF THE PENSION FUNDS ACT BY PRIVATE SECURITY COMPANIES AND LOCAL GOVERNMENT MUNICIPALITIES

Dear Speaker

The above subject, bears reference.

1. We wish to bring to your attention the ongoing crisis relating to the violation of Section 13A of the Pensions Fund Act, in accordance with two reports published by the Financial Sector Conduct Authority (FSCA).
2. According to the FSCA, there are 2 224 private security companies and 172-municipalities that have failed to adhere to their statutory obligations with regards to payments towards pension, health and provident funds.
3. These companies, and alarmingly municipalities, have been making statutory deductions from the salaries of workers, and not paying them forward to the relevant funds for periods ranging between 6 to 240 months. This constitutes a gross violation of worker's rights.
4. According to the FSCA reports, the above-mentioned municipalities and companies owe various municipal pension funds and private security sector pension funds; an approximate R1 Billion and R6 Billion respectively.
5. Of particular concern, is whether municipalities, government departments and/or state-owned enterprises are contracting private security companies which are in violation of Section 13A of the Pension Funds Act.

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6. If this is truly the case, the implication would be that the State, in particular the South African Treasury is involved in the irregular awarding of tenders to companies that are violating South African laws.
7. The EFF therefore as an organization represented in the National Assembly requests the establishment of an Ad-Hoc Committee of Inquiry in terms of rule 253, to investigate the circumstances around the withholding of statutory funds of workers, that ought to have been paid towards the pension funds of workers in these two areas.
8. This Ad-Hoc Committee ought to be comprised of members from committees such as finance, law enforcement and labor. This multi-departmental constituting of the Ad-Hoc Committee, takes into consideration that the matter affects numerous spheres of governance, and each sphere has a number of issues to deal with, and one committee may not have the necessary time or human resource to give the matter the required attention.
9. The matter is of serious urgency, considering the legislation that has been passed known as the Revenue Laws Amendment Bill of 2023, popularly known as the “two-pot system”, which allows for retirement funds to be accessed by members, without having to resign or cash-out their entire pension funds.
10. Should the reports by the FSCA prove to be correct, then millions of employees within the private security sector and within local government municipalities will encounter challenges when it comes to withdrawing portions of their pensions using the two-pot system, because the funds are simply not there, because employers have not paid them.

In the struggle for economic freedom,

**SECRETARY GENERAL**  
**EFF PARLIAMENTARY CHIEF WHIP**  
**CMSR. MARSHALL DLAMINI**



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