



EFF CONDEMNS SOUTH AFRICAN TREASURY COMPLICITY IN TENDER IRREGULARITY AND FRAUD IN THE PRIVATE SECURITY SECTOR FOLLOWING MEETING WITH THE FINANCIAL SECTOR CONDUCT AUTHORITY (FSCA)

Thursday, 18 April 2024

The Economic Freedom Fighters (EFF) had a delegation that met with the Financial Sector Conduct Authority (FSCA) at their offices today, 18 April 2024 to discuss the rampant corruption in the private security sector, that has seen upwards of R6 billion of workers pension fund money being stolen.

The delegation included EFF Members of Parliament Sinawo Thambo, Mzwanele Manyi, EFF Labour Desk Co-ordinator Tebogo Mokwele and EFF Senior Researcher Dr. Gumani Tshimomola.

The meeting comes after the revelation by the FSCA that 2 224 private security companies have failed to pay towards the Private Security Sector Provident Fund (PSSPF) for periods ranging up to 240 months and more, meaning that there has been a mass-scale theft of workers money in an elaborate scheme that leaves them vulnerable after retirement or loss of their jobs. These criminal acts are in direct violation of Section 13A of the Pension Fund Act.

This meeting with the FSCA, also follows numerous engagements and meetings between the EFF and relevant sector role players which includes a meeting with the Department of Employment and Labour, the South African Bargaining Council and the Commission for Conciliation, Mediation and Arbitration (CCMA), which was held on the 22nd of February 2024.

Subsequent to this, the EFF wrote to the Minister of Finance Enoch Godongwana, and by consequence National Treasury, requesting them to do an assessment of all private

security companies contracted by the state and its departments based on the published list of non-compliant companies provided by the FSCA. Following this audit, the EFF advised National Treasury to give these companies three-months to repay workers monies into their pension funds if they are still active in the sector, or directly to them if they are retired.

This letter was sent to Minister of Finance Enoch Godongwana on the 28th of February 2024, to date there has been no response yet workers monies continue to be stolen, while the state and National Treasury allows organs of the state to continue contracting companies who are stealing workers money. This leaves us with no other conclusion, that there are elements in the South African National Treasury who are receiving kickbacks from private security companies, to allow them to be contracted by the state and its departments although they are in violation of South African labour laws.

The meeting with the FSCA shed light on how dire the theft of worker's pension fund money is, and how even the Pension Funds that ought to manage the retirement money of workers, are conflicted as they are managed by people who have a vested interest in the non-compliant security companies themselves. Of more concern is how, in terms of the largest pension fund with arrears up to R207 million, the Private Security Sector Pension Fund (PSSPF) is administered by one Salt Employee Benefits, which handles how the money is allocated, recouped and in instances invested and re-invested into various external assets and commodities.

The management of this pension fund, which has an asset value of more than R11 billion in workers money, is dubious to say the least, as it is perennially in arrears and failing at ensuring compliance by the companies it collects workers funds from. This raises the concern of how workers money is managed in this fund by this Salt Employee Benefits as an administrator, including how it is invested and re-invested in external assets through trust and hedge fund managers, in what can only be described as gambling with stolen workers money.

The EFF raised sharply that the FSCA ought to utilize the instruments at its disposal to ensure the compliance of all funds under its supervision, and this includes removal of incompetent and conflicted boards of trustees of pension funds, removal of possibly

corrupted administrators of funds and placing pension funds under curatorship and liquidation.

At the center of all strategies must be the protection of the hard-earned money of security guards, who risk their lives and livelihoods every day to protect us on a daily basis.

The EFF is pleased that since the FSCA published its list of private security companies which are not compliant with Section 13A of the Pension Funds Act in September 2023, some companies not only in the private security sector, but in retail and transport, and non-compliant municipalities have either settled their arrears or entered into payment arrangements.

Since the publishing of its list, and the public scrutiny and pressure applied by the EFF, nine (9) companies and/or municipalities have made the required payment of their arrears to the relevant pension funds, and one-hundred and eighty-four (184) companies and/or municipalities have made payment arrangements with the relevant pension fund. This must be seen as a victory and a sign that the pressure being applied by the EFF in the public domain in defense of workers is not in vain.

The process of fighting for R6 billion worth of workers money has proven that the EFF policy to end tendering and establish state-capacity remains superior and logical. All of this corruption is possible because of the reliance on private sector interests to render services that could easily be rendered by the State.

The EFF will write to the National Treasury, particularly the Chief Procurement Officer, to demand scrutiny of all tenders awarded to the following companies, identified as the biggest culprits of the theft of workers monies; G.M.C.S.S, Masakhane Security Training Centre, Powerforce Security Consultants, Xantium Trading 42, Chubb Guarding, Mathibela Security, R & Lu Securiteit, Money Box Investments, United Security Services, and Eagle Eye Security. These companies are reportedly awarded tenders using fraudulent compliance documents, which renders these tenders irregular. We will demand their blacklisting from doing business with the state.

At the center of this crisis is the tender system and at the core of the corruption is the National Treasury of South Africa, which has been made aware that private security companies are conducting this theft, and are operating while in direct violation of South African labour law, because they source compliance certificates in an illicit manner, and work for the state. This is corruption and fraud, and Treasury led by Enoch Godongwana is complicit.

The EFF maintains that the entire ideological and policy orientation of the South African National Treasury is misguided and is the key reason for economic degeneration and corruption.

The EFF will continue to champion the struggles of workers and will never allow for the exploitation of security guards. In the immediate the EFF will cross-reference all companies revealed as non-compliant with the database of National Treasury contracts, and expose all companies that are stealing workers monies, which are contracted by the ANC government.

The EFF remains the only shield for workers interests in South Africa and if you work for a company that has stolen your pension, you can contact the EFF across all of its platforms. Vote EFF For Land And Jobs Now! Stop Loadshedding!

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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