

# PIC chief apologises over Eskom

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Public Investment Corporation (PIC) CEO Dan Matjila was forced to apologise to public servants after they bemoaned the lack of consultation when the investment manager advanced R5bn to Eskom.



Dan Matjila. Picture: African Business Magazine

The PIC on Monday announced that it would, on behalf of the Government Employees Pension Fund (GEPF), advance a R5bn bridging facility to Eskom to fund operations in February.

Eskom needs to raise R20bn in February to fund operations until the end of the financial year in March.

The PIC said that Eskom had shown it letters of commitment from three commercial banks to provide the funding, but that this would be available only by the middle of February as the banks needed to satisfy the requirements of internal committees.

The PIC says it expects that the loan will be repaid at the end of February. It did not disclose the interest rate but said it had insisted on a government guarantee to back the loan.

In terms of the mandate provided to the PIC by the GEPF, the PIC is able to buy Eskom debt - such as bonds - as long as they are backed by a guarantee.

Matjila told the Public Service Association (PSA) that the fund manager had been under the impression the GEPF had discussed the issue with labour, according to PSA deputy GM Tahir Maepa.

Matjila met with the PSA on Tuesday following threats of legal action against the PIC board.

The PSA and Cosatu's biggest affiliate, the National Education, Health and Allied Workers Union, have condemned the move, complaining about the use of public servants' pensions to rescue Eskom.

The unions said Eskom had landed itself in the precarious position after it failed to stop the "looting" of money to benefit the controversial Gupta family's business empire.

"It is acknowledged that organised labour should have been consulted, but the principal in this relationship is the GEPF.

"The PIC apologised to the PSA and committed to improving communication with all stakeholders and clients in future, together with GEPF," said Deon Botha, head of corporate affairs for the PIC.

In a reply to questions, the GEPF said that the provision was done within the mandate of the PIC and its governance requirements. The pension fund would not say why it had failed to inform labour about the decision.

The R5bn guarantee would not have been a new one issued by the Treasury as Eskom still has unused guarantees.

The PIC already holds R75bn in government-guaranteed Eskom bonds; R20bn in unguaranteed Eskom bonds; and a R3bn money-market instrument on behalf of the power utility.

**Source:** *Business Day*

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