

What is happening to **worker savings?**

*In September 2002, the High Court placed the Saccawu National Provident Fund under provisional curatorship. The **Labour Bulletin** talks to **Jan Mahlangu**, Cosatu's retirement fund policy coordinator about what this means for workers and pension fund trustees.*

Bulletin: Why was the fund put under provisional curatorship?

Mahlangu: The registrar of pension funds approached the High Court to appoint a curator to take over the interim management of the fund. In papers presented to the Court the registrar argued that there had been a number of irregularities relating to the fund. These included the misappropriation of funds in contravention of its rules and provisions of the Pension Funds Act. This followed claims of misappropriation of funds and contravention of rules and legislation. The pension fund registrar claimed that trustee expenses had increased from R318 153 to over R1.7m from March 2000 to March 2001. The Court ordered the removal of all the trustees. A curator who is conducting a full investigation into the management of the fund is currently managing the fund. On completion of a report, the curator will present it to the registrar.

Bulletin: Can you talk about the allegations surrounding the fund?

Mahlangu: It is important that allegations around corruption or mismanagement are the subject of a proper investigation. The labour movement cannot be seen to be condoning corruption nor can it afford to endorse such activity. How can we fight the big insurance companies to ensure members' monies are being protected if we do not ensure our own

house is in order? Allegations in the case of the Saccawu fund must be investigated unhindered by the curator appointed by the High Court. We are dealing with the only savings members have – if we do not allow the investigation to go ahead there will be perpetual insecurity amongst workers who will not trust leaders. This will create a situation where it will be extremely difficult to sustain an organisation.

Bulletin: What is the state of the fund at the moment?

Mahlangu: There is no question around the future of worker savings and benefits. Workers will not lose out on benefits. Old Mutual is still administering the fund and worker benefits will continue to be paid out.

Bulletin: What are the lessons for organised labour?

Mahlangu: Trade union leadership should be the custodian of clean governance and should not be seen to be tolerating any hint of irregularities when it comes to the future of workers' money and savings. When you are dealing with workers' money one must be careful. There are a number of issues to consider:

- It is difficult to have control over service providers unless there is proper independent trustee training and not through the industry. Cosatu has put in place trustee training for



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affiliates through Ditsela. However, the response to this has been disappointing.

- It appears that the service providers are in control of the trustees who generally do not fully understand the industry. However, there are times when the trustees can learn from the industry and take their advice on issues, but some trustees disregard the professional advice from the industry.
- Cosatu has in-house resources to assist affiliates in terms of the retirement industry. Often affiliates, because of differing agendas, do not consult with such resources, which are employed to ensure worker interests are protected.

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At the time of going to print, the trustees of the fund planned to challenge the provisional High Court order.