

Press Release

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South African Institute of Race Relations

The power of ideas

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Your nest egg is next – IRR

The Institute of Race Relations (IRR) warns today that remarks by President Cyril Ramaphosa in Parliament yesterday indicate that the issue of prescribed assets remains a government policy priority.

Responding to questions from the leader of the Democratic Alliance (DA), Mmusi Maimane, the President refused to say whether he supported a policy of prescribed assets. However, he did say that the matter needed to be discussed and that the 'various resources' of the country needed to be utilised to generate growth. He added that the Congress of South African Trade Unions (Cosatu), the labour ally of the governing African National Congress (ANC), supported the policy. He also noted that around the world pension funds were used for 'developmental purposes, and infrastructure'.

The President is correct in that assertion, but the resources extracted through prescribed assets in South Africa today are unlikely to be used for infrastructure development which will see a return for investors. It is far more likely that such income will be used to prop up failing state-owned enterprises such as Eskom, or to plug government funding gaps (at a time when government spending is reaching unsustainable levels).

Any policy of prescribed assets is likely to leave South African pension fund holders poorer – they will retire with a smaller pot of money or have to work longer than they had planned to if they wish to have enough to retire on.

The IRR will continue to put pressure on pension fund managers to detail what they will be doing to protect the property of their clients. Over the next few weeks, the IRR will be visiting various fund managers to determine whether or not they will be handing over their clients' property and, if not, how they plan to protect it.

Ends