



Transport Pension Fund: SAA sub-fund

Actuarial valuation as at 31 March 2019

Prepared by Alexander Forbes Financial Services

August 2019

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EXECUTIVE SUMMARY

Present value of liabilities

1. The present value of the actuarial liabilities of the fund as at the current and previous valuation dates were as follows:

| | 31 March 2018 (R'million) | | 31 March 2019 (R'million) | |
|-----------------------------|------------------------------|--------------|------------------------------|--------------|
| Active members | | 354 | | 331 |
| - Past service liability | 329 | | 292 | |
| - Pension increase reserve* | <u>25</u> | | <u>39</u> | |
| Pensioners | | 1 037 | | 1 063 |
| - Pensioners | 969 | | 941 | |
| - Pension increase reserve* | <u>68</u> | | <u>122</u> | |
| Contingency reserves | | 107 | | 100 |
| - Solvency reserve | | | | |
| - Actives | 20 | | 17 | |
| - Pensioners | 67 | | 70 | |
| - Contribution reserve | <u>20</u> | | <u>13</u> | |
| Total Liabilities | | 1 498 | | 1 494 |

* Reserve allowing for the potential impact on the financial position of granting pension increases in line with the pension increase policy of the SAA sub-fund, where the change would target a post retirement discount rate of 5.5%.

Summary of results

2. Comparing the value of the fund's assets with the total past service liabilities shows the following results:

| | 31 March 2018 (R'million) | 31 March 2019 (R'million) |
|--|------------------------------|------------------------------|
| Market value of assets | 2 037 | 1 949 |
| Value of accrued liabilities | 1 298 | 1 233 |
| Surplus/(Deficit) before contingency reserves | 739 | 716 |
| Contribution reserve | 20 | 13 |
| Pension increase reserve | 93 | 161 |
| Solvency reserve | 87 | 87 |
| Surplus/(Deficit) | 539 | 455 |
| Funding level | 136.0% | 130.5% |

Conclusion

3. I confirm that, based on the information available, the fund was in a sound financial condition as at the valuation date, i.e. the assets of the Transport Pension Fund: SAA sub-fund exceeded the fund's actuarial liabilities and recommended contingency reserves as at the valuation date.

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1. INTRODUCTION

I am pleased to present to the trustees of the Transport Pension Fund: SAA sub-fund (*"the fund"*) this actuarial valuation as at 31 March 2019 (*"the valuation date"*). This report sets out the results of the actuarial valuation of the fund as at the valuation date and includes an analysis of the financial progress of the fund since 31 March 2018 (*"the previous valuation date"*). The period between the previous valuation date and the current valuation date is referred to hereinafter as the valuation period.

Registration and operation

- 1.1 The Transnet Pension Fund is a defined benefit pension fund established in terms of the Transnet Pension Fund Act 62 of 1990 (the "Act"). The fund has been closed to new members since 1 December 2000. The Transnet Pension Fund Amendment Act, promulgated in the second half of 2007, changed the name of the fund with effect from 11 November 2005 to the Transport Pension Fund.
- 1.2 The Transnet Pension Fund Amendment Act restructured the Transport Pension Fund into a multi-employer pension fund. From the date this Act came into effect, all existing members, pensioners, dependent pensioners, liabilities, assets, rights and obligations of the Transport Pension Fund are attributable to a sub-fund, with Transnet as the principal employer.
- 1.3 The amended rules of the fund established a sub-fund in the name of South African Airways (Pty) Ltd ("SAA") from 1 April 2006. A further sub-fund in the name of the Passenger Rail Agency of South Africa ("PRASA") was established with effect from 1 May 2006. The third sub-fund currently in existence is the Transnet sub-fund ("Transnet").

Objectives

- 1.4 This actuarial valuation has been carried out as at the valuation date with the following objectives:
 - to assess the **financial soundness** of the fund, by comparing the value of liabilities accrued to the valuation date with the value of the assets held as at that date;
 - to investigate and report on **actual experience of the fund** since the previous valuation;
 - to review the **assumptions used** in light of actual experience and industry developments;
 - to assess the necessity for, and quantum of, any **contingency reserves**;
 - to assess the **suitability of the assets** in relation to the liabilities of the fund; and
 - to meet **statutory requirements**.

Valuation data

- 1.5 In compiling this report, I have relied upon the accuracy and completeness of information made available to me by the administrators, Momentum Retirement Administrators, and external parties. Except where expressly stated in the report, I have not independently verified the accuracy of the facts or the basis of the information supplied to me.
- 1.6 The results of the valuation depend on the accuracy of:
 - the membership data;
 - the information on the assets, as supplied by the relevant sources; and
 - the draft audited financial statements for the valuation period.

- 1.7 Reasonability checks have been performed on the above and I am satisfied with the general accuracy and completeness of the data provided and with its suitability for purposes of this actuarial valuation. Further information regarding the reasonability checks performed is set out in section 3.

Capacity, brief and professional guidance

- 1.8 This report has been prepared by Alexander Forbes Financial Services (Pty) Ltd ("*Alexander Forbes*") solely for the benefit of trustees of the Transport Pension Fund and the Minister of Public Enterprises, and is prepared in accordance with the instructions given by the trustees of the fund. The trustees are charged by the Transnet Pension Fund Act 62 of 1990 ("the Act") to investigate the financial condition of the fund and report thereon to the Minister of Public Enterprises.
- 1.9 In terms of General Rule 3.14.3 of the fund, the fund shall be valued by the Actuary at intervals not exceeding three years, to determine whether the fund is in a position to pay the benefits provided for in the Rules. The current practice is to perform annual actuarial valuations of the fund. The trustees appointed Alexander Forbes Financial Services to perform this valuation.
- 1.10 The previous valuation of the fund was carried out as at the previous valuation date by Alexander Forbes Financial Services and, at that date, the fund was in a sound financial position.
- 1.11 Throughout this report any values that have been determined are, except where otherwise stated, in accordance with our view of the most probable future experience. Our specific assumptions and other reliances and limitations are documented in the following sections and supporting appendices. These sections and appendices are an integral part of this report.
- 1.12 This report complies with the relevant Guidance Notes of the UK Actuarial Profession and the relevant Professional Guidance Notes of the Actuarial Society of South Africa.
- 1.13 Alexander Forbes does not accept any liability to any persons, other than the trustees, in connection with this report or its related enquiries. I accept no liability in respect of any matter outside the scope and limitations of this report and purpose for which it is prepared.
- 1.14 This report may not be disclosed and / or relied upon in whole or in part to / by any person other than the trustees or quoted in any other context without prior written consent. Any person, other than the trustees to whom this report is addressed, who receives a draft or copy of this report (or any part of it) or discusses it (or any part of it) or any related matter with me or any third party, does so on the basis that they acknowledge the source of this report and accept that they may not rely on it for any purpose whatsoever and that I owe a duty of care only to the trustees. Any portion of this report, if reproduced or transmitted, must include a reference to the full report and to this clause.
- 1.15 This report has been prepared as at the valuation date and covers the valuation period given above. Unless specifically stated to the contrary, it does not take into account any events subsequent to the valuation date.

2. DEVELOPMENTS SINCE THE PREVIOUS VALUATION DATE

Pension increases

- 2.1 The rules of the fund allow for pension increases above the 2% minimum to be paid, subject to affordability as determined in accordance with the Pension Increase Policy, and the approval of the employer.
- 2.2 In addition to the 2% granted to each pensioner in terms of the rules of the fund, an additional 1.05% increase was granted during the valuation period.

Bonus pensions

- 2.3 The rules of the fund allow for bonus pensions to be paid, subject to an assessment of affordability by the fund and its actuaries, and the approval of the employer.
- 2.4 Bonus payments equal to 8.33% of annual pensions (i.e. a 13th cheque) were granted to all pensioners of the fund in December 2018.

Rule amendments

- 2.5 There were no rule amendments during the valuation period that could impact on the financial condition of the fund.

Administration and actuarial services

- 2.6 The fund was administered by Momentum Retirement Administrators during the valuation period.
- 2.7 Alexander Forbes are the appointed actuaries to the fund.

3. MEMBER DATA

- 3.1 The valuation of the fund at the valuation date was based on the membership detailed below. A complete data requirement specification for the fund was prepared by Alexander Forbes Financial Services and discussions were held with the administrators to assist in ensuring the data requirements were met.
- 3.2 Further statistics, including a reconciliation of the current membership with that present at the previous valuation, are provided in appendix 2 and appendix 3.
- 3.3 The following tables summarise the data:

| Active members | SAA sub-fund | | Total fund |
|---|---------------|---------------|---------------|
| | 31 March 2018 | 31 March 2019 | 31 March 2019 |
| Number of contributing members | 53 | 46 | 208 |
| Total annual pensionable salary (R'000) | 32 105 | 30 125 | 78 989 |
| Average annual pensionable salary (R) | 605 755 | 654 891 | 379 755 |
| Average age (salary weighted) | 55.7 | 56.9 | 56.4 |
| Average service (salary weighted) | 34.4 | 35.5 | 34.8 |

The number of contributing members is one member more than what is stated in the fund's financial statements. The difference is due to an additional member, confirmed by the administrator, included in our valuation.

| Pensioners | SAA sub-fund | | Total fund |
|--------------------------------|---------------|---------------|---------------|
| | 31 March 2018 | 31 March 2019 | 31 March 2019 |
| Number of pensioners | 300 | 297 | 5 376 |
| Total annual pension (R'000) | 103 980 | 109 224 | 423 348 |
| Average annual pension (R) | 346 600 | 367 758 | 78 748 |
| Average age (pension weighted) | 68.3 | 69.1 | 68.7 |

We were informed by the administrators that the wrong increases were awarded to the SAA pensioners. We have therefore adjusted the annual pensions for SAA pensioners in the valuation.

Data checks

- 3.4 The following paragraphs set out the data received for the valuation and the reasonability and other checks performed on this data.
- 3.5 Electronic data was supplied in respect of the following groups:
- Pensioners;
 - Active members; and
 - Exits.

- 3.6 The results of the valuation are dependent on the accuracy and completeness of the data supplied. Any significant changes to the data would result in potentially significant changes in the valuation results.

Checks performed

- 3.7 A reconciliation of the valuation data with the financial statements has been attempted and a number of reasonability tests to verify the correctness of the data have been performed.
- 3.8 For each of the above categories of membership checks have been done for missing dates of birth, dates of commencement of pension, gender and pension amounts. Checks have also been carried out to ensure that there are no duplicate records contained within a particular group and that no members appear in more than one group.
- 3.9 The following reasonability checks have been performed for active members:
- Date feasibility;
 - Dates are in logical order;
 - Ages are in reasonable ranges;
 - Annual pensionable salaries are in reasonable ranges;
 - Consistency of salary weighted age and service over the valuation period;
 - Annual pensionable salary increases are reasonable.
- 3.10 The following reasonability checks have been performed for pensioners:
- Date feasibility;
 - Dates are in logical order;
 - Ages are in reasonable ranges;
 - Period on pension is in reasonable range;
 - Annual pensions are in reasonable ranges;
 - Consistency of average age and pension weighted average age over the valuation period;
 - Annual pension increases are reasonable;
 - The annual pensions paid, as shown in the financial statements, seem in line with the average pension from the data.

Data supplied and data concerns

- 3.11 After performing the data checks described above, a number of queries were sent to Momentum Retirement Administrators where omissions or inconsistencies in the data were identified. The responses received from the administrators resulted in the records of some members and pensioners being either updated or deleted.
- 3.12 Given the checks performed on the data and the responses to the queries raised, the data on which the valuation has been based appears to be reasonable for the purposes of this valuation.

4. ASSETS

- 4.1 This section sets out the value placed upon the fund's assets. In order to ensure consistency with the actuarial value placed on the liabilities of the fund, which follow a market value basis approach as set out in the following section of this report, we have used the market value of assets as reported in the annual financial statements.

Investment strategy

- 4.2 The fund has a detailed investment strategy document and the trustees and fund's administrators undertake regular checks to ensure that the fund's asset composition complies with the investment guidelines set out in the investment strategy document.

Revenue statement

- 4.3 A consolidated revenue and expenditure account for the period 1 April 2018 to 31 March 2019 was provided based on draft financial statements.
- 4.4 A summary of the revenue and expenditure account for the total fund is as follows:

| | SAA sub-fund | | Total fund |
|---|--------------|------------------|------------------|
| | R'000 | R'000 | R'000 |
| Fund as at 1 April 2018 | | 2 037 459 | 9 310 771 |
| Revenue and appreciation | | 63 913 | 448 463 |
| Contributions received and accrued | 8 277 | | |
| Net investment income | 55 373 | | |
| Other income (Lumpsum & Annuities written back) | 263 | | |
| Expenditure | | (152 047) | (595 636) |
| Administration expenses | (1 139) | | |
| Benefit payments | (139 042) | | |
| Transfers out | (11 866) | | |
| Fund as at 31 March 2019 | | 1 949 325 | 9 163 598 |

Fund assets

- 4.5 The composition of the fund's assets at market value as reported in the annual financial statements produced by the fund's administrators is set out in the following table:

| | Market Value R'000 | Allocation % |
|--|-----------------------|-----------------|
| Foreign | | |
| Cash and deposits | 12 768 | 0.56 |
| Debt instruments | 937 | 0.04 |
| Foreign listed equities | 420 064 | 18.41 |
| Listed property shares | 379 | 0.02 |
| Collective investment scheme | 675 | 0.03 |
| Local | | |
| Cash and deposits | 178 814 | 7.84 |
| Debt instruments | 943 968 | 41.38 |
| Equities (listed, unlisted, private) | 463 686 | 20.32 |
| Listed property shares | 126 530 | 5.55 |
| Commodities | 2 080 | 0.09 |
| Private equity funds | 7 018 | 0.31 |
| Collective investment schemes | 124 479 | 5.45 |
| Total investments | 2 281 398 | 100.0 |
| Plus: Current assets | 36 871 | |
| Less: Current liabilities | (355 748) | |
| Less: Non-current liabilities | (4 000) | |
| Less: Actuarial reserves | (9 196) | |
| Total assets for valuation purposes | 1 949 325 | |

* A provision of R4 million has been included to cater for expected future payments in respect of class actions against the fund.

Valuation of assets

- 4.6 For purposes of this actuarial valuation, the assets have been taken into account at 100% of fair (or market) value and no investment margin has been set aside. Therefore the assets of the fund have been taken into account at R1 949 million as at the valuation date. This is consistent with asset valuation methodology applied to the valuation of the fund's liabilities.

Fund returns

- 4.7 The assets of the fund earned approximately 6.1% per annum during the valuation period, as provided by the fund's asset consultants. This investment return is net of investment management fees.
- 4.8 This return should be considered in the context of the 8.62% per annum assumed for active members and the effective 8.62% per annum assumed for pensioners in the previous actuarial valuation report.

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Appropriateness of assets

4.9 In May 2018 the trustees agreed to a revised asset strategy to better match the assets to the nature of the fund's liabilities. The new strategic asset allocations is as follows:

| | Allocation |
|-----------------------------|-------------------|
| | % |
| Local equities | 22.0 |
| Local cash and alternatives | 5.0 |
| Cash flow matching | 40.0 |
| Local property | 8.0 |
| Local credit | 3.0 |
| Global equities | 22.0 |
| | 100.0 |

4.10 I am satisfied with the appropriateness of the matching of the fund's assets and liabilities.

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5. VALUATION METHOD AND BASIS

The valuation has been conducted on the basis of the benefits and other provisions of the rules of the fund as at the valuation date.

Valuation method

- 5.1 The fund has been closed to new members since 1 December 2000. The actuarial valuations of the fund carried out since 31 March 2001 have therefore been carried out using a valuation method known as the Attained Age Method. This method allows for the fact that the fund will effectively age over time as the current membership increases in age.

Accrued liabilities

- 5.2 The accrued liability for active members is derived as the present value of their expected future benefit entitlements based on service up to the valuation date and projected salaries to the date of benefit entitlement, using specific actuarial assumptions for the future financial and demographic experience of the fund.
- 5.3 The accrued liability for pensioners is calculated as the present value of their expected future pension payments using specific actuarial assumptions for the future financial and demographic experience of the fund. Provision is made for the future pension increases of 2% per annum, as specified in the rules of the fund.

Future service contribution rate

- 5.4 Under the Attained Age Method, the present value of benefits that will accrue to active members in respect of all future service following the valuation date, is calculated and converted into a contribution rate by dividing this by the present value of projected salaries for all members over the same period. This gives the required future service contribution rate before allowing for any subsidy from the contribution reserve.
- 5.5 There is no future service contribution rate in respect of pensioners.

Contribution reserve

- 5.6 The Attained Age Method of funding calculates a future service contribution rate, which, if paid throughout a member's working lifetime, is expected to fund the member's final benefit at retirement. The true cost of benefit accrual is, however, an increasing function of age and therefore, under the Attained Age Method, more is paid into the fund in the initial years than is required to meet the value of the benefit accruing in those early years. The excess contributions in the initial years build up as a reserve, the contribution reserve.
- 5.7 In later years, this reserve is utilised when the Attained Age Method contribution rate is lower than the value of benefits accruing. This ensures a stable contribution rate, if all other valuation assumptions are met.
- 5.8 The recommended balance in the contribution reserve as at the valuation date is determined as the difference between the required contribution rate under the Attained Age Method and the actual contribution rate paid to the fund, multiplied by the present value of all expected future salaries.

Risk benefits

- 5.9 The death and ill-health benefits provided by the fund are currently self-insured within the fund and the valuation method and assumptions fully provide for the expected costs of these benefits.

Expenses

- 5.10 The employer pays the fund's administration expenses directly and no allowance for administration expenses has been made in the valuation.
- 5.11 Investment expenses and taxes are allowed for implicitly by assuming that they are offset against investment proceeds. The valuation interest rate used in this report is therefore assumed to be net of investment fees and taxes.

Assets

- 5.12 We have used the market value of assets for valuation purposes.

Principal actuarial assumptions

- 5.13 In setting the assumptions to be used for estimating the liabilities of the fund, current actuarial principles and the Alexander Forbes best practice "house view" have been followed.
- 5.14 Current practice is for these assumptions to be "best estimate" assumptions. Therefore, no deliberate margins for conservatism would be included in the assumptions; and the assumptions would generally be motivated by reference to the experience of the fund, statistical evidence and yields on government or corporate bonds.
- 5.15 In addition, the assumptions should be reasonable both independently and combined. The assumptions used to value the liabilities must be consistent with those used to value the assets.
- 5.16 The actuarial assumptions used in the valuation of the liabilities are detailed below:

Active members

Gross discount rate

- 5.17 The gross discount rate is determined with regard to the yield on 10 year Government bonds on the valuation date, reflecting the average duration of the liabilities. This implies a gross discount rate of 9.57%. The previous year's gross discount rate was set at 8.62%.
- 5.18 No provision for asset management fees has been made since the out performance over the benchmark produced by active asset management should exceed the asset management fee.

Inflation

- 5.19 A future inflation assumption has been estimated by subtracting the yield on 10 year inflation-linked bonds from a similar duration fixed coupon bond yield.
- 5.20 Expected inflation as at the valuation date is therefore set at 6.04% p.a. $(1.0957 / 1.0333 - 1)$, compared to 6.20% at the last valuation.

Salary increases

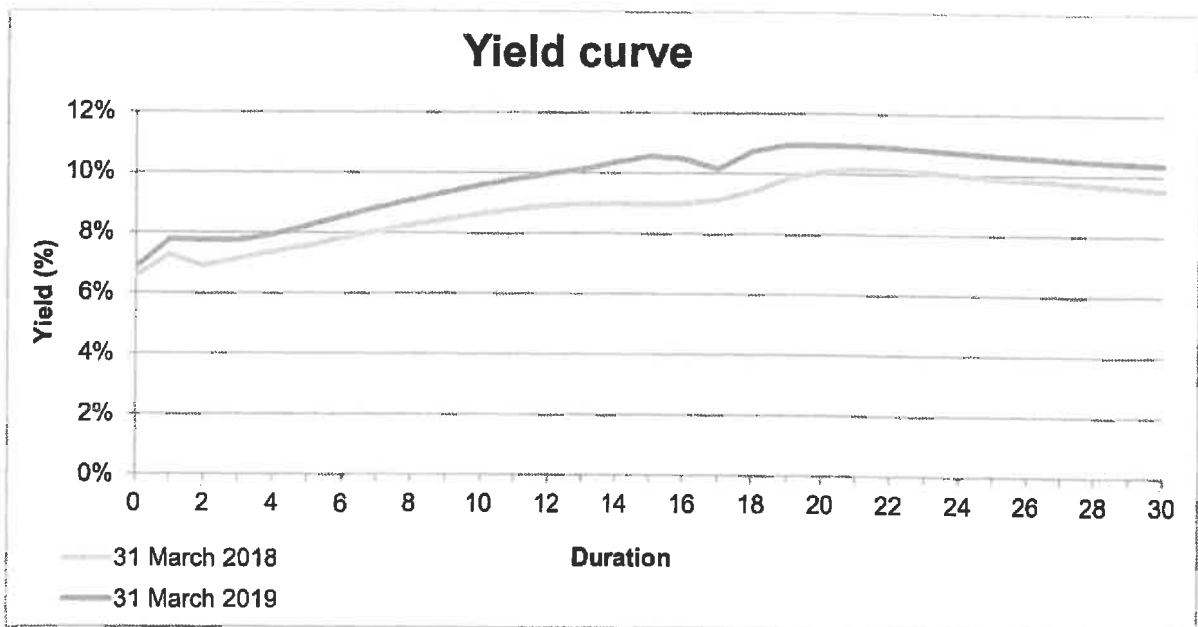
5.21 It is assumed that salaries will increase at an average rate of 1% in excess of inflation, due to general productivity improvements in the economy. We have therefore allowed for general salary increases at the rate of 7.04% p.a. (compared to 7.20% at the last valuation). In addition, in the absence of a fund-specific salary increase scale, there is an allowance for merit salary increments based on the Alexander Forbes Best Estimate salary increase scale. An extract from the scale is shown below, while the complete salary increase scale can be found in appendix 5.

| Age | Merit Increase |
|-----|----------------|
| 30 | 5.5% |
| 40 | 2.9% |
| 50 | 1.5% |
| 60 | 1.5% |
| 65 | 1.5% |

Pensioners

Yield curve

5.22 The gross discount rates are determined with regard to the all bond yield curve on the valuation date. I believe an appropriate matched investment strategy for the fund would reflect an asset profile of primarily bond investments. I have therefore used the yield curve as the discount rate, as implied by the efficient market hypothesis. The graph below compares the yields as at 31 March 2018 and 31 March 2019:



5.23 The expected future cashflows at each duration have been discounted using the yield implied by the yield curve at each specific duration.

5.24 The average discount rate which produces equivalent results is 9.44% p.a. compared to the single discount rate of 8.58% in the previous valuation.

- 5.25 No provision for asset management fees has been made, since the out-performance over the benchmark produced by active asset management should exceed the asset management fee.

Pension increases

- 5.26 Pensions in course of payment are increased by 2% per annum in terms of the rules of the fund and sub-funds. In addition, a reserve is held to allow for a change in the pension increase target. The allowance is to target an overall increase of 75% of CPI with affordability tested on a funding level using a post-retirement net discount rate of 5.5%.

Demographic assumptions

- 5.27 The demographic assumptions have been retained from the previous valuation, since at this point we do not have sufficient demographic history for the fund to warrant a change in these assumptions. We propose that a mortality investigation be undertaken at a future date so that we may verify the appropriateness of the demographic assumptions applied.
- 5.28 The fund specific Transnet Pre- and Post-retirement Mortality Tables have been adopted to represent the expected mortality of all members. The full mortality table is available in appendix 6, while an extract is shown below.

| Age | Pre Ret Mortality | | Ill Health | | Post Ret Mortality | |
|-----|-------------------|--------|------------|--------|--------------------|--------|
| | Male | Female | Male | Female | Male | Female |
| 35 | 0.23% | 0.23% | 0.32% | 0.09% | 1.42% | 0.48% |
| 40 | 0.28% | 0.28% | 0.58% | 0.17% | 1.66% | 0.58% |
| 45 | 0.37% | 0.37% | 0.88% | 0.44% | 1.90% | 0.69% |
| 50 | 0.52% | 0.52% | 1.60% | 1.02% | 2.14% | 0.82% |
| 55 | 0.74% | 0.74% | 2.60% | 1.78% | 2.38% | 0.97% |
| 60 | 1.05% | 1.05% | 3.60% | 2.64% | 2.62% | 1.23% |
| 65 | 1.49% | 1.49% | - | - | 2.86% | 1.72% |
| 70 | 2.07% | 2.07% | - | - | 4.20% | 2.59% |
| 75 | - | - | - | - | 6.39% | 4.18% |

Marriage assumption

- 5.29 It is assumed that 80% of members and pensioners are married. Also, it is assumed that a male is, on average, 4 years older than his spouse. This is in line with the Alexander Forbes Best Estimate assumption for marriage, used where fund-specific marriage statistics are not readily available.

Solvency reserve basis

- 5.30 I have determined the level of the solvency reserve using the discontinuance matched approach as set out in Circular PF 117, issued by the Financial Service Board. PF 117 states that the combination of the liabilities calculated on a best estimate basis, together with the solvency reserve, "will result in the reporting of actuarial surplus on a basis consistent with international practice".
- 5.31 Although this fund is not subject to the Pension Funds Act (PFA) and Financial Services Conduct Authority (FSCA) circulars, the circular is considered appropriate for this fund and is in line with general actuarial practice as applied by actuaries in South Africa.
- 5.32 The assumptions that differ from my best estimate valuation assumptions are:
- Gross discount rate (actives): 9.20% (this is again the yield on 10 year fixed interest gilts adjusted for the reasonable cost of implementing and maintaining an investment strategy of partially matching such assets to the liabilities of the fund, i.e. 0.375%).
 - Gross discount rates (pensioners): This is the yield curve, as discussed in section 5.22, but adjusted for the reasonable cost of maintaining an investment strategy of matching such assets to the liabilities of the fund (0.5% for unmatched), but taking into account the current matching and associated reduced risks (0.25% for matched).
 - Post-retirement mortality: The fund specific mortality tables were again rated down by 1 year to allow for possible future mortality improvements.

6. VALUATION RESULTS

- 6.1 In order to determine the level of solvency of the fund, it is necessary to compare the total assets of the fund with the total liabilities. The fund is solvent when the value of the assets exceeds the value of the liabilities, i.e. a funding level of 100% or greater. The funding level is the ratio of the value of the assets to the value of the liabilities of the fund at the valuation date.

Value of liabilities

- 6.2 The present value of the actuarial liabilities of the fund in respect of members as at the valuation date is as follows:

| | SAA sub-fund | | Total fund |
|---------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2018 (R'million) | 31 March 2019 (R'million) | 31 March 2019 (R'million) |
| Active members | 329 | 292 | 669 |
| Pensioners | 969 | 941 | 3 622 |
| Contribution reserve | 20 | 13 | 23 |
| Solvency reserve | | | |
| - Actives | 20 | 17 | 37 |
| - Pensioners | 67 | 70 | 221 |
| Pension increase reserve* | 93 | 161 | 244 |
| Total liabilities | 1 498 | 1 494 | 4 816 |

* Reserve allowing for the potential impact on the financial position of granting pension increases in line with the pension increase policies of the SAA and PRASA sub-funds.

Value of assets

- 6.3 For valuation purposes, the value of the assets is R1 949 million.

Contribution reserve

- 6.4 The contribution reserve as at the valuation date is determined as the difference between the required contribution rate under the Attained Age Method and the actual contribution rate paid to the fund, multiplied by the present value of all expected future salaries. The value of the contribution reserve as at the valuation date is R13 million.

Value of solvency reserve

- 6.5 I recommend the trustees maintain a solvency reserve to afford protection against investment and mortality risk. This reserve is calculated as the difference between the fund's liabilities on the valuation basis and the liabilities on the solvency basis.
- 6.6 The total recommended solvency reserve as at the valuation date amounts to R87 million.

Pension increase reserve

- 6.7 The pension increase policy targets pension increases which would result in a post-retirement net discount rate of 5.5%.
- 6.8 Should these pension increases be granted in future, the value of liabilities may increase significantly. I, therefore, recommend a reserve be held equal to the increase in liabilities of R161 million.

Funding level

- 6.9 Comparing the value of the assets with the past service liabilities produces the following results:

| | SAA sub-fund | | Total fund |
|--|------------------------------|------------------------------|------------------------------|
| | 31 March 2018 (R'million) | 31 March 2019 (R'million) | 31 March 2019 (R'million) |
| Market value of assets | 2 037 | 1 949 | 9 163 |
| Value of accrued liabilities | 1 298 | 1 233 | 4 291 |
| Surplus/(Deficit) before contingency reserves | 739 | 716 | 4 872 |
| Contribution reserve | 20 | 13 | 23 |
| Pension increase reserve* | 93 | 161 | 244 |
| Solvency reserve | 87 | 87 | 258 |
| Surplus/(Deficit) | 539 | 455 | 4 347 |
| Funding level | 136.0% | 130.5% | 190.3% |

* Reserve allowing for the potential impact on the financial position of granting pension increases in line with the pension increase policies of the SAA and PRASA sub-funds.

- 6.10 The fund's assets exceed its accrued liabilities. As at the valuation date I am able to confirm that the fund is financially sound.

Required future contribution rate

- 6.11 The required future contribution rate to meet the costs of benefits accruing after the valuation date, per category of membership in the SAA sub-fund, is as follows:

| | % of Pensionable Salaries | | |
|-------------------------------------|---------------------------|-----------------|----------------|
| | SAA sub-fund | | |
| | All members | Flight Deck | Other |
| Current contributions | | | |
| - Members | 8.856% | 11.000% | 7.500% |
| - Employer | <u>11.025%</u> | <u>11.025%</u> | <u>11.025%</u> |
| | 19.881% | 22.025% | 18.525% |
| Required contribution rate | | | |
| - Future service (based on Rules) | 25.853% | 31.935% | 22.004% |
| - Addition for benefit improvements | 3.511% | 4.023% | 3.187% |
| - Contribution reserve subsidy | <u>-9.483%</u> | <u>-13.933%</u> | <u>-6.667%</u> |
| | 19.881% | 22.025% | 18.525% |

- 6.12 For comparison, the required future contribution rate to meet the costs of benefits accruing after the valuation date, per category of membership in the Transport Pension Fund, is as follows:

| | % of Pensionable Salaries | | | |
|-------------------------------------|---------------------------|----------------|-----------------|----------------|
| | Transport Pension Fund | | | |
| | All members | Footplate | Flight Deck | Other |
| Current contributions | | | | |
| - Members* | 8.007% | 8.500% | 11.000% | 7.500% |
| - Employer | <u>11.025%</u> | <u>11.025%</u> | <u>11.025%</u> | <u>11.025%</u> |
| | 19.032% | 19.525% | 22.025% | 18.525% |
| Required contribution rate | | | | |
| - Future service (based on Rules) | 23.566% | 27.458% | 31.935% | 22.057% |
| - Addition for benefit improvements | 1.402% | 0.547% | 4.023% | 1.006% |
| - Contribution reserve subsidy | <u>-5.937%</u> | <u>-8.480%</u> | <u>-13.933%</u> | <u>-4.538%</u> |
| | 19.032% | 19.525% | 22.025% | 18.525% |

* Average contribution of all members of the Transport Pension Fund

Comment in terms of APN 205

- 6.13 Whilst the value of the liabilities is based on best estimate assumptions, where relevant, and the solvency and other contingency reserves established by the trustees on my advice allow for some fluctuations in asset values and / or unexpected changes in liabilities, there is no guarantee that these reserves will prove sufficient in practice. Conversely, it is possible that the reserves may prove to be more than sufficient.
- 6.14 If the reserves prove to be insufficient, management action will be required to rectify the position. The uncertainty of the adequacy or otherwise of the reserves held is unavoidable and the actual outcome can only be determined when the fund ceases to have any further liabilities.

7. SUMMARY AND RECOMMENDATIONS

- 7.1 The market value of assets as at the valuation date is R1 949 million compared to the accrued liabilities of R1 233 million.
- 7.2 The actuarial valuation of the Transport Pension Fund: SAA sub-fund revealed a surplus of R455 million after allowing for a contribution reserve of R13 million, a pension increase reserve of R161 million and a solvency reserve of R87 million, with a funding level of 130.5% as at the valuation date.
- 7.3 The fund's assets exceed its accrued liabilities. As at the valuation date I am able to confirm that the fund is financially sound.
- 7.4 I am satisfied with the appropriateness of the matching of the fund's assets and liabilities (see section 4.10).



A R Pienaar

Fellow of the Actuarial Society of South Africa
and the Fellow of the Institute of Actuaries
in my capacity as the valuator of the fund
and as an employee of
Alexander Forbes Financial Services (Pty) Ltd

For the purposes of professional regulation the primary professional regulator of the signatories to this report is the Actuarial Society of South Africa.

August 2019

APPENDIX 1: SUMMARY OF BENEFITS AND CONTRIBUTIONS

A summary of the main benefits is given below. Full details are contained in the registered rules of the fund.

The Rules provide for special benefits on specific contingencies for particular categories of members. These have not been summarised here. Only the generic benefits have been shown.

Contributions

Member Contributions

Members contribute a percentage of their pensionable salary to the fund, depending on their membership category, as set out below:

| Membership Category | % of Pensionable Salaries |
|-----------------------|--|
| Flight Deck Personnel | 11.0% up to age 53 years, reducing by 0.2% per year to 10.4% at age 56, then 10% from age 57 onwards |
| Other Personnel | 7.5% |

Employer Contributions

The employer currently contributes to the fund at a rate of 11.025% of pensionable salaries in respect of all members. In addition, the employer covers the administration expenses of the fund.

Definitions

Average Pensionable Salary

This is the average pensionable salary of the member in the last year of pensionable service.

Retirement Dates

For the different categories of membership, the minimum and normal retirement dates are the month in which the following age is attained:

| Membership Category | Retirement Age (years) | |
|-----------------------|------------------------|--------|
| | Minimum | Normal |
| Flight Deck Personnel | 50 | 63 |
| Other Personnel | 60 | 63 |

Pensionable Service

This is the completed service in years, months and days since joining the fund, during which contributions were received. Pensionable service includes any periods of linking, antedated and casual service for which contributions were made, as defined in the rules of the fund, as well as any unpaid leave for which the member elected to contribute.

Accrual Factor

For the different categories of membership, the Accrual Factor is determined as follows as at the minimum and normal retirement dates:

| Membership Category | Retirement Age (years) | |
|-----------------------|------------------------|--------------------|
| | Minimum | Normal |
| Flight Deck Personnel | 1/50 th | 1/41 st |
| Other Personnel | 1/60 th | 1/54 th |

Gratuity Factor

For the different categories of membership, the Gratuity Factor is determined as follows (irrespective of the date of retirement):

| Membership Category | Gratuity factor |
|-----------------------|-----------------|
| Flight Deck Personnel | 14.50 |
| Other Personnel | 12.00 |

Retirement Benefits

A member is entitled to the following benefits on attaining the minimum retirement age:

- An annual pension equal to:
 $Average\ Pensionable\ Salary \times Pensionable\ Service \times Accrual\ Factor \quad (1)$
 Plus
- A gratuity equal to:
 $1/3^{rd} \times (1) \times Gratuity\ Factor$

The rules do not permit late retirement after the attainment of the age limit.

Ill-health Retirement

A member who retires due to ill-health is entitled to their actuarial value.

Death In Service Benefits

On the death of an active member, the following benefits are payable:

- an annual dependants' pension equal to 70% of the annual pension that the member would have been entitled to had they retired at the date of death, but with Pensionable Service increased by the period from the date of death until the normal retirement date; plus
- the gratuity that the member would have been entitled to had they retired at the date of death but with Pensionable Service subject to a minimum of 10 years.

Where the member dies before reaching the minimum retirement date, the Accrual Factor as at the minimum retirement date applies for the above calculations.

- If the member has no dependants, the benefit on voluntary resignation is paid to the nominees or estate.

Death In Retirement

On the death of a pensioner, a dependants' pension equal to 70% of the deceased pensioner's pension at the date of death is payable.

Where the pensioner dies before attaining the normal retirement date, the dependants' pension is increased by the following ratio:

(Pensionable Service plus the period from the date of death to the normal retirement date)

Divided by

(Pensionable Service)

Pension Increases

The fund's rules provide for a guaranteed pension increase of 2% per annum which is implemented on the commencement anniversary of the pension.

The fund makes allowance for discretionary pension increases in addition to the guaranteed 2% per annum. The pension increase policy of the SAA sub-fund targets pension increases that can be afforded based on investment returns over and above a post-retirement net discount rate of 5.5%. For the sake of actuarial prudence this has been included as part of the fund's contingency reserves.

Resignation Benefits

On resignation, the fund grants members their actuarial value.

APPENDIX 2: MEMBER RECONCILIATION**Active members**

| | SAA sub-fund | | Total fund | |
|-----------------------------|--------------|------------|------------|-------------|
| Active 31 March 2018 | 53 | | 244 | |
| Adjustment | 1 | | 8 | |
| Revised | | 54 | | 252 |
| Exits | | (8) | | (44) |
| - Death | (1) | | (4) | |
| - Ill-health | - | | (1) | |
| - Withdrawals | (1) | | (3) | |
| - Retirement | (4) | | (30) | |
| - Transfers out | (2) | | (6) | |
| Active 31 March 2019 | | 46 | | 208 |

Pensioners**TOTAL**

| | SAA sub-fund | | Total fund | |
|---------------------------------|--------------|------------|--------------|--------------|
| Pensioners 31 March 2017 | 300 | | 5 506 | |
| Adjustment | = | | = | |
| Revised | | 300 | | 5 506 |
| New pensioners | | 6 | | 126 |
| Exits | | (9) | | (256) |
| Pensioners 31 March 2018 | | 297 | | 5 376 |

FORMER ACTIVE MEMBERS

| | SAA sub-fund | | Total fund | |
|---------------------------------|--------------|------------|--------------|--------------|
| Pensioners 31 March 2017 | 246 | | 2 955 | |
| Adjustment | = | | = | |
| Revised | | 246 | | 2 955 |
| New pensioners | | 3 | | 28 |
| Exits | | (6) | | (136) |
| Pensioners 31 March 2018 | | 243 | | 2 847 |

Dependants

SPOUSES

| | SAA sub-fund | | Total fund | |
|---------------------------------|--------------|-----------|--------------|--------------|
| Pensioners 31 March 2017 | 46 | | 2 354 | |
| Adjustment | = | | = | |
| Revised | | 46 | | 2 354 |
| New pensioners | | 3 | | 97 |
| Exits | | (1) | | (55) |
| Pensioners 31 March 2018 | | 48 | | 2 396 |

CHILDREN

| | SAA sub-fund | | Total fund | |
|---------------------------------|--------------|----------|------------|------------|
| Pensioners 31 March 2017 | 8 | | 197 | |
| Adjustment | = | | = | |
| Revised | | 8 | | 197 |
| New pensioners | | - | | 1 |
| Exits | | (2) | | (65) |
| Pensioners 31 March 2018 | | 6 | | 133 |

APPENDIX 3: INDIVIDUAL MEMBERSHIP INFORMATION**Active members****MALES**

| Age Band | Number | Totals | | Average per member | | |
|--------------|-----------|-------------------|-----------------------|--------------------|-----------------------|--------------|
| | | Salary (R) | Accrued Liability (R) | Salary (R) | Accrued Liability (R) | Service |
| 0 - 24 | - | - | - | - | - | - |
| 25 - 29 | - | - | - | - | - | - |
| 30 - 34 | - | - | - | - | - | - |
| 35 - 39 | - | - | - | - | - | - |
| 40 - 44 | 2 | 563 456 | 2 087 989 | 281 728 | 1 043 995 | 20.08 |
| 45 - 49 | 3 | 1 041 320 | 4 477 829 | 347 107 | 1 492 610 | 22.69 |
| 50 - 54 | 8 | 5 575 101 | 39 269 074 | 696 888 | 4 908 634 | 24.56 |
| 55 - 59 | 9 | 8 320 234 | 83 980 895 | 924 470 | 9 331 211 | 35.98 |
| 60+ | 13 | 11 227 216 | 143 154 547 | 863 632 | 11 011 888 | 42.96 |
| Total | 35 | 26 727 327 | 272 970 334 | 763 638 | 7 799 152 | 33.91 |

FEMALES

| Age Band | Number | Totals | | Average per member | | |
|--------------|-----------|------------------|-----------------------|--------------------|-----------------------|--------------|
| | | Salary (R) | Accrued Liability (R) | Salary (R) | Accrued Liability (R) | Service |
| 0 - 24 | - | - | - | - | - | - |
| 25 - 29 | - | - | - | - | - | - |
| 30 - 34 | - | - | - | - | - | - |
| 35 - 39 | 1 | 232 863 | 832 672 | 232 863 | 832 672 | 18.92 |
| 40 - 44 | 1 | 232 863 | 824 280 | 232 863 | 824 280 | 18.92 |
| 45 - 49 | 3 | 1 006 953 | 4 985 291 | 335 651 | 1 661 764 | 24.69 |
| 50 - 54 | 3 | 774 996 | 4 193 941 | 258 332 | 1 397 980 | 25.78 |
| 55 - 59 | 3 | 1 150 403 | 8 639 480 | 383 468 | 2 879 827 | 33.44 |
| 60+ | - | - | - | - | - | - |
| Total | 11 | 3 398 078 | 19 475 664 | 308 916 | 1 770 515 | 26.33 |

Pensioners**FORMER ACTIVE MEMBERS**

| Age Band | Number | Males | | Number | Females | |
|--------------|------------|--------------------------|----------------------------|-----------|--------------------------|----------------------------|
| | | Total Annual Pension (R) | Average Annual Pension (R) | | Total Annual Pension (R) | Average Annual Pension (R) |
| 0 - 54 | 3 | 166 320 | 55 440 | 1 | 30 636 | 30 636 |
| 55 - 59 | 1 | 66 744 | 66 744 | 2 | 73 344 | 36 672 |
| 60 - 64 | 30 | 13 269 156 | 442 305 | 4 | 239 532 | 59 883 |
| 65 - 69 | 80 | 35 306 784 | 441 335 | 8 | 1 106 784 | 138 348 |
| 70 - 74 | 87 | 46 608 672 | 535 732 | 6 | 1 385 112 | 230 852 |
| 75 - 79 | 19 | 3 582 312 | 188 543 | 1 | 157 584 | 157 584 |
| 80 - 84 | 1 | 118 632 | 118 632 | - | - | - |
| 85+ | - | - | - | - | - | - |
| Total | 221 | 99 118 620 | 448 501 | 22 | 2 992 992 | 136 045 |

Dependants**SPOUSES**

| Age Band | Number | Males | | Number | Females | |
|--------------|----------|--------------------------|----------------------------|-----------|--------------------------|----------------------------|
| | | Total Annual Pension (R) | Average Annual Pension (R) | | Total Annual Pension (R) | Average Annual Pension (R) |
| 0 - 54 | - | - | - | 13 | 1 090 992 | 83 922 |
| 55 - 59 | 2 | 147 192 | 73 596 | 8 | 1 261 524 | 157 691 |
| 60 - 64 | - | - | - | 9 | 1 488 996 | 165 444 |
| 65 - 69 | - | - | - | 11 | 2 404 596 | 218 600 |
| 70 - 74 | - | - | - | 4 | 572 928 | 143 232 |
| 75 - 79 | - | - | - | 1 | 20 220 | 20 220 |
| 80 - 84 | - | - | - | - | - | - |
| 85+ | - | - | - | - | - | - |
| Total | 2 | 147 192 | 73 596 | 46 | 6 839 256 | 148 679 |

MLK

AJL

CHILDREN

| Age Band | Number | Males | | Number | Females | |
|--------------|----------|--------------------------|----------------------------|----------|--------------------------|----------------------------|
| | | Total Annual Pension (R) | Average Annual Pension (R) | | Total Annual Pension (R) | Average Annual Pension (R) |
| 0 - 4 | - | - | - | - | - | - |
| 5 - 9 | - | - | - | - | - | - |
| 10 - 14 | 1 | 60 144 | 60 144 | - | - | - |
| 15 - 19 | 1 | 9 360 | 9 360 | 3 | 27 504 | 9 168 |
| 20+ | 1 | 23 136 | 23 136 | - | - | - |
| Total | 3 | 92 640 | 30 880 | 3 | 27 504 | 9 168 |

APPENDIX 4: ANALYSIS OF CHANGE IN FINANCIAL POSITION

The valuation at 31 March 2019 disclosed a surplus in assets of approximately R455 million after taking into account the recommended reserves. The previous valuation at 31 March 2018 showed a surplus of some R539 million on the market value of assets.

The factors that led to a change of approximately R84 million have been analysed according to source and the results of this analysis are given in the table that follows:

| Item | R'million |
|--|------------|
| Valuation Surplus/(Deficit) as at 31 March 2018 | 539 |
| Interest on valuation surplus/(deficit) | 46 |
| Investment return | (114) |
| Salary/Earnings experience | (9) |
| Pension increases | (32) |
| Expense deficit | (1) |
| Ad hoc bonuses | (9) |
| Change in actuarial reserve | 1 |
| Change of basis | 16 |
| Other income | - |
| Miscellaneous | 18 |
| Valuation Surplus/(Deficit) as at 31 March 2019 | 455 |

The individual items are discussed in the following paragraphs.

Interest on valuation surplus/(deficit)

Interest at the previous period's assumed valuation rate on the previous surplus produced a profit of R46 million over the inter-valuation period.

Investment return

The internal rate of return achieved within the fund (approximately 6.1%) was lower than that anticipated on the previous valuation basis of 8.62% for active members and an effective 8.62% for pensioners. This resulted in an investment strain of R114 million over the inter-valuation period.

Salary/Earnings experience

The increase in salaries over the year (approximately 10.69%) was higher than that anticipated on the previous valuation basis of 7.20% and an allowance for merit increases. This resulted in a salary strain of R9 million over the inter-valuation period.

Pension increases

The increase in pensions over the year (of 5.21%) was higher than that anticipated on the previous valuation basis of 2%. This resulted in a pension strain of R32 million over the inter-valuation period.

Expense deficit

Over the valuation period expenses were incurred which related to actuarial fees, audit fees and trading and consulting fees, as per the financial statements of the fund. All other expenses were met by the employer. This resulted in an expense strain of R1 million.

Ad hoc bonuses

During the inter-valuation period ad hoc bonus pensions were paid to pensioners of the fund. This resulted in a strain of R9 million.

Change in actuarial reserve

The change in the actuarial reserve was higher than that assumed on the previous valuation basis of 8.62%. This resulted in a profit of R1 million.

Change of basis

In the previous valuation a discount rate of 8.62% was assumed for active members, with annual salary increases based on a general percentage increase of 7.20% per annum and a merit scale. For pensioners the yield curve was used to discount future cashflows. These assumptions have since been updated. A discount rate of 9.57% is now assumed for active members, while annual salary increases are based on a general percentage increase of 7.04% and a merit scale. For pensioners, the yield curve has been updated. This change in basis, along with the subsequent change in solvency reserves, has resulted in a profit of R16 million.

Other income

A tax credit related to the class action against the fund was realised during the valuation period relating to the previous period. This resulted in a profit/strain of nil over the inter-valuation period.

Miscellaneous

There was a miscellaneous profit of R18 million arising from various sources, none of which are individually significant.

APPENDIX 5: SALARY INCREASE SCALE

| Age | Merit Increase | Age | Merit Increase |
|------------|-----------------------|------------|-----------------------|
| 35 | 3.90% | 51 | 1.50% |
| 36 | 3.70% | 52 | 1.50% |
| 37 | 3.50% | 53 | 1.50% |
| 38 | 3.30% | 54 | 1.50% |
| 39 | 3.10% | 55 | 1.50% |
| 40 | 2.90% | 56 | 1.50% |
| 41 | 2.70% | 57 | 1.50% |
| 42 | 2.50% | 58 | 1.50% |
| 43 | 2.30% | 59 | 1.50% |
| 44 | 2.10% | 60 | 1.50% |
| 45 | 1.90% | 61 | 1.50% |
| 46 | 1.70% | 62 | 1.50% |
| 47 | 1.50% | 63 | 1.50% |
| 48 | 1.50% | 64 | 1.50% |
| 49 | 1.50% | 65 | 1.50% |
| 50 | 1.50% | | |

APPENDIX 6: DEMOGRAPHIC ASSUMPTIONS

| Age | Pre Ret Mortality | | Ill Health | | Post Ret Mortality | |
|-----|-------------------|--------|------------|--------|--------------------|--------|
| | Male | Female | Male | Female | Male | Female |
| 35 | 0.23% | 0.23% | 0.32% | 0.09% | 1.42% | 0.48% |
| 36 | 0.23% | 0.23% | 0.36% | 0.11% | 1.46% | 0.50% |
| 37 | 0.24% | 0.24% | 0.40% | 0.12% | 1.51% | 0.52% |
| 38 | 0.26% | 0.26% | 0.46% | 0.14% | 1.56% | 0.54% |
| 39 | 0.27% | 0.27% | 0.52% | 0.15% | 1.61% | 0.56% |
| 40 | 0.28% | 0.28% | 0.58% | 0.17% | 1.66% | 0.58% |
| 41 | 0.29% | 0.29% | 0.64% | 0.18% | 1.71% | 0.60% |
| 42 | 0.31% | 0.31% | 0.70% | 0.20% | 1.75% | 0.63% |
| 43 | 0.33% | 0.33% | 0.76% | 0.28% | 1.80% | 0.65% |
| 44 | 0.35% | 0.35% | 0.82% | 0.36% | 1.85% | 0.67% |
| 45 | 0.37% | 0.37% | 0.88% | 0.44% | 1.90% | 0.69% |
| 46 | 0.39% | 0.39% | 0.94% | 0.52% | 1.95% | 0.72% |
| 47 | 0.42% | 0.42% | 1.00% | 0.60% | 1.99% | 0.74% |
| 48 | 0.45% | 0.45% | 1.20% | 0.74% | 2.04% | 0.77% |
| 49 | 0.48% | 0.48% | 1.40% | 0.88% | 2.09% | 0.79% |
| 50 | 0.52% | 0.52% | 1.60% | 1.02% | 2.14% | 0.82% |
| 51 | 0.56% | 0.56% | 1.80% | 1.16% | 2.19% | 0.85% |
| 52 | 0.60% | 0.60% | 2.00% | 1.30% | 2.24% | 0.87% |
| 53 | 0.64% | 0.64% | 2.20% | 1.46% | 2.28% | 0.90% |
| 54 | 0.69% | 0.69% | 2.40% | 1.62% | 2.33% | 0.93% |
| 55 | 0.74% | 0.74% | 2.60% | 1.78% | 2.38% | 0.97% |
| 56 | 0.79% | 0.79% | 2.80% | 1.94% | 2.43% | 1.02% |
| 57 | 0.85% | 0.85% | 3.00% | 2.10% | 2.48% | 1.06% |
| 58 | 0.91% | 0.91% | 3.20% | 2.28% | 2.52% | 1.11% |
| 59 | 0.98% | 0.98% | 3.40% | 2.46% | 2.57% | 1.15% |
| 60 | 1.05% | 1.05% | 3.60% | 2.64% | 2.62% | 1.23% |
| 61 | 1.13% | 1.13% | 3.80% | 2.82% | 2.67% | 1.32% |
| 62 | 1.21% | 1.21% | 4.00% | 3.00% | 2.72% | 1.40% |
| 63 | 1.30% | 1.30% | 4.20% | 3.18% | 2.77% | 1.49% |
| 64 | 1.39% | 1.39% | 4.40% | 3.36% | 2.81% | 1.57% |
| 65 | 1.49% | 1.49% | - | - | 2.86% | 1.72% |
| 66 | 1.60% | 1.60% | - | - | 3.10% | 1.87% |
| 67 | 1.71% | 1.71% | - | - | 3.35% | 2.02% |
| 68 | 1.83% | 1.83% | - | - | 3.59% | 2.17% |
| 69 | 1.95% | 1.95% | - | - | 3.83% | 2.32% |
| 70 | 2.07% | 2.07% | - | - | 4.20% | 2.59% |

| | | | | | | |
|----|---|---|---|---|-------|-------|
| 71 | - | - | - | - | 4.57% | 2.87% |
| 72 | - | - | - | - | 4.95% | 3.14% |
| 73 | - | - | - | - | 5.32% | 3.42% |
| 74 | - | - | - | - | 5.69% | 3.69% |
| 75 | - | - | - | - | 6.39% | 4.18% |

13 September 2019

The Principal Officer
Transport Pension Fund

Dear Peet

TRANSPORT PENSION FUND (TRANSNET SUB-FUND) (THE "TTPF"): AFFORDABILITY OF THE PROPOSALS SET OUT IN THE "JOINT MEMORANDUM OF THE LEGAL REPRESENTATIVES OF THE PENSIONER CLASS AND THE LEGAL REPRESENTATIVES OF TRANSNET SOC LTD RECORDING THE TERMS, CONDITIONS AND PRINCIPLES AGREED AS THE KEY ELEMENTS OF AN AFFORDABLE AND REASONABLE SETTLEMENT OF THE PENSIONER CLASS ACTION" DATED 31 MAY 2019

We have been requested to:

- (i) certify the affordability of the proposals set out in the above Joint Memorandum using the valuation results as at 31 March 2019; and
- (ii) determine the "Equalisation Amount", being the amount that is required to be transferred from the Transnet sub-fund in the Transport Pension Fund (the "TTPF") to the TSDBF (Transnet Second Defined Benefit Fund) to ensure that as at 1 April 2019 the funding levels of the TTPF and the TSDBF would be equal.

The main benefit improvement proposals set out in the Joint Memorandum are:

- (i) a payment of R10 000 per pensioner in each of the next 3 years, starting with the first payment within 60 days of the entire settlement agreement being made an order of the High Court; and
- (ii) special additional pension increases of 11%, 7% and 4% over the next 3 years, and targeted increases at 70% of CPI thereafter.

Below we set out, for the TTPF:

- (i) the valuation results as at 31 March 2019,
- (ii) the impact of the above benefit proposals; and
- (iii) the impact of a transfer to the TSDBF of R1.76 billion, being the Equalisation Amount as at the valuation date (Note: returns must be added to this amount from 1 April 2019 to the effective date of transfer):

FINANCIAL SERVICES

ALEXANDER FORBES

Handwritten signatures

| | At 31/03/2019 | At 31/03/2019 | At 31/03/2019 |
|----------------------------|---|--------------------------------------|---|
| | Valuation results before any changes | Implementing the Joint Memorandum | After a transfer of R1.76bn to TSDBF |
| | (R'million) | (R'million) | (R'million) |
| Assets | 5 953 | 5 842 | 4 082 |
| Value of Accrued Liability | 2 620 | 3 420 | 3 420 |
| Solvency Reserve | 148 | 274 | 274 |
| Surplus/(Deficit) | 3 185 | 2 148 | 388 |
| Funding Level | 215.1% | 158.1% | 110.5% |

The TTPF will still be financially sound as at 31 March 2019 if all of the proposals are implemented.

Kind regards.



Andre Pienaar

Direct Line: + 27 11 269 0732

Direct fax: + 27 11 263 2244

E-mail: pienaara@aforbes.co.za 13 September 2019





prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA

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Hatfield
Pretoria

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Braamfontein, 2017
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MEMORANDUM

| | |
|-----------------|--|
| From: | Group Chief Executive Officer: Dr Nkosinathi Sishi |
| To: | Mr Michael Smith: Chairperson: Board of Trustees PRASA Sub Fund |
| Date: | 11 November 2019 |
| Subject: | PRASA SUB FUND OF THE TRANSPORT PENSION FUND – CLASS ACTION SETTLEMENT – SPECIAL BONUS PAYMENT – INCREASE INMONTHLY PENSION AND PROPOSED RULE AMENDMENT |

Dear Mr Smith,

As per the submissions of the Transport Pension Fund (PRASA Sub Fund) Annexure: PRASA Submission 29-10-2019 containing:

1. Letter from Michael Smith, Chairperson: PRASA Sub Fund Board of Trustees
2. Extract of minutes of the meeting of the Board of Trustees of the PRASA Sub Fund
3. Letter from Alexander Forbes: PRASA Sub Fund Actuary
4. Rule amendment of Rule 10.19.2 and 10.19.3

PRASA's approved the following:

1. Settlement bonus Payment – R10 000 per pensioner for three years
2. 11%, 7% and 4% pension increases over three years (subject to approval of the rule amendments by the relevant Ministers)
3. Proposed amendment of Rule 10.19.2 and 10.19.3

Members of the Board of Control

K Kweyama (Chairperson), S Ntsatuba,
I Wessie, J Schreiner, B Mhembu, D Tshepe,
X George, R Khan, P Setal, E Nchabeleng

Nuk
Group Chief Executive Officer
Dr. N Sishi

Acting Group Company Secretary
M Thebethe

M Thebethe



Once again, PRASA remains committed to the well-being of all its retired employees.

Kind Regards,

DR NKOSINATHI SISHI
GROUP CHIEF EXECUTIVE OFFICER

DATE: 2019 / 11 / 19

16 September 2019

The Principal Officer
Transport Pension Fund

Dear Peet

TRANSPORT PENSION FUND (PRASA SUB-FUND): AFFORDABILITY OF THE PROPOSALS SET OUT IN THE "JOINT MEMORANDUM OF THE LEGAL REPRESENTATIVES OF THE PENSIONER CLASS AND THE LEGAL REPRESENTATIVES OF TRANSNET SOC LTD RECORDING THE TERMS, CONDITIONS AND PRINCIPLES AGREED AS THE KEY ELEMENTS OF AN AFFORDABLE AND REASONABLE SETTLEMENT OF THE PENSIONER CLASS ACTION" DATED 31 MAY 2019

We understand from the discussions at the trustee meetings held on 4 September 2019 that the above Memorandum should also be applied to the PRASA sub-fund pensioners, subject to the written agreement of PRASA.

We have therefore costed, firstly, as agreed at the trustee meeting, the impact of the payment of the cash lump sums to pensioners as proposed in the Memorandum, namely a payment of R10 000 per pensioner in each of the next 3 years, starting with the first payment within 60 days of the entire settlement agreement being made an order of the High Court.

The proposed 3 payments of R10 000 per pensioner over the next 3 years, based on the current pensioners, will cost the sub fund approximately R9 million, but R8 million if we discount the cost to today.

We are also concerned that Transnet pensioners are to receive special pension increases to offset the effects of inflation since they retired, but a similar approach has not been discussed for PRASA pensioners.

PRASA pensioners have a different history from those in the Transnet funds. For example, many PRASA pensioners only retired more recently, and PRASA pensioners have since 2012 received pension increases in excess of the statutory 2%. We have therefore costed, as Proposal 1 below, an additional increase to each pensioner of 1.5% for each complete year from the later of 2002 and the date they retired to the end of 2011, and funding for members and pensioners for targeted increases at 70% of CPI going forward.

We have also, for completeness, costed the full impact of the proposals set out in the class action Memorandum, being special additional pension increases of 11%, 7% and 4% over the next 3 years, and targeted increases at 70% of CPI thereafter. This is Proposal 2 below.

The impact of the two possible proposals is illustrated below, using valuation figures as at 31 March 2019, but adjusted for the agreed special increase and 13th cheque discussed at the trustee meetings held on 4 September 2019:

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FINANCIAL SERVICES

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Proposal 1: 3 payments of R10 000 to each pensioner; plus an additional increase to each pensioner of 1.5% for each complete year from the later of 2002 and the date they retired to the end of 2011, and funding for members and pensioners for targeted increases at 70% of CPI going forward.

| | Results at 31 March 2019 after the agreed increase and bonus (R'million) | Results at 31 March 2019 after the 3 payments of R10k and the additional pension increases described above (R'million) |
|----------------------------|--|--|
| Assets | 1 261 | 1 234 |
| Value of accrued liability | 438 | 554 |
| Reserves | 116 | 55 |
| Surplus/(Deficit) | 707 | 625 |
| F | 227.6% | 202.4% |

Proposal 2: 3 payments of R10 000 to each pensioner; plus the full proposals set out in the class action Memorandum, being special additional pension increases of 11%, 7% and 4% over the next 3 years, and targeted increases at 70% of CPI thereafter.

| | Results at 31 March 2019 after the agreed increase and bonus (R'million) | Results at 31 March 2019 after the 3 payments of R10k and the additional pension increases described above (R'million) |
|----------------------------|--|--|
| Assets | 1 261 | 1 234 |
| Value of accrued liability | 438 | 597 |
| Reserves | 116 | 60 |
| Surplus/(Deficit) | 707 | 577 |
| Funding level | 227.6% | 187.8% |

I confirm that the proposed additional benefits can be afforded by the sub-fund and will leave the sub-fund financially sound.



Andre Pienaar

Direct Line: + 27 11 269 0732

E-mail: pienaara@aforges.co.za




29 October 2019

The Principal Officer
Transport Pension Fund

Dear Peet

TRANSPORT PENSION FUND (SAA SUB-FUND): AFFORDABILITY OF THE PROPOSALS SET OUT IN THE "JOINT MEMORANDUM OF THE LEGAL REPRESENTATIVES OF THE PENSIONER CLASS AND THE LEGAL REPRESENTATIVES OF TRANSNET SOC LTD RECORDING THE TERMS, CONDITIONS AND PRINCIPLES AGREED AS THE KEY ELEMENTS OF AN AFFORDABLE AND REASONABLE SETTLEMENT OF THE PENSIONER CLASS ACTION" DATED 31 MAY 2019

We have been requested to cost for:

- (1) the above full Memorandum to be applied to the SAA sub-fund pensioners,
- (2) as an alternative, the same lump sums but a 70% of inflation catch-up for all pensioners; as part of the class action settlement discussions; and
- (3) as an alternative, the same lump sums but a 70% of inflation catch-up for all pensioners; but targeted increases at 75% of CPI into the future, in line with the sub-fund's current pension increase policy.

We believe either case requires the agreement of the Trustees as well as the written agreement of SAA.

The Memorandum requires the following:

- a payment of R10 000 per pensioner in each of the next 3 years, starting with the first payment within 60 days of the entire settlement agreement being made an order of the High Court; and
- special additional pension increases of 11%, 7% and 4% over the next 3 years, and targeted increases at 70% of CPI thereafter.

This is Proposal 1 below.

Proposal 2:

SAA pensioners have a different history from those in the Transnet funds. For example, many SAA pensioners only retired more recently, and SAA pensioners have since 2011 received pension increases in excess of the statutory 2%.

We have therefore costed, as Proposal 2 below, an additional increase to each pensioner to bring the pensioner up to a current pension if he had received an increase each year since he retired equal to 70% of inflation. He will also receive targeted increases at 70% of CPI thereafter, into the future.

We have also costed, as Proposal 3 below, an additional increase to each pensioner to bring the pensioner up to a current pension if he had received an increase each year since he retired equal to 70% of inflation; but targeted increases at 75% of CPI into the future, in line with the sub-fund's current pension increase policy.

FINANCIAL SERVICES


ALEXANDERFORBES



The impact of the three possible proposals is illustrated below, using valuation figures as at 31 March 2019, but adjusted for the agreed special increase and 13th cheque discussed at the trustee meetings held on 4 September 2019:

Proposal 1: 3 payments of R10 000 to each pensioner; plus the full proposals set out in the class action Memorandum, being special additional pension increases of 11%, 7% and 4% over the next 3 years, and targeted increases at 70% of CPI thereafter.

| | Results at 31 March 2019 after the agreed increase and bonus | Results at 31 March 2019 after the above proposal |
|----------------------------|---|--|
| | (R'million) | (R'million) |
| Assets | 1 940 | 1 932 |
| Value of accrued liability | 1 246 | 1 651 |
| Reserves | 264 | 165 |
| Surplus/(Deficit) | 430 | 116 |
| Funding level | 128.5% | 106.3% |

Proposal 2: 3 payments of R10 000 to each pensioner; plus an additional increase to each pensioner to bring the pensioner up to a current pension if he had received an increase each year since he retired equal to 70% of inflation. He will also receive targeted increases at 70% of CPI thereafter, into the future.

| | Results at 31 March 2019 after the agreed increase and bonus | Results at 31 March 2019 after the above proposal |
|----------------------------|---|--|
| | (R'million) | (R'million) |
| Assets | 1 940 | 1 932 |
| Value of accrued liability | 1 246 | 1 541 |
| Reserves | 264 | 154 |
| Surplus/(Deficit) | 430 | 237 |
| Funding level | 128.5% | 114.0% |

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Proposal 3: 3 payments of R10 000 to each pensioner; plus an additional increase to each pensioner to bring the pensioner up to a current pension if he had received an increase each year since he retired equal to 70% of inflation. He will also receive targeted increases at 75% of CPI thereafter, into the future.

| | Results at 31 March 2019 after the agreed increase and bonus (R'million) | Results at 31 March 2019 after the above proposal (R'million) |
|----------------------------|---|--|
| Assets | 1 940 | 1 932 |
| Value of accrued liability | 1 246 | 1 572 |
| Reserves | 264 | 157 |
| Surplus/(Deficit) | 430 | 202 |
| Funding level | 128.5% | 111.7% |

I confirm that the proposed additional benefits can be afforded by the sub-fund and will leave the sub-fund financially sound.



Andre Pienaar
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IN THE HIGH COURT OF SOUTH AFRICA
(GAUTENG DIVISION, PRETORIA)

901

CASE NO 42355/15

In the ex parte application of:

JOHAN PIETER HENDRIK PRETORIUS

First Applicant

MONTANA DAVID KWAPA

Second Applicant

TRANSPORT PENSION FUND

Third Applicant

TRANSNET SECOND DEFINED BENEFIT FUND

Fourth Applicant

TRANSNET SOC LIMITED

Fifth Applicant

CONFIRMATORY AFFIDAVIT

I, the undersigned,

ANDRE RONALD PIENAAR

do hereby make oath and say that:

1. I am an actuary employed by Alexander Forbes Financial Services Proprietary Limited ("Alexander Forbes"). Alexander Forbes are the appointed actuaries of the Transport Pension Fund ("TPF"), being the Third Applicant in this matter, and the Transnet Second Defined Benefit Fund ("TSDBF"), being the Fourth Applicant in this matter.
2. I am duly authorised to depose to this affidavit. This affidavit is a confirmatory affidavit to the supporting affidavit ("Funds' Supporting Affidavit") deposed to by Petrus

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Johannes Jakobus Maritz, the Principal Officer of the Third and Fourth Applicants in this matter. Capitalised terms used in this affidavit but not otherwise defined shall have the same meanings as the meanings ascribed to them in the Funds' Supporting Affidavit.

3. The facts set out below are, to the best of my knowledge and belief, both true and correct. Save where the contrary is expressed or appears from the context, they lie within my personal knowledge.
4. I have read the Funds' Supporting Affidavit and I confirm the contents thereof as being true and correct insofar as they relate to me, the actuarial valuations prepared by Alexander Forbes in respect of each of the TSDBF, the TPF, the TSF, the PRASA Sub-Fund and the SAA Sub-Fund as at 31 March 2019 and to my reports dated 13 September 2019 (in respect of the TSDBF and the TSF respectively) and my reports dated 16 September 2019 and 29 October 2019 in respect of the PRASA Sub-Fund and SAA Sub-Fund respectively.
5. In terms of Special Rule 19.2 of the Special Rules of the TSF, "*[i]f, in the opinion of the Actuary, it would not be imprudent to do so, the Sub-Fund Board, with the consent of the Principal Employer, may each year allocate any portion of any Actuarial Surplus the Actuary deems reasonable to make available for allocation, to the Pensioner Surplus Reserve, the Employer Surplus Reserve, or to both in such a manner as the Sub-Fund Board, with the consent of the Principal Employer, determines*".
6. I confirm that, in my opinion, it would not be imprudent for the TSF to allocate a portion of the "Actuarial Surplus" equal to the Transfer Value to the Employer Surplus Reserve for purposes of implementing the settlement agreement.



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Andre Pienaar

I hereby certify that the deponent knows and understands the contents of this affidavit and that it is to the best of the deponent's knowledge both true and correct. This affidavit was signed and sworn to before me at Sandton, Johannesburg on this the seventh day of FEBRUARY 2020, and that the Regulations contained in Government Notice R.1258 of 21 July 1972, as amended by R1648 of 19 August 1977, and as further amended by R1428 of 11 July 1989, having been complied with.

Zamathiyane Mthiyane
The Central, 96 Rivonia Road
Sandton, Johannesburg, 2196
Commissioner of Oaths
Ex-Officio / Practising Attorney R.S.A.



COMMISSIONER OF OATHS

IN THE HIGH COURT OF SOUTH AFRICA
(GAUTENG DIVISION, PRETORIA)

904

CASE NO: 42855/15

In the *Ex Parte* application of:

| | |
|---|------------------|
| JOHAN PIETER HENDRIK PRETORIUS | First Applicant |
| MONTANA DAVID KWAPA | Second Applicant |
| TRANSPORT PENSION FUND | Third Applicant |
| TRANSNET SECOND DEFINED BENEFIT FUND | Fourth Applicant |
| TRANSNET SOC LIMITED | Fifth Applicant |

FIFTH APPLICANT'S SUPPORTING AFFIDAVIT

I the undersigned,

HELEN JANET WALSH

make oath and say that:

1. I am the General Manager: Central Business Services of Transnet SOC Limited ("Transnet"), the Fifth Applicant herein. I am duly authorised to depose to this affidavit on behalf of the Fifth Applicant.



2. The facts set out in this affidavit are within my personal knowledge, save where otherwise indicated or where the contrary appears from the context, and are to the best of my belief both true and correct.
3. I have read the notice of motion and the founding affidavit of **WYNANDA WILHELMINA COETZEE** (the "**Founding Affidavit**"), and their import has been explained to me by the Fifth Applicant's legal representatives.

4. THE PARTIES

The description of the parties' details in the Founding Affidavit accords with Transnet's understanding of them.

5. INTRODUCTION

The purpose of this affidavit is to confirm Transnet's support, as a co-applicant, for the relief sought by the Applicants in this application and to confirm the submissions made in the Founding Affidavit in so far as it is necessary for the Fifth Applicant to do so. The purpose of this affidavit is also to supplement the Founding Affidavit, where necessary, for the benefit of the Honourable Court.

6. RELEVANT BACKGROUND

- 6.1. On 31 July 2014 the above Honourable Court granted leave to Johan Pieter Hendrik Pretorius ("**Mr Pretorius**") and the late Johan Michael Kruger ("**Mr Kruger**") to institute a class action as representatives of the members of the Transnet Pension Fund ("**TPF**") and Transnet Second Defined Benefit Fund ("**TSDBF**") respectively. The TPF and the TSDBF are collectively referred to as the "**Funds**". The certified class comprises members of the TPF and of the TSDBF ("**Class Members**").



- 6.2. On or about June 2015, Mr Pretorius and Mr Kruger (the "**Plaintiffs**") instituted proceedings under case number 42355/15 (the "**Class Action**") in which they raised three discrete claims against the Funds and Transnet as co-defendants.
- 6.3. Under the first claim, Mr Pretorius and Mr Kruger advanced a claim based on an alleged promise made in 1989 by Dr Anton Moolman, who at the time was the General Manager of the South African Transport Services ("**SATS**").
- 6.4. That promise is alleged to have been made on behalf of the New Railways and Harbours Superannuation Fund, the Railways and Harbours Pensions for Non-White Employees and their successors-in-title at meetings throughout the country. As such, according to Plaintiffs, the promise is binding on the Funds and Transnet.
- 6.5. Claim two is based on a deficit which existed in the TPF at its inception, which was allegedly determined by the State Actuary in the amount of R 17.1806 billion, seeking payment of that amount together with interest from 1 April 1990, to the Funds.
- 6.6. Claim three is based on an alleged unlawful donation by the TPF to Transnet of an actuarial surplus, in the sum of R 309 121 000 which existed in the TPF as at 23 November 2000, seeking the repayment of that amount together with interest from the date mentioned.
- 6.7. Transnet and each of the Funds have denied liability for all the Plaintiffs' claims and have, as such, delivered their respective pleas. Transnet's defence of the claims is apparent from its plea, which is attached hereto marked annexure "**HJW 1**".
- 6.8. Notwithstanding Transnet's defences to the claims, Transnet supports the settlement of the claims in terms of the agreement reached with the other

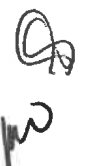


Applicants and the certified Class Legal Representative. It is therefore important to place before the above Honourable Court Transnet's reasons for supporting this application, as set out below.

7. TRANSNET'S REASONS FOR SUPPORTING THIS APPLICATION

- 7.1. Prior to the establishment of Transnet, the transport enterprise of the state vested in the South African Railways and Harbours Administration ("**SAR&H**") which was established in terms of the Railway Board Act, 73 of 1962.
- 7.2. In or about 1981, SATS took over that enterprise from SAR&H in terms of the South African Transport Services Act, 65 of 1981 ("**SATS Act**"). SATS was a commercial enterprise of the State which did not have a separate legal personality from that of the State. In or about 1988, the President of the Republic of South Africa at the time, announced that SATS would be corporatised and that the State would be the sole shareholder of the company.
- 7.3. In terms of section 3(2) of the Legal Succession to the South African Transport Services Act, 9 of 1989, from 1 April 1990, the enterprise of the State as contemplated in section 3(1) of the SATS Act was transferred to Transnet, which acquired such enterprise as a going concern including all assets, liabilities, rights and obligations save those specifically referred to in section 25(1) of the SATS Act.
- 7.4. Several retirement funding challenges and anomalies existed as at 1 April 1990, which Transnet, from its establishment, proceeded to address and rectify, including amongst others: -
 - 7.4.1. a deficit in the TPF's predecessors which was actuarially valued at R 6,786 million;

- 7.4.2. differential treatment in the payment of retirement benefits between white and black employees, including the widows of black employees not being entitled to receive pension benefits upon their husband's death;
- 7.4.3. the relatively recent introduction of black principal members; and
- 7.4.4. the practice of pension increases being granted outside of, and in excess of, the limits of applicable legislation and rules in a defined benefit regime of which Transnet was effectively the ultimate guarantor.
- 7.5. While meeting all of its legal obligations to the TPF (and in due course to the Third and Fourth Applicants as the two successors-in-title to the original TPF), Transnet was aware that the prescribed pension increase rate (of two percent (2%) per annum) was resulting in hardship to pensioners and therefore, over time, it proposed, supported and/or adopted various strategies to reduce the deficit and to improve the benefits available for pensioners including, *inter alia*: -
- 7.5.1. an issuance of Transnet bonds to the TPF at no cost, which reduced the deficit referred to in paragraph 6.5 from R 17.1806 billion to approximately R 6.8 billion;
- 7.5.2. a change to an investment strategy with more focus on liquidity and equity-based asset investments;
- 7.5.3. restructuring of the TPF through the establishment of the TSDBF, partly in order to target more appropriate and specific investment strategies for the different membership categories they catered for;
- 7.5.4. ending the practice of inequitable, race-based allocation of pension benefits amongst pension beneficiaries;



- 7.5.5. applying the whole of the “donated” surplus released from the TPF, in the sum of R 309 121 000 (the substance of claim 3 in the Class Action, referred to paragraph 6.6 above), for the direct benefit of the pensioners. As an example, widows of black pensioners who retired from predecessors of Transnet during the period 16 December 1974 to 1 April 1986 were not entitled to a widow’s pension. Transnet introduced those widows into the TSDBF at its own cost including the cost of increasing their pensions from time to time;
- 7.5.6. proposing and supporting, in 2007, the TSDBF’s adoption of Rule 31 for the payment of *ad hoc* bonuses to pensioners and beneficiaries, subject to Transnet’s approval (which has never been withheld). In respect of the Transnet sub-fund of the TPF, an identical rule was introduced in December 2011 and a catch-up bonus was paid out to the members and beneficiaries of that sub-fund;
- 7.5.7. supporting rule amendments In respect of the South African Airways SOC Limited sub-fund of the TPF and the Passenger Rail Agency of South Africa SOC Limited sub-fund of the TPF (officially still named the SARCC sub-fund), and facilitating the approval thereof for implementation;
- 7.5.8. introducing *ex gratia* bonus payments out of its own coffers. The *ex gratia* bonus payments are made to the most vulnerable pensioners from time to time; and
- 7.5.9. proposing, supporting and facilitating the Funds’ applications to have their rules amended to enable increases greater than 2% per annum

(subject to affordability), along the lines contemplated in the Settlement Agreement (per Schedule 5 thereto).

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- 7.6. Through the abovementioned strategies, by 2000, the deficit had been completely eradicated such that when the TSDBF was established, the TPF was in a surplus position.
- 7.7. The effectiveness of these strategies is borne out in section 3 of the report by Mr J P Andrew which is attached to his confirmatory affidavit filed with this application, in particular the statement that:

“The accumulated actual contributions and ad hoc bonuses result in a figure as at 31 March 2019 that is 98,85% of what notional contributions (increasing at 70% of inflation) would have achieved...The value of the increases actually granted plus the ad hoc bonuses is, therefore, very similar to the value of what the members would have enjoyed if pension increases had been 70% of inflation...Therefore, in respect of past history up to 31 March 2019, in terms of value received, the surviving beneficiaries are not materially financially worse off than they would have been if they had enjoyed pension increases of 70% of inflation.”

This excerpt from Mr Andrew's report refers to the financial position of the Class Members *before* any consideration of the benefit enhancements to be conferred in terms of the Settlement Agreement.

- 7.8. The Settlement Agreement therefore coincides with Transnet's broader objectives as aforesaid and does so in a manner which enhances Class Members' benefits beyond their legitimate benefit expectations while remaining affordable to the Funds and without unreasonably increasing Transnet's obligations or liabilities. Accordingly, Transnet supports this application.

- 7.9. Transnet's support of this application is of course not an admission of any of the claims made against it by the Plaintiffs. Transnet denies any legal liability to the Plaintiffs or Class Members, but the terms of the Settlement Agreement are in keeping with Transnet's desire to uplift the lives of the pensioner members of the Funds.
- 7.10. Transnet further confirms that it considers the terms of the Settlement Agreement as fair and reasonable to all parties and Class Members and also affordable to all affected parties as more fully set out in the Founding Affidavit.
- 7.11. Further as a commitment of its support for the Class Members and the amicable and expeditious settlement of the Class Action, Transnet has agreed to pay R 18 million plus Value Added Tax to the Class Legal Representative in return for her waiver of any claims for fees against any Class Members, set out in clause 9 of the Settlement Agreement, regardless of whether or not the Settlement Agreement is approved by this Honourable Court. Transnet also ultimately bears all of the legal expenditure of both the Third and Fourth Applicants in terms of existing agreements among them relating to the administration of the Funds.
- 7.12. Transnet views the settlement as a compromise between all the parties involved in order to avoid a protracted legal dispute. The settlement represents a fair outcome for all the parties involved and it also achieves Transnet's objective to address the historical disparities that existed in the Funds and to create a more sustainable and stable future retirement funding regime.

"HJW 1"

IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION, PRETORIA

913

Case Number: 42355/15

In the matter between:

JOHAN PIETER HENDRIK PRETORIUS
MONTANA DAVID KWAPA

FIRST PLAINTIFF
SECOND PLAINTIFF

and

TRANSPORT PENSION FUND
TRANSNET SECOND DEFINED
BENEFIT FUND
TRANSNET SOC LIMITED

FIRST DEFENDANT
SECOND DEFENDANT
THIRD DEFENDANT

THIRD DEFENDANT'S SPECIAL PLEA

First Special Plea

1. The plaintiffs allege that:

- 1.1. a promise was made in 1989 by SATS, the White Fund and the Black Fund to their employees and members of the Black and White Funds (*"the Funds"*) that they would continue to increase the pensions of such employees and members at a rate of at least 70% of the rate of inflation (*"the promise"*); [paragraph 14]

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- 1.2. the promise was tacitly accepted by the employees and pensioners of SATS and the Funds, resulting in a contract between SATS and the Funds on the one hand and their employees and pensioners on the other; [paragraphs 21.2 and 21.3]
 - 1.3. Transnet, the Transport Fund and the Second Fund (*“the defendant Funds”*) kept the promise until 2002 by granting annual pension increases of about 80%, on average, of the rate of inflation; [paragraph 18]
 - 1.4. Transnet and the defendant Funds have since 2003 broken the promise in that they have consistently failed to grant any pension increases beyond 2% per year; [paragraph 19]
 - 1.5. their failure to keep the promise is unlawful in that it amounts to a breach of contract, unlawful state conduct and an unfair labour practice. [paragraphs 21, 22 and 23]
2. The plaintiffs accordingly seek an order declaring that Transnet's failure to cause the defendant Funds to keep the promise and their failure to keep it is unlawful, as well as an order directing those entities to increase the pensions of all the members of the defendant Funds by an annual rate of not less than 70% of the rate of inflation and to pay the arrear increases to the pensioners of those funds with interest *a tempore morae* [paragraph 24.2.1].
 3. The obligation allegedly owed by Transnet and the defendant Funds to the plaintiffs and the class they represent in consequence of the promise constitutes a debt as contemplated by the Prescription Act, 1969 (*“the debt”*).
 4. The plaintiffs served on Transnet an application for certification of this action on 7 May 2013 and issued summons on 5 June 2015.
 5. The plaintiffs and the class that they represent had knowledge of the identities of Transnet and the defendant Funds and the facts from which the debt allegedly

arose, alternatively could have acquired such knowledge by exercising reasonable care, by no later than 6 May 2010.

6. In consequence the debt became due by no later than 6 May 2010.
7. In the circumstances the debt and the plaintiffs' claim to enforce payment of the debt have prescribed.

Second Special Plea

8. The plaintiffs allege that:
 - 8.1. Transnet "*inherited*" the obligations of SAR&H and SATS by virtue of section 3(2) of the Legal Succession of the South African Services Act, 1989 (the Succession Act); [paragraph 26]
 - 8.2. section 16 of the Succession Act, provided expressly or by necessary implication that on 1 April 1990 Transnet's debt pursuant to these obligations would be as determined by the State Actuary in consultation with the actuary appointed by the Minister of Public Enterprises and would bear interest at a rate of at least 12% per annum, determined by the State Actuary; [paragraph 27]
 - 8.3. the State Actuary determined the legacy debt in consultation with an actuary appointed by the Minister of Transport to be an amount of R17.1806 billion, plus interest from 1 April 1990; [paragraph 28]
 - 8.4. the defendant Funds inherited the right to receive the legacy debt in terms of sections 2 and section 12 of the Transnet Pension Funds Act proportionally; [paragraph 29]
 - 8.5. in its 1990 financial year, Transnet issued T011 Bonds to the value of R10,394 billion to the Transport Fund in partial settlement of the legacy debt; [paragraph 30]

- 8.6. on creation of the Second Fund in 2000, that fund received its *pro rata* share of the bonds from the Transport Fund; [paragraph 31]
- 8.7. on or about February 2001, Transnet and the defendant Funds agreed to cancel the bonds and in consequence, the legacy debt remains outstanding. [paragraphs 32 and 33]
9. The plaintiffs accordingly seek an order declaring that Transnet is indebted to the defendant Funds for payment of the legacy debt of R17.1806 billion plus interest from 1 April 1990 at the rate of 12% per annum determined by the State Actuary.
10. Transnet's alleged obligation to pay the "*legacy debt*" plus interest to the defendant Funds constitutes a debt as contemplated by the Prescription Act, 1969 ("*the inherited debt*").
11. The plaintiffs served on Transnet an application for certification of this action on 7 May 2013 and issued summons on 5 June 2015.
12. The defendant Funds, the plaintiffs and the class they represent had knowledge of the existence and identity of Transnet and the facts from which the inherited debt arose, alternatively could have acquired such knowledge by the exercise of reasonable care, by no later than 6 May 2010.
13. Consequently, the inherited debt became due by no later than 6 May 2010.
14. In the circumstances the inherited debt and the plaintiffs' claim to enforce the payment of that debt have prescribed.

Third Special Plea

15. The plaintiffs allege that in March 2001 the Transport Fund paid an amount of R309,121,000.00 to Transnet. [paragraph 37]
16. The plaintiffs allege further that the payment was unlawful and that in consequence Transnet "*became liable for repayment*" of the aforesaid amount in March 2001. [paragraphs 38 and 39]

- 17. The plaintiffs seek an order declaring that the payment of the aforesaid sum was unlawful and invalid and an order that Transnet repay such sum plus interest to the Transport Fund. [paragraph 40]
- 18. Transnet's alleged obligation to repay the sum of R309,121,000.00 plus interest to the Transport Fund constitutes a debt for the purposes of the Prescription Act, 1969 ("the donation debt").
- 19. The plaintiffs served on Transnet an application for certification of this action on 7 May 2013 and issued summons on 5 June 2015.
- 20. The defendant Funds, the plaintiffs and the class they represent had knowledge of the existence and the identity of Transnet and the facts from which the donation debt arose, alternatively could have acquired such knowledge by the exercise of reasonable care, by no later than 6 May 2010.
- 21. Consequently, the donation debt became due by no later than 6 May 2010.
- 22. In the circumstances the donation debt and the plaintiffs' claim to enforce the payment of that debt have prescribed.

WHEREFORE the third defendant prays that the plaintiffs' first, second and third claims be dismissed with costs.

THIRD DEFENDANT'S PLEA ON MERITS

23. AD PARAGRAPH 1

The contents of this paragraph are admitted.

24. **AD PARAGRAPH 2**

24.1. The contents of this paragraph are denied.

24.2. Transnet pleads that Johan Michael Kruger was substituted as the second plaintiff by David Montana Kwapa, pursuant to an order of the above Honourable Court dated 22 January 2016.

25. **AD PARAGRAPH 3**

The contents of this paragraph are admitted.

26. **AD PARAGRAPH 4**

The contents of this paragraph are admitted.

27. **AD PARAGRAPH 5**

Save to state that the third defendant is Transnet SOC Limited ("*Transnet*"), the contents of this paragraph are admitted.

28. **AD PARAGRAPH 6**

The contents of this paragraph are admitted.

29. **AD PARAGRAPH 7**

29.1. With effect from 1 April 1990 and pursuant to the provisions of section 3(2) of the Legal Succession Act, the State transferred all of SATS's assets (except those expressly excluded by section 25), liabilities, rights and obligations to Transnet, including those pertaining to the Funds.

29.2. Save as aforesaid, the remaining allegations are denied.

30. AD PARAGRAPH 8

Save to state that section 2 of the Transnet Pension Fund Amendment Act, 2007, changed the name of the Transnet Pension Fund to the Transport Pension Fund, the contents of this paragraph are admitted.

31. AD PARAGRAPH 9

31.1. To the extent that the allegations contained in this paragraph are consistent with what is set out in section 2 of the Transnet Pension Fund Act, 1990, they are admitted.

31.2. Save as aforesaid the contents of this paragraph are denied.

32. AD PARAGRAPH 10

The contents of this paragraph are admitted.

33. AD PARAGRAPH 11

33.1. To the extent that the allegations contained herein are consistent with what is set out in section 14B of the Transnet Pension Fund Amendment Act, 2000, and in particular subsections (3) and (5), they are admitted.

33.2. Save as aforesaid the contents of this paragraph are denied.

CLAIM 1**34. AD PARAGRAPH 12**

34.1. These allegations are admitted in so far as they relate to the White Fund.

34.2. These allegations are denied in so far as they relate to the Black Fund.

35. **AD PARAGRAPH 13**

Save to admit that from time to time increases of more than 2% per annum were granted, the contents of this paragraph are denied.

36. **AD PARAGRAPHS 14 AND 15**

36.1. The contents of this paragraph are denied.

36.2. Alternatively, and in the event that the court finds that the alleged promise was made to employees and members of SATS and the Funds in the manner pleaded, Transnet pleads as follows:

36.2.1. the promise was made only to those persons who were employees of SATS and members of the Funds when the promise was conveyed;

36.2.2. Neither Dr Moolman nor Mr Low had the authority to make such a promise.

37. **AD PARAGRAPH 16**

37.1. Transnet admits that the SATS brochure contains the pleaded wording.

37.2. Save as aforesaid, the contents of this paragraph are denied.

38. **AD PARAGRAPH 17**

The contents of this paragraph are denied.

39. **AD PARAGRAPH 18**

39.1. Transnet admits that the defendant Funds granted annual pension increases.

39.2. Save as aforesaid the allegations contained in this paragraph are denied.

39.3. In amplification of such denial, Transnet avers that it occasionally made *ex gratia*, non-vesting payments to the defendant Funds, when affordable, for the benefit of historically excluded members and other disadvantaged categories of pensioners.

40. **AD PARAGRAPH 19**

40.1. Transnet denies the existence of any promise or that it is bound by any promise that may have been made by Dr. Moolman or Mr. Louw and accordingly denies that it broke the alleged or purported promise.

40.2. In light thereof, Transnet denies the allegations in this paragraph.

41. **AD PARAGRAPH 20**

The contents of this paragraph are denied.

42. **AD PARAGRAPH 21 (Breach of Contract)**

42.1. The contents of this paragraph are denied.

42.2. In amplification of the aforesaid denial, Transnet pleads that:

42.2.1. neither SATS, the White Fund nor the Black Fund had the power to make the alleged offer;

42.2.2. not all the employees and pensioners of SATS, the White Fund and the Black Fund remained such employees and pensioners pursuant to the alleged offer;

42.2.3. in respect of each employee of SATS who did remain in employment pursuant to the alleged offer, his or her conduct

did not and does not constitute a tacit acceptance of the alleged offer;

42.2.4. In respect of each pensioner of the defendant Funds his or her remaining a pensioner pursuant to the alleged offer did not and does not constitute a tacit acceptance of the alleged offer.

42.3. The alleged contract is in any event void for vagueness because it is unclear what the material terms of the contract are.

43. **AD PARAGRAPH 22 (Unlawful State Conduct)**

43.1. The contents of this paragraph are denied.

43.2. In amplification of the aforesaid denial and without derogating from the generality thereof, Transnet pleads that:

43.2.1. the unlawful state conduct which the plaintiffs require the court to remedy constitutes administrative action in terms of section 8 of the Promotion of Administrative Justice Act, 2000 ("PAJA");

43.2.2. in terms of section 7 of PAJA the plaintiffs and the class they represent were obliged to challenge the administrative conduct complained of by way of proceedings before a court of law within 180 days of the occurrence of such conduct;

43.2.3. the plaintiffs and the class they represent have failed to do so and have moreover failed to apply for condonation and are accordingly barred from proceeding with this action because of non-compliance with section 7 of PAJA.

43.3. Alternatively, and in the event of this court finding that the plaintiffs' claim does not fall within PAJA, then and in that event, Transnet pleads that:

43.3.1. the plaintiffs and the class they represent were obliged in terms of the common law to bring any action challenging such conduct within a reasonable time;

43.3.2. the plaintiffs and the class they represent have failed to do so;

43.3.3. the plaintiffs and the class they represent are accordingly barred from proceeding with this claim.

44. **AD PARAGRAPH 23 (Unfair Labour Practice)**

44.1. The contents of this paragraph are denied.

44.2. In amplification of the above denial Transnet pleads that:

44.2.1. there was no employer-employee relationship between SATS and the pensioners of the defendant Funds when the promise was allegedly made and accepted and there was no employee-employer relationship between Transnet and pensioners of the defendant Funds when the promise was allegedly broken;

44.2.2. the alleged promise was not made to any employee of Transnet or any pensioner of the defendant Funds;

44.2.3. the Constitution was not in force when the contracts were allegedly concluded and cannot provide a basis for compelling Transnet to comply with the terms of such contracts;

44.2.4. this court does not have the power to adjudicate unfair labour practices falling within the ambit of the Labour Relations Act,

1995 and the plaintiffs are not entitled to rely directly upon the provisions of section 23(1) of the Constitution in circumstances where the Labour Relations Act gives full effect to the right to fair labour practices;

44.2.5. in any event, Transnet's alleged actions do not constitute an unfair labour practice.

45. **AD PARAGRAPH 24**

45.1. Transnet notes the relief sought but denies that it is competent.

45.2. In amplification of the aforesaid denial, Transnet avers that:

45.2.1. Transnet has no power to grant pension increases to the plaintiffs or to the members of the class they purport to represent;

45.2.2. Transnet has no power to cause the boards of management of the defendant Funds to keep their promises;

45.2.3. not all the plaintiffs or the class they purport to represent were recipients of the alleged promise in 1989;

45.2.4. the rules of the defendant Funds do not allow for an annual increase at a rate exceeding 2%.

CLAIM 2

46. **AD PARAGRAPH 25**

46.1. To the extent that the allegations contained in this paragraph are consistent with section 12(3) of the Railways and Harbours Pensions Act and section 11(3) of the Railways and Harbours Pensions for Non-Whites Act Transnet admits such allegations.

12 

46.2. Save as aforesaid, the contents of this paragraph are denied.

47. **AD PARAGRAPH 26**

47.1. To the extent that the contents of this paragraph are consistent with section 3(2) of the Succession Act, Transnet admits such allegations.

47.2. Save as aforesaid, the contents of this paragraph are denied.

48. **AD PARAGRAPH 27**

48.1. The contents of this paragraph are denied.

48.2. In amplification of the aforesaid denial and without derogating from the generality thereof, Transnet pleads that:

48.2.1. section 16 of the Succession Act did not create the so-called legacy debt, or any debt at all;

48.2.2. section 16 provides for a guarantee by the State for all the obligations of Transnet's predecessor, SATS, as transferred to Transnet, including SATS' obligations to the Funds and subsequently the defendant Funds;

48.2.3. sections 16 (2) - (4) limit the amount guaranteed by the State to the amounts that would have been payable by SATS pursuant to section 12(3) of the Railways and Harbours Pensions Act and section 11(3) of the Railways and Harbours Pensions for Non-Whites Act and to the Funds as at 1 April 1990;

48.2.4. in terms of section 16(3), the amount that would have been determined by the State Actuary in consultation with an



actuary appointed by that Minister for Economic Co-ordination and Public Enterprises (*"the Minister"*) and guaranteed by the State as aforesaid, would have accrued interest at the rate of 12% per annum;

48.2.5. the plaintiffs do not allege that the *"legacy debt"* was determined by the State Actuary in consultation with an actuary appointed by the Minister.

49. **AD PARAGRAPH 28**

49.1. The contents of this paragraph are denied.

49.2. The actuarial valuation of the Transport Fund (which was then known as the Transnet Pension Fund) as at 1 April 1990, recorded an actuarial deficit of R6,469,8 million.

50. **AD PARAGRAPH 29**

50.1. The contents of this paragraph are denied.

50.2. In amplification of the aforesaid denial and without derogating from the generality thereof, Transnet pleads that:

50.2.1. the Second Fund was established in terms of section 14B of the Transnet Pension Funds Act;

50.2.2. all pensioner members of the Transport Fund as at 1 November 2000 were transferred to the Second Fund;

50.2.3. upon formation of the Second Fund, the assets of the Transport Fund (which was then known as the Transnet Pension Fund) were to be split in such proportions as would be determined by a valuator appointed by the Minister of

Public Enterprises in consultation with a valuator appointed by the Transport Fund and one appointed by Transnet;

50.2.4. the valuator so appointed determined that the assets were to be split between the Second Fund and the Transport Fund in the proportion of 58.9% in respect of the Second Fund and 41.1 % in respect of the Transport Fund. These percentages were revised to take into account salary increases on 16 March 2000 which had not been not been considered and the split was revised to 56.9 % and 43.1 for the Second Fund and Transport Fund respectively.

51. **AD PARAGRAPH 30**

51.1. Transnet admits that it issued T011 bonds with a nominal amount of R10 394 million to the Transport Fund during Transnet's financial years ending 31 March 1991 and 31 March 1992.

51.2. Save as aforesaid, the contents of this paragraph are denied.

52. **AD PARAGRAPH 31**

The contents of this paragraph are admitted.

53. **AD PARAGRAPH 32**

53.1. In 2001 Transnet repurchased from the Transport Fund the T011 bonds that it had issued to that fund and cancelled them.

53.2. In the same year, the T011 bonds held by the Second Fund were cancelled and, as consideration, Transnet ceded its rights to 75 million ordinary shares of the issued share capital of M-Cell Limited to the Transnet M-Cell Limited Trust of which the Second Fund was a capital beneficiary.

53.3. Save as aforesaid, the remainder of the contents of this paragraph are denied.

54. **AD PARAGRAPH 33**

The contents of this paragraph are denied.

55. **AD PARAGRAPH 34**

Transnet notes the relief sought by the plaintiffs but denies that the plaintiffs are entitled to such relief.

CLAIM 3

56. **AD PARAGRAPH 35**

56.1. Transnet admits that on 23 November 2000 the Transport Fund and Transnet agreed that the Transport Fund would allocate 40% of that fund's surplus assets to Transnet as reflected in paragraph 3.3 of the minutes of a meeting held on 8 November 2000 between Transnet and a sub-committee of the trustees of the Transport Fund and which is attached as annexure PC2 to the plaintiffs' amended particulars of claim.

56.2. On 7 March 2001, the trustees of the Transport Fund approved the agreement reached above and resolved to allocate 40% of the surplus amounting to R309,121 million to Transnet as reflected in annexure PC3.

56.3. Save as aforesaid the contents of this paragraph are denied.

57. **AD PARAGRAPHS 36 AND 37**

57.1. Transnet admits that on or about March 2001, an amount of R309,121,000.00 was paid by the Transport Fund to Transnet pursuant to the agreement referred to above.

57.2. Save as aforesaid, the contents of these paragraphs are denied.

58. AD PARAGRAPHS 38 AND 39

The contents of these paragraphs are denied.

59. AD PARAGRAPH 40

Transnet notes the relief sought by the plaintiffs but denies that they are entitled to such relief.

WHEREFORE the third defendant prays that the plaintiffs' claims be dismissed with costs.

DATED AT SANDTON ON THIS 25TH DAY OF MAY 2018.


C D A Loxton SC

Counsel for the Third Defendant


M A Chohan SC

Counsel for the Third Defendant


N L Mnqandi

Counsel for the Third Defendant



BOWMAN GILFILLAN INC

Attorneys for third defendant

Tel: (011) 669 9514

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E-mail: d.geral@bowman.co.za;p.pillay@bowman.co.za

Ref: D Geral/P Pillay-Shaik/6119495

c/o Rooth & Wessels Inc

Walker Creek Office Park

2nd Floor Walker Creek

90 Florence Riberio Avenue

Pretoria

Ref: M van Rooyen

"Annexure WC-19"

IN THE HIGH COURT OF SOUTH AFRICA

(GAUTENG DIVISION, PRETORIA)

CASE NUMBER _____

In the Ex Parte application of:

JOHAN PIETER HENDRIK PRETORIUS FIRST APPLICANT

MONTANA DAVID KWAPA SECOND APPLICANT

TRANSNET PENSION FUND THIRD APPLICANT

TRANSNET SECOND DEFINED BENEFIT FUND FOURTH APPLICANT

TRANSNET SOC LIMITED FIFTH APPLICANT

(Application to approve a settlement agreement in respect of a certified class action)

CONFIRMATORY AFFIDAVIT

I the undersigned

CHRISTELLE VAN VOLLENHOVEN

Hereby states under oath as follows:

Handwritten signature
PAM

1.

- 1.1 I am an adult female cost consultant with address at 36/2 Ajax Street, Olympus, Pretoria, Gauteng.
- 1.2 The contents of this affidavit are within my personal knowledge, save as where otherwise indicated and are both true and correct to the best of my knowledge.

2.

- 2.1 Although I am an admitted advocate I have practised as a cost consultant for the past 25 years. As a result of my extensive knowledge and experience of the taxation of bills of costs I submit that I am qualified to express an opinion in respect to the fairness and reasonableness of the agreed fees in respect of the class action litigation.
- 2.2 I have reviewed the documents as stated in the founding affidavit of Wynanda Coetzee in the above matter and drafted Bills of Costs in respect to all the various court applications and also considered and advised the legal team of First and Second Applicant regarding the agreed costs.
- 2.3 In my opinion the agreed costs payable by the Fifth Applicant is a fair and reasonable amount having regard to the work required in respect of the litigation.

3.

I have read the unsigned affidavit of **WYNANDA WILHELMINA COETZEE** in this application and confirm the contents thereof insofar as it relates to me.


P. Coetzee

VAN VOTEN
VAN VOTEN - C
DEPONENT

I certify that the Deponent acknowledge that he knows and understand the contents of this affidavit, that he has no objection to the making of the prescribed oath and that she considers the oath to be binding on her conscience. I also certify that this affidavit was signed in my presence at Gonromen on this 02 day of 02 2000 and that the Regulations contained in Government Notice R1258 of 21 July 1972, as amended by Government Notice R1648 of 19 August 1977, have been complied with

| | |
|--|---|
| I certify that the Deponent acknowledge that he knows and understand the contents of this affidavit, that he has no objection to the making of the prescribed oath and that she considers the oath to be binding on her conscience. I also certify that this affidavit was signed in my presence at <u>Gonromen</u> on this <u>02</u> day of <u>02</u> <u>2000</u> and that the Regulations contained in Government Notice R1258 of 21 July 1972, as amended by Government Notice R1648 of 19 August 1977, have been complied with | |
| to at | COMMISSIONER OF OATHS on <u>02/02</u> at <u>20:05</u> |
| (HANDTEKENING) KOMMISSARIS VAN EDE (SIGNATURE) COMMISSIONER OF OATHS <u>Phuti Achbold Monko</u> | |
| VOLLE VOORNAAM EN VAN IN DEUKRIF FULL FIRST NAMES AND SURNAME IN BLOCK LETTERS <u>an Johnny Coerss</u> | |
| DESIGNEDE ADRES (STRAATADRES) BUSINESS ADDRESS (STREET ADDRESS) <u>Gwifosten 0002</u> | |
| RANG/RANK <u>SA</u> | SA POLISIE/SA <u>SA</u> |

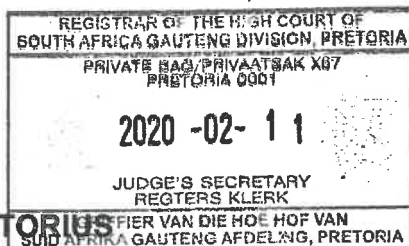
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Docex 13, Centurion

**IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION PRETORIA**

Case Number: 42355/2015

In the *ex parte* application of:



JOHAN PIETER HENDRIK PRETORIUS

First Applicant

MONTANA DAVID KWAPA

Second Applicant

TRANSPORT PENSION FUND

Third Applicant

TRANSNET SECOND DEFINED BENEFIT FUND

Fourth Applicant

TRANSNET SOC LIMITED

Fifth Applicant

NOTICE OF SETDOWN – EX PARTE APPLICATION

KINDLY TAKE NOTE that the above matter has been placed on for hearing on the court roll for the 18th February 2020 in Court 8E at 14:00 or so soon thereafter as Counsel may be heard.

SIGNED at CENTURION on this 7th day of FEBURARY 2020.



**GEYSER AND COETZEE ATTORNEYS
ATTORNEYS FOR THE FIRST AND SECOND APPLICANTS**

9 Boabab Nook

Zwartkop

Centurion

Tel: 012 663 5247/8

Email: lawteam@iafrica.com

Ref: **WWCoetzee/dg/wp1058**

**TO: THE REGISTRAR OF THE ABOVE HONOURABLE COURT
PRETORIA**

**AND TO: EDWARD NATHAN SONNENBERGS INC
ATTORNEYS FOR THE THIRD AND FOURTH APPLICANTS**

The Marc Tower 1

129 Rivonia Road

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Email: shayes@ensafrica.com

(Ref: S Hayes/0395680)

C/O ELOFF BRINK ATTORNEYS

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Pretoria

**AND TO: BOMAN GILFILLAN INC
ATTORNEYS FOR THE FIFTH APPLICANT**

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Ref: D Geral / P Pillay / 6119495

C/O ROTH & WESSELS INC

Walker Creek Office Park

2nd Floor Walker Creek

90 Florence Riberio Avenue

Pretoria

Ref: M van Rooyen

SERVICE VIA EMAIL AS AGREED BETWEEN ALL PARTIES



Wynanda Coetzee <geysercoetzeeattorneys@gmail.com>

Certified Class Action: Ex Parte Application: Pretorius and others (Notice of Setdown)

1 message

Geyser and Coetzee Attorneys <lawteam@geysercoetzee.co.za>

10 February 2020 at 14:02

To: Sue Hayes <shayes@ensafrica.com>, Wynanda <wynanda@geysercoetzee.co.za>, David Geral <d.geral@bowman.co.za>, Perusha Pillay-Shaik <perusha.pillay@bowmanslaw.com>, Roger Rudolph <rrudolph@ensafrica.com>, Carol Makutu <cmakutu@ensafrica.com>, Deirdre Phillips <deirdre.phillips@bowmanslaw.com>

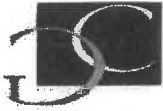
Dear All,

Please find attached Notice of Set Down for your attention and electronically served as agreed between all parties.

Kindly confirm receipt.

Yours Sincerely,
Dipesh Gihwala

Geyser & Coetzee Attorneys
www.geysercoetzee.co.za
lawteam@geysercoetzee.co.za / wynanda@geysercoetzee.co.za
Tel: 012 6635247/8
Fax: 012 6635719



GEYSER & COETZEE
P R O K U R E U R S
A T T O R N E Y S

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Wynanda Coetzee <geysercoetzeeattorneys@gmail.com>

Certified Class Action: Ex Parte Application: Pretorius and others (Notice of Setdown)

1 message

Geyser and Coetzee Attorneys <lawteam@geysercoetzee.co.za>

10 February 2020 at 14:25

To: Jonah Hefer <JHefer@judiciary.org.za>

Cc: Sue Hayes <shayes@ensafrica.com>, Wynanda <wynanda@geysercoetzee.co.za>, David Geral <d.geral@bowman.co.za>, Roger Rudolph <rrudolph@ensafrica.com>, Carol Makutu <cmakutu@ensafrica.com>, Deirdre Phillips <deirdre.phillips@bowmanslaw.com>, Perusha Pillay-Shaik <perusha.pillay@bowmanslaw.com>

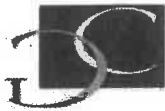
Dear Judge,

Please find attached Notice of Setdown that was served on all parties.

Yours Sincerely,
Dipesh Gihwala

—

Geyser & Coetzee Attorneys
www.geysercoetzee.co.za
lawteam@geysercoetzee.co.za / wynanda@geysercoetzee.co.za
Tel: 012 6635247/8
Fax: 012 6635719



GEYSER & COETZEE
PROKUREURS
ATTORNEYS

ACCREDITED AND REGISTERED AS ATTORNEYS, FISCAL AGENTS AND PROBATIONERS.
MEMBERS OF THE SOUTH AFRICAN BAR AND THE SOUTH AFRICAN LAW ASSOCIATION

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