Association for Monitoring and Advocacy of Government Pensions (AMAGP)
NPO Registration No: 198-822
SEMPER VIGILANS

The Association for Monitoring and Advocacy of Government Pensions: A volunteer independent group of pensioners and civil servants concerned about the long term viability of the GEPF and sustainability of its return on investments.

www.AMAGP.co.za

GEPF Watchdog - Waghond

GEPF Forum

NEWSLETTER NO 14 of 2023

AMAGP – Association for Monitoring and Advocacy of Government Pensions
AR – annual report
BOT – Board of Trustees [of the GEPF]
FSCA – Financial Sector Conduct Authority [previously the FSB]
GEPF - Government Employees' Pension Fund
PIC – Public Investment Corporation
PSA – Public Servants' Association
ROI – return on investment
SCOF – Standing Committee on Finance
SCOPA - Standing Committee on Public Accounts
SLAPP - Strategic litigation against public participation
SOE – state owned entity

The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1.2 million active members, in excess of 450 000 pensioners and beneficiaries, and assets worth more than R1.61 trillion. GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Our core business, which is governed by the Government Employees Pension Law (or GEP Law), as amended, is to manage and administer pensions and other benefits for government employees in South Africa. https://www.GEPF.gov.za/ dd 31 October 2023.

***WE ARE THE OWNERS OF THE GEPF** and we have the right to expect the GEPF BOT and the PIC to manage and invest OUR money in a responsible and profitable way, to the advantages of members and pensioners. Note the misbalance: the single pensioner on the BOT representing all 450 000 pensioners and the 15 representatives from the multitude of trade unions and government departments representing the 1,2 million contributing members.*

The AMAGP does not want any GEPF member to leave the Fund, because it still is the best pension fund in the RSA. BUT, we as members and owners of the Fund have the duty to protect and safeguard it against abuse.

The Editor's Word

Note
The financial figures used in the newsletter are taken from the 2022 GEPF AR. **Said figures now <u>almost two years old</u>.** In reality, only a guideline as to possible value.
The size and bulk of the just released 2023 GEPF AR requires analyses to determine what it actually reports. And what it doesn't. Volunteers required!!!!

Our Fund is a defined benefit fund, meaning the 'government' is legislated to make up any shortfall in the Fund, which it hasn't been doing for at least the last decade in any case. Consider, if the 'government' is bankrupt, after possibly squandering your Fund's funds too, where is your pension money going to come from?

Reminding you of Project 'My Secure Pension': Who is willing to contribute R100 per month to free the state employees' pension fund from toxic political control?
Explained fully in newsletters 7 of 2023 and 8 of 2023
If you are not yet a member, join AMAGP by clicking on
https://amagp.coffeecup.com/forms/amagp membership/
and follow the instructions. Within a brief period, you will get a response and a membership number.
To donate to AMAGP and to this project to litigate against the status quo, please arrange with your bank for a monthly stop order to AMAGP's bank account: Bank – FNB, branch: Brooklyn 251345, cheque account 627 4334 7454, use your (new) membership

Expect to see many 'government' handouts in the next few months runup to the election, as well as any number of bills rushed through parliament to expand 'government' control. On a more sober note, expect violence linked to election campaigns with prospective candidates being in danger.

Dear reader, take note of the Ombud for the GEPF. If all else fails, the Ombud is the next step.

The problems at Transnet has an immense influence on the economy. Fixing this? Hmmm.

The cause and effect of the problems in Eskom is wider than commonly seen. Makes for interesting reading to see how wide the cause of the problems are.
Taking it a step further it seems as if the closing down of power stations is one of the causes of loadshedding. Possibly to be fixed by incentive bonusses and not closing down the power stations. Hmmm.
A former Eskom boss is arraigned for massive fraud in his time period at the helm. The case has been struck off the roll being belayed too many times. Note, not withdrawn.

For those who are struggling with the GEPF due to the spouse passing away and the GEPAA insisting on a marriage certificate, sometimes forty years or more old and possibly no longer available without extreme work. Read Adamus's letter to the editor about this.

The two pot pension is going to be implemented sooner than it seems wise to do. Consider the proximity of the premature implementation to the election next year.

Interesting the number of interviews on various radio channels where the status of the GEPF is extolled. The interesting aspect is how similar the questions and answers in these interviews by different radio stations are! A shortened one is included for you to see.

BizNews has a terrifying view of 'pre-election Plunder spree". Of course, re-election seems mostly be to do with continuing the life of ease provided by being a politician.

The Special Investigation Unit is continuing investigation into corruption into the sale of SAA, which still hasn't been finalised in two years. The SAA is still being kept alive by tax money.

Lastly, the NHI Bill is still rushing its way through all the processes loved by 'government'. It seems as if the generally negative comment and feelings from the industry has had no effect on the 'government' rush to control the whole industry. Despite the very evident and overt failure of similar

NHI in many other countries, such as Great Britain. The funding of NHI is vague to say the least, our Fund again, hopefully not, been seen as the probable saviour.

NEWSNUUSNEWS

Synopsis

Transnet's financial crunch intensifies after losing millions in revenue due to Durban port inefficiencies

Daily Maverick
By Ray Mahlaka
20 Nov 2023

Transnet estimates that backlogs and delays in moving shipping containers through its key port in Durban have so far cost it at least R160mn in lost revenue, worsening the already dire financial situation of the state-owned transport group.

At a briefing on Monday, Transnet provided an initial estimate of lost revenue at the Durban port, which is vital for South Africa's economy as it handles about 60% of the country's container volumes/traffic.

Delays and congestion at the port worsened from October, with Transnet blaming adverse weather conditions in Durban for causing its aging port infrastructure to break down even further. Some of these facilities have reached the end of their life cycle.

Earle Peters, the managing executive of Transnet Port Terminals (ports Richards Bay, Cape Town, Saldanha Bay, Gqeberha, East London and Mossel Bay), stressed that the situation at the port remains fluid and changes daily.

The revenue loss in Durban threatens the financial stability of Transnet's port operations, which remain profitable, unlike its lossmaking freight rail and engineering divisions.

Containers

The South African Association of Freight Forwarders, an industry body operating at the ports, estimates that nearly 71 000 containers are stuck on ships either in Durban harbour or waiting offshore. Many of these containers carry goods that retailers hope to sell during the festive season.

October was a tough month for Transnet's operations in Durban as it experienced "exceptionally windy and rainy" weather conditions, resulting in 159 hours of lost operational time. This resulted in more than 20 vessels waiting to enter the harbour, with delays averaging up to 18 days.

Transnet now hopes to clear the backlog by March next year at the latest.

Transnet's container ports (mainly Durban and Cape Town) are among the world's worst, scoring in the bottom 10 of the 348 ports ranked in the World Bank's latest container port performance index.

Transnet ports are rapidly losing market share and investment attractiveness to more efficient operators in other African coastal cities, including Djibouti, Maputo, Somalia and others.

New initiatives

To remedy the situation, various productivity initiatives are being pursued by Transnet, including redirecting vessels to other terminals at Durban port, including Pier 1, whose backlog is starting to ease.

At Pier 1, the plan is to increase the number of containers handled from 1,200 to 1,500 per day by 31 December. At Pier 2, the idea is to ramp up the number of containers handled from 2,500 to 4,000 per day over three months, ending 29 February 2024.

Transnet also plans to increase the productivity of its 7 600-strong port terminal workforce to clear backlogs in Durban by implementing a 12-hour work shift, with employees working four days on and four days off to "ensure fewer breaks and the continuation of work".

To make Transnet ports competitive in the long term, acting group CEO Michelle Phillips said the company would upgrade its port equipment, including ship-to-shore cranes, ship loaders and unloaders, mobile harbour cranes, trailers and haulers. In doing so, Transnet plans to enter into long-term contracts with original equipment manufacturers to “improve reliability and render the equipment more reliable”.

The upgrade of equipment such as cranes started in April this year and will continue until August 2024. Orders for equipment have largely been placed.

Comment

The port inefficiencies carry over to products not being delivered in time and not being available when required. This has an influence not just on the festive season but on sales in general. The knock-on on profitability has en effect on our investments ROI.

Synopsis

Resistance and lack of co-ordination in government allow continued corruption at Eskom, says retired SAPS brigadier

Daily Maverick
By Marianne Merten
16 Nov 2023

Chasing runners instead of kingpins and focusing on dockets for numbers presented at oversight briefings won’t solve the corruption at Eskom or anywhere else, retired SAPS brigadier Jap Burger told MPs on Wednesday.

‘You can have a lot of complaints… where you go after runners, and you catch the guy with the sack of coals that was stolen… We don’t move up to the orchestrators or the kingpins,” the retired police officer testified before SCOPA.

“People can come here (and) quote thousands of cases. Are they addressing the problem? No, they are not. We are not going to win the fight against corruption in this way.” Jap Burger, recently retired from the SAPS, was subpoenaed to appear before SCOPA.

Running since late April when De Ruyter appeared before MPs, this SCOPA inquiry has heard how De Ruyter had indeed informed police of Eskom corruption and confirmed the Hawks were investigating.

‘Security cluster in dire straits’

On Wednesday, Burger’s testimony added details on vetting, the informal and uncorroborated information of the private investigation, and the State Security Agency’s non-role in the Eskom debacle – all speckled with sharp commentary on police and government failures on the State Capture and organised crime fronts.

“There is deliberate resistance and there is also a failure in the design of the government’s approach,” Burger told MPs, adding later, “The processes of government are not working. The processes of oversight are not working.”

And, apparently, botches happened right at the start of the SAPS’ involvement in the Eskom looting investigation saga. The brigadier held meetings with De Ruyter and the private company was provided with information, no final report as such was handed to him before he retired in June 2023, and he also spoke to Mufamadi and Gordhan.

Attempting to “validate and corroborate” the information provided by the private investigators at Eskom, Burger approached the SSA. “That’s where it was shut down… no co-operation,” he told MPs repeatedly. “It’s almost as if this is done on purpose to not have a full response by government,” he said, adding later, “Our security cluster is in dire straits. We are not doing what we are supposed to be doing.”

Burger took this to Mufamadi, telling him of the need for collective action under the National Security Council, and for a wide-ranging anti-corruption effort. The same information from the private Eskom investigators was handed to the Hawks. “I do not know whether they found any value in the information.”

State Capture ‘not a legacy thing’

“Everyone assumes State Capture is a legacy thing. No, it is not. Many of the organs (of state) have not yet been uncaptured. Their integrity has not been restored,” Burger told MPs. **DM**

Comment

The investigation doesn’t mean much if bureaucracy smothers progress. Reading *between the lines leaves speculation about why no further action?*

Synopsis

Eskom must pay bonuses to resolve 'people problems' – Ramokgopa

Daily Investor
By Shaun Jacobs
19 November 2023

Electricity Minister Kgosientsho Ramokgopa said Eskom employees must be paid bonuses to improve staff morale and performance as the utility struggles with "people problems". Eskom has not paid out performance bonuses since 2017, and it is not clear where the money to pay bonuses will come from.

Ramokgopa said he had asked Eskom's management and board to re-introduce performance incentives for employees at power stations based on the station's performance. To pay for these bonuses, Ramokgopa suggested Eskom use the money saved from a reduction in the use of diesel as the performance of coal power stations has improved.

However, Eskom has already spent R20bn of its budget for diesel expenditure in the current financial year, which ends on 31 March 2024. Bloomberg recently reported that South Africa has been using ships to store diesel to ensure supply to run generators and reduce electricity outages. Since South Africa doesn't have enough storage capacity onshore, this prompted the use of vessels off the southern coast near Mossel Bay to store the fuel.

Diesel-fired turbines typically intended for peak use have been increasingly run to meet demand, while Eskom's poorly maintained coal plants remain susceptible to frequent breakdowns.

People problems at Eskom

Ramokgopa lamented the low staff morale at Eskom in his appearance before Parliament, saying that staff at power stations set to be decommissioned were particularly despondent. "Workforce morale was extremely low because there have not been incentives in place for a number of years due to legacy issues and the quality of performance," he said.

With Eskom's ageing coal-powered fleet slowly being decommissioned, people are losing their jobs, and more jobs will be lost. Eskom closed the dilapidated Komati plant last year and will close another 5 of its 14 remaining coal-fired plants by 2030.

Thus, people are not incentivised to apply themselves at Eskom, Ramokgopa lamented. "The people needed to run these plants do not see their future at Eskom." Since then, the government and Eskom have decided to delay the shutdown of plants such as Camden and Hendrina to mitigate the country's chronic power shortage.

That decision has helped improve worker morale at affected stations because they now "know there is life beyond 2025, and they will be able to continue feeding their families".

Comment

Eskom is known for its higher than industry remuneration and bulky staffing. Contradictions – not budgeted for, poor performance caused cancellation of the incentive. Probably going to be implemented in any case. Wondering who will be in line for the highest performance bonuses?
Interesting that the power stations are being shut down, increasing loadshedding.

Synopsis

'Not acquited': Ex-Eskom boss Matshela Koko not off the hook yet?

The South African
by**Nokwanda Ncwane**
21 November 2023

The NPA Investigating Directorate (ID) says it is confident that the R2,2bn corruption case involving former Eskom boss Matshela Koko will be re-enrolled after it was struck off the roll.

As previously reported by *The South African*, former SALGA Chief Executive Thabo Mokwena, Eskom's former interim Chief Executive Matshela Koko, his wife, Mosima

Koko, and Koko's stepdaughters Koketso Aren and Thato Choma; Eskom Project Director at Kusile (most senior on site) Hlupheka Sithole, Lawyer Johannes Coetzee and Watson Seswai were arrested for alleged corruption at Kusile Power Station.

In 2015, Koko was responsible for dishing out an enormous engineering contract to a Swiss company. His stepdaughter had a huge amount of shares in Asea Brown Boveri (ABB) and profited substantially from the deal. The money was also sent through to Mrs. Koko, implicating her too.

Following the decision by the Middleburg Specialised Commercial Crimes Court, NPA's ID said the matter being struck off the roll does not mean that Koko has been acquitted or that the charges have been withdrawn. ID spokespersom Sindisiwe Seboka said they will continue with their investigating the case inline with the original case strategy that it developed for such a complex matter.

Seboka said they did not anticipate delays at the time of Koko's arrest due to the complex nature of the case, however, issues raised by the Commercial Crimes Court have been noted. "The ID will re-apply for the matter to be re-enrolled within a reasonable period of time, as soon as the outstanding aspects of the investigation have been completed," she said.

Comment

Investigations of such magnitude aren't finalised quickly. The complexity requires far reaching forensic investigation to lead to evidence in court. This is just one of the many reasons for Eskom's massive debt.

Synopsis

Letter to the Editor

Editor,

Have you been legally married 50 years ago? Can you prove it? This is the type of question facing widows of deceased government employees.

After the difficulties and lengthy delays with the first payment of pensions by the Public Service Pension Fund were resolved a few years ago, we have become accustomed to pensions being paid out quickly and swiftly by the Public Service Pension Fund. Spouses only had to ensure that their documents were complete and then there were no delays.

When the breadwinner dies, the spouse has tuns of problems that require attention and many times the income dries up immediately or quickly. It is therefore very important that the pension is paid out as soon as possible.

At the GEPF, a brand new delay has now arisen: The validity of marriages from years ago is now suddenly being questioned. Inquiries do not help. Widows are sent from port to starboard. Nonsensical reasons are given on inquiries such as for example that the marriage was confirmed a long time ago. What then is the purpose of registering all marriages with the Interior?

Meanwhile, the finances are drying up. In three cases that have now become known, the pensioners have been dead for six months and no pension is yet in sight.

Naturally, the surviving spouses become worried and, as at the time, the question involuntarily arises: DOES THE PENSION FUND HAVE A CASH FLOW PROBLEM? Nice talks on the radio and in the media about how prosperous the pension fund is, are no longer believed. The government's funds are running low according to newspapers !!i

It is truly a shame that spouses, apart from the financial problems and grief after the death of a loved one, are also burdened with insensitive harassment about the validity of their marriage. If the validity of a marriage must then be determined, why not do it while the pensioner is still alive?

To have to prove after your spouse's death that your marriage of fifty years or more was validly concluded is a great insult at a difficult time.

Is this really necessary?

Adamus P Stemmet

Comment

This is very actual and real. Add to this the interesting matter of the records of traditional weddings. Furthermore, Adamus has a worrying question about the GEPF cash flow. According to the recent GAPF AR it doesn't seem so, but we are entitled to be concerned.

Synopsis

South Africa approves early pension access: Two-pot system to launch in March

BizNews
22 November 2023
By Adelaide Changole and Paul Vecchiatto

South African lawmakers decided to allow savers early access to their pension funds from next year, a measure that the nation's biggest insurer expects to lead to a deluge of withdrawals.

Parliament's SCOF agreed to introduce a so-called two-pot pension system from 1 March. It will allow individuals to contribute one-third of their savings into an account that can be accessible at any time, while two-thirds must only become available at retirement.

The pension reforms have been on the agenda for almost a decade, but gained momentum after the coronavirus pandemic upended the economy and pushed the unemployment rate to a record high. That led to mounting calls on the government to make retirement provisions more readily accessible. South Africa had R3,34trn of retirement assets at the end of September, according to data from the Association for Savings and Investment South Africa.

The National Treasury and the retirement industry had sought to delay implementation of the law until 2025 to enable the state revenue agency and pension industry to put relevant systems in place. Old Mutual Ltd., South Africa's biggest insurer by assets, said in September it's bracing for a flood of requests by clients to access their savings by upgrading its IT systems.

The Bill will now go before the National Council of Provinces for concurrence.

Ninety One Ltd., South Africa's biggest privately owned fund, Chief Executive Officer Hendrik du Toit said. "The two pots system is there to help people in times of need, so I do understand that and the complexities of implementation though are very substantial, but it's very dangerous," he said. "We should think about creating an economy which allows people to retire with dignity, which means they should have productive jobs, earn enough, and save enough.

Only 6% of South Africans can afford to retire comfortably, which is defined as receiving a pension of at least 75% of their final salary, according to South African-based money manager Momentum Investments, which manages more than R608bn of assets.

Comment

We've been following the two pot for some time. It is getting closer but the practical implications are still to be experienced. How tis will impact the GEPF is still to be determined.

Synopsis

GEPF asset portfolio now valued at R2,3trn

Moneyweb
By Jimmy Moyaha
21 Nov 2023

JIMMY MOYAHA: We're taking a look at the GEPF. They have an asset manager in the form of the PIC, which controls 82% of that investment, or of that portfolio that is sitting now at R2,3trn.

I'm joined on the line by the principal executive officer at the GEPF, Musa Mabesa, to take a look at the company's performance over the last 12 months.

[There has been] a marginal increase in terms of the portfolio value. 'Marginal' is, of course, relative – a 1,2% increase for some might be a non-existent increase, but if we translate that, that's a R27bn increase for the GEPF. On top of that, it achieved a return on investment of 3,5%.

Let's look at some of the outflows. There were obviously outflows for various reasons.

MUSA MABESA: The primary object of the fund is to preserve the retirement savings of our members, so paying benefits to pensioners, spouses as well as their beneficiaries is the primary objective.

We pay that comfortably with the returns that we earn on the savings that they've maintained with us – and we are able to do that comfortably with the interest and dividends that we've earned on the investments that we hold. We remain cash-positive when you look at those variables.

Contributions that we receive from active members are invested for the maintenance of the future savings.

JIMMY MOYAHA: Let's look at some of the movements. I know that with the PIC being the custodian or the asset manager for these funds, a lot of the decisions don't necessarily sit with the GEPF. In fact, 82% of them sit with the PIC. I want to look at just your thoughts around the repositioning of these investments.

I had a look at the annual report that came out from your office and the reduction in exposure to Sibanye[-Stillwater]. You liquidated about R30 billion there and the PIC elected to take a 15% stake in AngloGold [Ashanti], as well as a 14% shareholding of Gold Fields. That's a very strong play into the gold space. Do you think that concentration leaves the GEPF a bit exposed in terms of commodities pricing at the moment?

MUSA MABESA: The GEPF and the PIC invest on our behalf through a mandate. The GEPF is a long-term investor and the PIC will invest on our behalf with the understanding that we are long-dated investors. So, any movement in market prices and commodity prices for that matter are not really an impact for us because those volatile movements will self-correct over time.

Decisions that the PIC makes obviously are based on fundamentals in the market. The decisions that they mak are within their purview, and they motivate those and justify the performance to us, and we'll assess them based on their performance. We'll let them do that within the mandate and report [on] performance – and they've done well for us over the years based on the strategies that they apply.

JIMMY MOYAHA: Speaking of the mandate and the revision of that mandate with the PIC, that revision took place as you came in as the principal executive officer of the GEPF. That was obviously with the understanding that there needs to be a greater synergy and harmony between the two organisations, and accountability for some of the investments. Some of the investments, the likes of Steinhoff and Ayo Technology, haven't necessarily been to the benefit or in the best interests of the GEPF.

I want to look at the revision of that mandate, [which] officially became effective from 1 April 2022. This would effectively be the first reporting period or the first set of financial results since that revised mandate came into effect. Is there a change that the GEPF has been seeing since rolling out that new mandate with the PIC?

MUSA MABESA: Yes, there's been a change from the PIC's operations as well. You'd recall that Mpati Commission of Inquiry made certain recommendations that the GPF needed to implement. One of those recommendations was a revision of the mandate we had with the PIC.

That revision that we put in place was to strengthen the governance that we put in place, the oversight mechanisms with the PIC, as well as tightening some of the requirements and the performance expectations of the PIC.

And we've seen the PIC's changes in the way they operate. They've augmented their capacity and bringing in the right skills that will assist in managing the assets of the GEPF.

JIMMY MOYAHA: At this stage, Musa, are there concerns around the percentage of allocation that sits with the PIC? For them to control 82% of the portfolio is quite a significant number, and, as you said, we are still in the very early stages of the new mandate and the amended mandate. But is it something that is up for consideration at the GEPF to say that perhaps we should look at diversity in terms of asset managers?

MUSA MABESA: We are not considering diversifying managers specifically. The PIC remains our manager of choice. The numbers that you and I spoke about at the beginning of our dialogue speak to the PIC's performance.

Last year we had a return in excess of 11%, and that was largely driven by what the PIC has been doing in implementing the mandate that we gave to them.

JIMMY MOYAHA: Musa, can I ask if you are concerned about the fiscal situation in South Africa? The reason I ask this is the government's or the GEPF's exposure towards the government in the form of direct exposure is to the tune of some R678bn of the R2,3trn of the portfolios.

About 29,5% is directly exposed to whether it's parastatals or whether it's direct government bonds.

Are you at this stage concerned as an investor – not looking at who is managing the money or anything of the sort, but as an investor to say the government needs to sort out its fiscal position because 30% of *your* money is sitting with them?

MUSA MABESA: You're referring to the R557bn in government bonds as well as the R122bn in parastatal bonds. We are watching those numbers very carefully, but we remain confident in the South African economy. There haven't been any defaults in these bond holdings and in the financial year under review these bonds have actually contributed significantly to the positive performance that we've seen.

One thing I need to impress upon you, is that the liabilities of the GEPF are rand-based in South Africa. We need to be mindful of the importance of the GEPF's continued existence and investment in South Africa, and the confidence that we have to have in South Africa is important to us as well.

JIMMY MOYAHA: Despite the increase in the offshore portfolio, is South Africa still the preferred destination? Is that correct?

MUSA MABESA: Yes. Part of our diversification strategy is to have some sort of offshore exposure. But we ideally should have around 15% of our assets under management invested offshore. We'll gradually work towards that 15%. At the moment we are circa 10% invested outside South Africa.

JIMMY MOYAHA: We hope that the business continues to do well, the portfolio continues to grow, and that all of the government employees that have entrusted you with their hard-earned monies see the benefits of that when it is time to retire. Thanks so much.

Comment

The interviewer clearly has a different view and understanding of the PIC and GEPF and their relationship. Common misconception of what the PIC does.

I hesitate to say, but this severely shortened interview reads like a prepared discussion. Similar reviews may be found in radio interviews elsewhere.

Synopsis

Pre-election "Plunder's spree of note"

BizNews
23 November 2023
by Chris Steyn

There is a "plunder's spree of note" by government officials to "make as much money as they can" before next year's national elections. That is the charge from OUTA's Wayne Duvenhage who speaks to BizNews after a Special Investigation Unit (SIU) report to Parliament has laid bare a "mind-blowing horror story" of looting that brought South African Airways (SAA) to its knees. Duvenhage says there has been a lot of rhetoric from President Cyril Ramaphosa. However, "it might be some of his lackeys and his cronies and his cabinet ministers or senior people in the political structures that are implicated and that might have to go to jail, which is why we think that there's this reluctance to really get down to doing the hard yards here." ***– Chris Steyn***

Highlights from the Interview

There is a "plunder's spree of note" by government officials to "make as much money as they can" before next year's national elections.

That is the charge from OUTA's Wayne Duvenhage who speaks to BizNews after a SIU) report to Parliament has laid bare a "mind-blowing horror story" of looting that brought SAA to its knees.

"And right now, the amount of gazettes and comments required and requested from various departments for big changes to procurement and management of oil infrastructure in this country, trying to push karpowerships onto us and dealing with the NSFAS, the student's finance aid schemes…the corruption and the absolute maladministration that's going on. It's all to make as much money as they can before the next elections. It's a plunder's spree of note, I can tell you right now, right from national down to local government, it is getting out of hand," Duvenhage says.

"We are coming up to Anti-Corruption week. We've had corruption announcements recently and events where the president is speaking brazenly and boldly about the commitment to fighting corruption. Well, it's all words. There's no action. It's a lot of rhetoric. He's very weak, I'm afraid."

Duvenhage says civil society has their work cut out for them to ensure that the coffers aren't plundered. "They have been there, the Minister of Finance has told us that we are broke and that we've got to do things differently. Well, if we're not going to tackle the gross maladministration that's taking place with inept people that have got an intent to rob the bank here, then you know, we are going to have a very difficult time turning this country around. Every day of looting is a day that we go backwards in this country."

As for what action can be expected from Parliament to the SIU report on the looting at SAA, Duvenhage says: "Well, they can now do their work properly, and they haven't done their work. They looked away for so many years through two administrations under Zuma and largely this year, this last administration. They've not been holding the Cabinet to account and the executive to account to the extent that they should. They should really be hauling everybody into parliament, seeking the answers. And almost I believe SCOPA and the various committees can be giving instructions to the Minister of Finance to make sure that these institutions are properly resourced to get on with the job of fighting corruption."

Duvenhage stresses that there is "so much evidence here that could put these people away", but that it doesn't help to gather all this evidence "if we don't see people inside the courts and in orange overalls".

He says the problem is that the NPA is under-capacitated, and doesn't have the resources and the professionalism to do complex forensic audits to "make strong cases that advance quickly in court and not have these constant delays which eventually get thrown out of court".

"So, I sincerely hope that we don't lose these cases, or that these people are no longer allowed to walk the streets freely and spend their looted money in the way they are."

Comment
The fear of not being re-elected and losing the comfortable politician's life should be clear from this interview. Of note would be the sinecure that so many have in the SOE we have bonds and loans of.

Synopsis

SIU flags new corruption allegations regarding SAA sale

Daily Investor
By Shaun Jacobs
25 November 2023

The Special Investigating Unit (SIU) has received new allegations of corruption concerning the Takatso Consortium's purchase of a 51% stake in SAA. The head of the SIU, advocate Andy Mothibi, revealed this in a presentation to SCOPA.

Mothibi outlined the SIU's current investigations into corruption at SAA and the progress made in recovering assets worth around R3,4bn. As of 21 November, only R14mn has been recovered, and six referrals have been made to the NPA.

The SIU's investigations at SAA are yet to be completed and will likely continue for some time as it received fresh allegations regarding corruption at the airline. Mothibi told SCOPA that it has "received new allegations in relation to the Takatso deal and is undergoing SIU internal processes of assessment".

Since receiving the allegations, the SIU has requested additional information from the Competition Commission, the Auditor-General, and the Department of Public Enterprises.

The sale of 51% of SAA to the Takatso Consortium has been hit by several delays, with Public Enterprises Minister Pravin Gordhan initially promising that the deal would be concluded by March 2023. He has since changed his promise to the end of the year.

The Auditor-General (AG) and other experts have expressed their doubts that the deal will go through. In a report presented to SCOPA, the AG said SAA's disclaimer audit outcome with material misstatements may create challenges in determining appropriate values for the company and its assets. It warned that this may result in the terms of the sale and the selling price not being in the state's best interests.

"I do not think this deal is ever going to happen, although Gordhan keeps promising it will," aviation analyst Guy Leitch told the SABC. He explained that for the deal to go through, existing legislation governing SAA would have to be changed and the aircraft operating licences would have to be changed. This would take 18 months at least.

However, "without it, the airline cannot grow; it is already stretched to breaking point, and it desperately needs funds", Leitch said.

SAA will never be able to catch up with its competitors if it does not secure a cash injection. The airline lacks the fleet, the equipment, and the financial resources to compete.

"At this stage, I can't see a recovery. I don't see us ever being the number-one airline to Africa again. We are never going to catch up."

Comment

Although SAA is operating again, it seems that its continued operation is uncertain. There may be a good reason or reasons why the sale of SAA hasn't been concluded, clear from what Guy Leach says. Our participation as part of the consortium somewhere is murky.
If the 'government' is going to let go of SAA? Who can say?

Synopsis

The tragicomedy of business's naïvety on NHI

The Friend
23 November 2023
By Martin Van Staden

Organised business in South Africa continues to engage with the South African government as if both parties were fundamentally *bona fide*. The reality is that this government is not open to dissuasion from its bad ideas. This is as true for the NHI as it is for other policy proposals. The sooner business realises it is dealing with a bad actor, the better.

On 16 November *Business Day* reported that South Africa's big businesses were 'hopeful' that the National Council of Provinces (NCOP) would 'soften' the NHI Bill. The report paraphrased Business for South Africa's Martin Kingston as saying, 'Business groups have been led to believe there will be adjustments for medical schemes'. Kingston is quoted as saying, 'I would be very surprised if [the Bill] re-emerges as it is today.'

When this article was published, we at the Free Market Foundation (FMF) and the FMF Health Policy Unit could only chuckle. We have seen this movie before, and we have warned big business that this movie will be repeated on an even worse schedule than with ordinary DStv programming.

Big business, particularly the medical schemes industry, is rightly primarily concerned with section 33 of the Bill, which provides that upon the full implementation of the NHI, medical schemes may offer only complementary benefits for services not covered by the NHI Fund. Business has also, to its credit, warned that raising taxes to fund the NHI would be ineffectual, but also devastating for the already overtaxed economy.

On 21 November Business Day again reported on the matter, confirming exactly what the FMF knew would happen and has warned business to expect: the NCOP select committee adopted the 'Bill without making any changes'.

In a very real way, 'We told you so'.

Business ought not be disappointed about what they should have seen coming a mile away, and with sufficient forewarning. It was beyond naïve for business representatives to believe the ANC would shrug off its harmful ideological preconceptions during an election season.

Immoral concessions

In the second Business Day report, Coovadia once more expressed an oft-expressed opinion by business: 'We have consistently said we don't have a problem with NHI itself, [but] certain sections need to be changed.'

Our question at the FMF has been this: *what political capital has this mealy-mouthed concession to an immoral policy bought business?*

The rent-seeking NHI, which will only become another cash-cow for the corrupt while denying ordinary South Africans self-determination in matters of health, is no exception.

The NHI is intended to completely (if not immediately, then gradually) destroy the private healthcare sector in South Africa, which is the envy of the continent. Given this, any future reform-oriented government, whether elected in 2024, 2029, or 2034, will have no choice but to undo the NHI. One hopes this will come in time to save the bulk of the private healthcare infrastructure before it is all looted and mismanaged into the ground.

Perhaps change will come after all?

Kingston still apparently believes changes will be made to the Bill at some point, with Business Day pointing out that the President might send it back to Parliament.

But even if the NCOP changes course and amends the Bill after this column is published, that will simply mean the Minister of Health – through the extraordinary, unlawful levels of discretion that office is granted by the Bill – will implement whatever is removed from the legislation today via regulation tomorrow.

This is just another phenomenon that business has been naïve about over many decades.

With all their moaning about policy certainty, you would have imagined that business would be at the very forefront of the fight against parliament's habit of assigning vast, undue discretion to executive functionaries. But I have been in meetings with organised business before, where they indicated in no uncertain terms that they would not push back against unrestricted discretion because their counterparts in government had made it plain that this was 'non-negotiable'.

Weak state, strong commerce

Government's standing to impose its agenda on business and on society more broadly is entirely unearned. Its power to impose is also almost entirely non-existent, buoyed only by the eagerness with which business and some sectors of society comply with its diktat, despite such compliance being incompatible with their vital interests.

Big business and civil society would do well to align their perceptions of government power with the reality of government power – or, rather, the lack thereof.

Comment

Let's be cautious about NHI except when the time comes for it to be funded. Then we must ensure that the GEPF isn't part of the funding, as there will be no ROI, whatsoever.

THE GEPF WATCHDOG / WAGHOND FACEBOOK PAGE

Welcome to our page!!

The GEPF Watchdog/Waghond Facebook page is the social media platform of the non-profit organisation "The Association for the Monitoring and Advocacy of Government Pensions" (AMAGP). The AMAGP has only one agenda point – safeguarding the GEPF against looting and mismanagement.

We are the owners of the GEPF, and we have the right to expect the GEPF Board of Trustees, and the PIC, to manage and invest OUR money in a responsible and profitable way. To the advantages of members and pensioners!

Most of our GEPF members are content with the fact that pensioners still get their monthly pension and perhaps a non-inflation related increase sometimes. They are convinced by GEPF newsletters and ambitious GEPF Annual Reports that our Pension Fund is in a superb condition. The AMAGP newsletters, annua reports and press releases tell a different story.

Our Facebook and AMAGP are together more than 59 000 members and continually growing, but this isn't enough. The continued growth confirms the ever increasing concern pension fund members and pensioners have about the future of their pensions.

As a member of the GEPF (working or retired), this Facebook page will keep you updated about any developments affecting the health of YOUR Pension Fund. It also provides you with the opportunity to participate in the debate and raise issues of concern.

Please read the articles that are posted on the wall, BUT also under "files and FEATURED". You can get further information on our website – there is no reason to be in the dark regarding our/your Pension Fund, and what you must do as a member.

This page will only have any value for you if you join the AMAGP. Note there are no membership fees, but we urgently need your financial support for legal actions and other projects. You don't have to do any work for the AMAGP if you do not wish to do so – BUT your membership will add one more voice to AMAGP convince the government our pensions remain ours, not theirs to misuse.

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