VOL 1 NO 2

GEPF MONITOR

Staatsdienspensioenfonds-Moniteringsgroep

Kontakbesonderhede

Die GEPF Monitor word opgestel en saamgestel deur Hennie Heymans in samewerking met AP Stemmet en Hennie Roux.

Voorlopige bestuur

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Ere-sirkulasie bestuurder

Vakant – ons soek iemand om as nodale punt vir verspreiding, per e-pos, op te tree

Gesoek

Ons soek ŉ kundige, afgetrede speuroffisier wat aan die ou Handelstak van die polisie verbonde was, om ons te help met die vertolking van inligting ens.

Welkom: Wagters op die Mure

ŉ Hartlike woord van welkom word u, by die tweede uitgawe van ons tydskrif, toegebid. Gedurende 4 en 5 Mei 2016 het ek ŉ simposium oor hierdie ingewikkelde maar baie belangrike aangeleentheid bygewoon. AP Stemmet, Petro Stemmet en MS du Toit was van die hoofrolspelers.

Tydens die simposium het ek diep in my stoel probeer wegkruip, sodat kon probeer om oogkontak met AP te vermy; want ek het sommer gevoel hier kom moeilikheid: lees **werk**. (In die verre verlede het ek eenmaal onder "AP" gedien en ek kèn vir AP.)

Die voordrag deur die verskillende lede was puik! Dit het my bekommerd gemaak dat hulle so baie weet; terwyl ek soos ŉ ware leek daar gesit het. Vreemde akronieme het soos vlermuise die lug in ŉ donker grot rond gezoem! Daar was verteenwoordigers van die SAW, NI en Korrektiewe-dienste. AP het gemeld dat hy ook met ander rolspelers oorleg pleeg.

Stadig maar seker het ek agter die kap van die byl gekom. Maar ek moet ŉ bekentenis maak: Ek kom uit ŉ konserwatiewe milieu; ons is gewoond ons doen ons werk en ons kla nie! Dit lyk vir my daardie dae is vir goed verby en ons het ŉ morele plig om as pensionarisse ons GEPF se finansiële sake "mede-te-bestuur." U sien indien ons nie kla nie, dan dink die "bestuurders" alles is reg. Kom daar fout; dan kan ons nie na die tyd kla nie!

Iets wat my opgeval het: Almal vind baat by die GEPF behalwe ons pensioenarisse. Waarom deel ons nie ook in die winste van die GEPF nie? Waarom kry ons net die minimum verhoging?

Al wat ons pensionarisse kan bied is: Werksaam met ons sodat ons op hoogte kan kom en verstaan wat aangaan en mede-bestuur uitoefen in die sake wat ons ten seerste raak! Wees ʼn spreekwoordelike wagter op die muur!

Lees gerus "Deel Een" van die nuusbrief met aandag. "Deel Twee" van die nuusbrief dien as argief vir sake wat ons reeds aandag aan gegee het. Vir rekord en kontrole doeleindes liasseer ons dit vir moontlike toekomstige aanwending.

AP en Petro Stemmet in die geselskap van MS du Toit. Die foto is geneem tydens ons eerste werksessie in Pretoria. AP en Petro tesame met James Galvin het van Kaapstad af, opgevlieg, om die simposium by te woon.

Moet nie vergeet om na die Myburghkommissie se verslag te loer nie: p 53.

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Die voorsitter sê:

Ons eerste nuusbrief, die ***GEPF Monitor***, is met groot belangstelling ontvang en weke na sy verskyning stroom die navrae steeds in.

Weereens, ons is 'n groep staatsdienspensioentrekkers wat bekommerd is oor wat ooglopend besig is om verkeerd te loop met ons pensioenfonds, al staan van ons eie kollegas en ons personeelverenigings apaties teenoor gebeure en word in sekere kringe beweer dat ons "wolf, wolf" skree en dat ons fonds baie sterk is. As dit ook u benadering is, is u nie ingelig nie. Onthou Transnet se pensioenfonds wat slegs 2% per jaar verhoging kan bekostig maar wie se hoof uitvoerende beampte R6.9miljoen per jaar ontvang.

Ons doel is juis om in te lig, beleggings te moniteer en wanpraktyke aan die groot klok te hang as ons dit vind. Alhoemeer ekonome en kommentators in veral finansiële blaaie laat hulle uit oor tendense en gebeure in verband met die fonds wat hulle waarneem.

In Engineering News van 10 Augustus 2016 lees ek "***Roodt fears government may target pension funds as it's next source of funding***" en "***my suspicion is the next pot of gold will be the pension funds***".

Dit is presies waarvoor ons bang is. Dit, terwyl sosiale media swyg. Ons beskou onsself as fluitjieblasers en sal aanhou met dit waarmee ons besig is tot alle wanpraktyke uit die weg geruim is.

Ons bevraagteken baie beleggings en lenings al kom daar geen antwoorde uit die beleggers nie.

- Voldoen die raad vir trustees werklik aan hul eie beleggingsdoelwitte en word dit nagekom?
- Ons tree nie konfronterend op nie maar wil weet of ons trustees heeltemal tevrede is met dit wat met ons fondse gebeur.
- As hulle nie is nie, wat doen hulle daaraan?
- Word prestasies van beleggings deur die openbare beleggingskorporasie (OBK)[1] ten minste op 'n kwartaallikse basis aan die raad gerapporteer soos vereis?
- Word die verantwoordelikhede as ondertekenaar van die "*united nations principles for responsible investment*" en die "*code for responsible investing*" nagekom?

[1] OBK in Engels is die afkorting PIC – Hennie Heymans

- En die mandaat wat die raad aan die OBK gegee het?

Vir ons groep wil dit alhoemeer lyk asof die OBK sy eie agenda het en alhoemeer optree asof hy die eienaar van die fonds is en nie slegs die agent wat namens die fonds belê nie.

- Het die GEPF al ooit oorweeg om ander beleggers ook te gebruik?

Ons sien van geld wat in bankrot munisipaliteite ingepomp word. Bv Tshwane, meer as 'n biljoen rand volgens die burgemeester “eksklusief vir swart ontwikkelaars”, Tlokwe R800 miljoen en Brits R667 miljoen.

- Beleggings of lenings?
- Hoekom word besonderhede nie bekendgemaak nie?
- Wat van die rentekoerse?
- Hoe word terugbetaal?
- Hoekom is dit pas voor die munisipale verkiesings aangekondig?
- Beweeg die OBK nie te openlik op die politieke gebied nie?
- Word die indruk nie doelbewus geskep dat dit die “government” is wat die geld voorskiet nie?

Die halfgeletterde kiesers verstaan sekerlik nie die verskil tussen “government”, die regerende party en die GEPF nie. Dit lyk vir ons of politiek en ras voortdurend deur die OBK ingesleep word. Dit het onlangs by verskeie kere gebeur. Die hoofbeleggingsbeampte van die OBK verklaar openlik dat die geld wat in Independent Newsmedia belê is R500 miljoen en die ongeveer R800 miljoen wat aan Sekonjalo, die koper van Independent Newsmedia, geleen is, gedoen is met die doel om 'n swart “Naspers” te skep. Hy spreek hom ook uit teen die aanstelling van 'n “wit” persoon as hoof uitvoereende beampte van MTN. Ras, ras, ras!

Wat Independent Media betref, is daar baie vrae wat ons nie gaan herhaal nie. Die finansiële blaaie is vol daarvan. Die wêreldtendens in die media is om weg te beweeg van die gedrukte media. Ekonome spreek hul verbasing uit oor ons terugwaartse beweging.

- Is daar al enigiets van diè lening terugbetaal? Belegging en lening tot voordeel van die GEPF?

Wat MTN betref, het die OBK 'n 13% aandeel in die maatskappy maar weens die droogmakery in Nigerië lei die firma vanjaar 'n verlies. Ons deel natuurlik daarin. Elders in hierdie blad is daar meer besonderhede van hoe onbekwame mense miljoene “verdien”. Ons fonds sing hartlik saam en help hulle betaal!

Beleggings wat werklik kommer veroorsaak is die sogenaamde “State Owned Enterprises” (SOE's).

Hoeveel geld die fonds daarin belê het en in watter almal belê is, weet ons nie. Hoe winsgewend, weet ons ook nie. Hou ook in gedagte dat meeste van die SOE's reeds vrot kredietgraderings het. Hier is 'n paar: ACSA R3miljard, NOK R8miljard, Ontwikkelingsbank R16miljard, Trans Caledon Tunnel Authority R19miljard, Eskom R89miljard, Landbank R10miljard en Sanral R15.3miljard. Bespeur 'n mens hier 'n gevaarlike tendens? Die regering is bankrot en sy waarborg van ons fonds is dus “niks werd”. Dit is so diep in die skuld by die OBK dat dit alhoemeer moontlik word dat die stert die hond swaai omdat die OBK te magtig geword het. Ons moet dus glad nie van die regering verwag om die fonds tot orde te roep nie. Hulle kan mos nie hul skuldeiser aanspreek nie. Omgekeerd wel.

Bereik ons Gideonsbende iets met ons pogings?

Ons eis geen krediet nie maar neem tog kennis dat daar tog 'n mate van openheid besig is om te ontstaan. Kyk bv. die aankondiging onlangs van die R10.5 miljard wat aan SA Home Loans toegestaan is vir behuisingslenings vir laer besoldigde staatsamptenare. 'n Lid van die raad van trustees, genl-maj Dries de Wit, en 'n lid van die OBK was deel van die span wat die aankondiging gedoen het. Baie dankie aan hulle. Natuurlik ondersteun ons die belegging. Ons neem ook kennis van berigte wat toenemend in finansiële blaaie verskyn.

Waaroor ons die meeste dankbaar is, is die toenemende belangstelling en optrede van politici in belang van ons pensionfonds. Ons sien met dank aggressiewe debatvoering veral deur lede van die opposisie in die parlement. So het meneer David Maynier van die DA bv onlangs gesorg dat die Myburghkomitee wat ondersoek ingestel het na die African Bank-fiasko in Augustus 2014 se verslag na die openbare vervolgingsgesag verwys is met die oog op strafregtelike vervolging. Ons groep doen self verder stappe in navolging van meneer Maynier.

Die moniteringsgroep berei tans voor vir 'n gesprek met 'n lid of lede van die raad vir trustees. Ons doel is om antwoorde op ons baie vrae te kry en is nie bedoel om konfronterend te wees nie. Na hierdie onderhoud sal ons oor die pad vorentoe besluit.

Wat kan u doen?

- Vra vrae aan u personeelverenigings en politici en dring aan op antwoorde.
- Moenie glo dat ons niks te vrese het omdat die pensionfonds sterk is nie. Onthou wat met Transnet se pensionfonds gebeur het.

AP Stemmet
Voorsitter : GEPF Moniteringsgroep

Betrokkenheid: Hennie Heymans

Dis baie belangrik om betrokke te raak en waaksaam te wees – monitor u belange! Lees asb die volgende:

"What is still holding everything together for the ANC, despite all the punishment it has suffered over the past decade, is its control over the state. **The South African Revenue Service and Treasury now collect or borrow close to well over a trillion-and-a-half rands. This money then flows downwards on social grants,**

salaries (often used to support extended families), student bursaries, contracts, and so on. This binds ordinary people into the system, and particularly the poor. High and growing unemployment, which is by far the major concern of voters, actually increases this sense of dependency on the ANC government. Apart from the state salaries paid to its public representatives; corrupt tenders, pay-outs, and patronage appointments within the state and parastatal sector allow the party and the dominant faction within it to shore up internal unity and control."""""""

http://www.politicsweb.co.za/opinion/the-opposition-not-quite-there-yet?utm_source=Politicsweb+Daily+Headlines&utm_campaign=62ed2a7838-DHN_10_Aug_2016&utm_medium=email&utm_term=0_a86f25db99-62ed2a7838-130042309

Die "Manne" van Pretoria

V.l.n.r. Andries van Vuuren, Hennie Roux, Barend van Heerden en Albert van Driel.

Guard your pension fund, says Roodt

The promises of politicians are always greater than the South African taxpayer's capacity to deliver, says Efficient Group chief economist Dawie Roodt.

He says the current ANC / Cosatu / South African Communist Party tripartite government has become ideologically confused, scripting contradictory policies that are often not implemented.

Faced with high debt levels, high social spending (redirected from capital spending), little room to increase taxes significantly as South Africa has too few rich people, and several inefficient, bankrupt State-owned enterprises, Roodt fears government may target pension funds as its next source of funding.

“What is the next pot of gold? My suspicion is the next pot of gold will be pension funds. Make sure you have a good financial adviser,” he warns.

Roodt expects zero per cent economic growth for South Africa this year – or even negative – and only 0.8% next year.

“The technical definition of a recession is two successive quarters of negative growth. In my definition of a recession the economy expands below population growth. This means we have been in a recession for quite some time already.”

Roodt expects the rand to show initial weakness if South Africa is downgraded by ratings agencies later this year, however, he believes “the currency may come back thereafter”.

“Don’t think of the rand as a one-way bet only.”

He adds, however, that he “does suggest to people to diversify their portfolio abroad”.

Roodt expects an interest rate hike later this year, and “maybe next year as well”.

He warns that rapidly escalating food inflation will see a further rise in social tension in South Africa.

Sien: http://www.engineeringnews.co.za/article/guard-your-pension-fund-says-roodt-2016-08-10/rep_id:4136 (Ontvang van dr. Dreyer van der Merwe.)

People must use all avenues to hold public officials accountable – CFCR

Rebecca Sibanda - 11 August 2016

Organisation says it is not enough to wait for a five-year cycle to actively participate in the progress of communities.[2]

Election post mortem – active citizenry and holding public officials accountable

In the months leading up to this year’s Local Government Elections, the possibility of free and fair elections was marred by various incidents across the country. From protests in Vuwani regarding municipal demarcation, to the multiple political killings in KwaZulu-

[2] Ons as afgetrede staatsdienswerknemers moet ons demokratiese regte uitoefen en alles met ʼn valkoog dophou; verdagte transaksies moet bevraagteken word – Hennie Heymans

Natal, as well as the plethora of objections and complaints on Election Day, it was indeed unlikely that a calm political atmosphere would prevail following the release of the final results. However, after the conclusion of the voting process and the announcement of the final results, the Independent Electoral Commission (IEC) declared the elections free and fair. These sentiments have been echoed by the Law Society of South Africa.

Furthermore, political parties have been magnanimous in their behaviour and have actively started to engage in negotiations for coalition governance in many municipal areas - a procedure which no doubt will require much compromise. The aftermath of the Local Government Elections serves to instil confidence in our democracy and in the process of free and fair elections, which contribute to the same.

For the most part, it seems that South Africans across the board heeded the call to participate in the elections and do so freely, while affording others the same right to participate in the elections.

The question that begs an answer is now that the elections have come and gone, how else can South Africans continue to hold public officials accountable? The trend is that political parties engage with their communities the most in the crucial period leading up to election time and this has led to the belief that elections are the only way by which the people can hold public officials accountable - the threat of replacement.

In South Africa, elections are guaranteed and provided for in the Constitution. The right to “universal adult suffrage, a national common voter’s roll, regular elections and a multi-party system of democratic government” is articulated as part of this democracy’s founding values.

Elections are however, periodic in nature and whilst they are a prominent accountability tool, they do not make it easy for citizens to hold their representatives accountable.

They cannot work alone to guarantee accountability, transparency, responsiveness and openness from public officials as required by the Constitution. Other mechanisms exist by which citizens can hold public officials accountable in the years in which there are no elections and indeed, in conjunction with the same.

Auditor General

Chapter 9 of the Constitution establishes institutions whose mandate is to assist in holding the state and its organs accountable. For example, the office of the Auditor General audits accounts and financial statements of all national and provincial state departments and municipalities and is also involved in their financial management.

Members of the public may, as concerned citizens, request assistance from this office where financial maladministration is suspected.

Public Protector

Chapter 9 also establishes the office of the Public Protector whose purpose is to "investigate any conduct in state affairs, or in the public administration in any sphere of government, that is alleged to be improper…" and to take appropriate action.

This office has fast become a shining beacon for this democracy in terms of accountability.

As with the Auditor General, requests for assistance may be submitted by civil society at large. An example of this is the now famous report on the non-security upgrades at Nkandla entitled *Secure in Comfort*. The powers of this office were spelled out and vindicated in the Constitutional Court in March of this year in *Economic Freedom Fighters v Speaker of the National Assembly and Others*; *Democratic Alliance v Speaker of the National Assembly and Others*.

Accountability & Promotion of Access to Information Act (PAIA).

Disclosure by public officials and the state is essential to the fostering of an open and transparent society. Accountability can be achieved through requiring public officials to be open and transparent about their financial dealings, as well as those that that are carried out in their capacity as public officials. This goes hand in hand with the right to access to information as outlined in section 32 of the Constitution, buttressed by the *Promotion of Access to Information Act* (PAIA).

Litigation

Over and above demanding access to information that directly impacts South Africans via the aforementioned mechanisms, there is the option of litigation. Whilst often costly, the courts are the ultimate watchdog in relation to a final solution.

Citizens need not approach the courts individually and have the option of class actions or approaching civil society organisations who have the funds and experience in the concerned area. Civil society groups can monitor the performance of public officials and attempt to provide systematic oversight of their actions. For example, in *City of Johannesburg Metropolitan Municipality and Others v Hlophe and Others*, residents of an abandoned building in the city were evicted in preparation for renovations to the building. The City was ordered to provide the evictees with alternative accommodation, but repeatedly failed to do so, resulting in the occupants living in poor conditions in a building in the inner city. Redress was only made possible following an intervention by the Social Economic Rights Institute (SERI).

Chapter 10 of the Constitution

Active citizenry is not limited to participation in elections and engaging in litigation.

Local government is designed to allow for public participation, which in turn benefits development and enhances democracy.

Chapter 10 of the Constitution provides that citizens should have direct access to their elected local government representatives and that they should have the opportunity to participate in local governance.

Indeed, where a decision is made that affects the people, they must be consulted.

Moreover, the *Municipal System Act* requires municipalities to put in place systems for communities to participate in the decision-making processes.

Section 17 of the Constitution

Other means by which active citizenry can assist in holding public officials accountable are assembly, demonstration, picketing, and petitioning the relevant authorities as enshrined in section 17 of the Constitution. As has become part of South African culture, marches to government seats by concerned citizens brings their plight to the attention of those in power.

Elections, accountability and available avenues

Elections are intended to help render public officials accountable, but more often than not, citizens do not get the opportunity to hold their representatives accountable for their actions or lack thereof.

It is important that South Africans utilise the other available avenues to bring their representatives to book and demand that they carry out their duties.

It is not enough to wait for a five-year cycle to actively participate in the progress of their communities.

By Rebecca Sibanda, Legal Assistant, Centre for Constitutional Rights, 11 August 2016
http://www.politicsweb.co.za/politics/people-must-use-all-avenues-to-hold-public-officia?utm_source=Politicsweb+Daily+Headlines&utm_campaign=539d036fb0-DHN_12_Aug_2016&utm_medium=email&utm_term=0_a86f25db99-539d036fb0-130042309 [Afgelaai deur HBH op 12 Augustus 2016.]

Ons moet alle wetlike en ordentlike middele tot ons beskikking aanwend om ons doel, doelstellings en doelwitte te gebruik. Ons lewe in 'n nuwe tydsgewrig en moet andersyds ook bostaande wenke nie buite rekening laat nie.

In die lig van die vorige artikels <u>hierbo</u>, dat die GEPF-pensionaris op sy eie belange moet let, kyk wat gebeur naby AP Stemmet se tuiste - daar onder in die Kaap - met die volgende GEPF-belegging:

A GEPF "Goose Graveyard": AP Stemmet

This is what a site formerly called a true diamond is now being called by residents of Milnerton.

One of our members brought this matter to our attention. Investigation revealed an unacceptable state of affairs. On a prime site in the Milnerton CBD where once the Cambridge Hotel and shops were, is now a deep hole enclosed by a high corrugated fence as if hidden in shame from the public. It is clear that something terrible went wrong there.

Enquiries revealed that this site was bought by the PIC Real Estate Managers (PIC REAM) years ago on behalf of the Government Employees Pension Fund. Some say it was bought in 2006, others say 2007. Whatever the year, it is obvious that the property has been unused for a very long time after the existing buildings were demolished.

On 1 June, 2011 *SA Commercial Prop News* reported that construction of the new complex was expected to commence in January, 2012 with doors opening to consumers by October, 2013. According to this paper Jane de Decker, asset manager of PIC was positive about the potential of this development: "Centre Point is a true diamond ……" To ensure future success, the PIC appointed Lazercor Developments in July 2009 to conduct an investigation into the redevelopment of this shopping centre. It was then decided to demolish the existing structure and to rebuild it from the ground up. Mention is made in the report about severe cost implications.

R260million was to be spent on this development with a gross lettable area of 10,000 square metre, therefore no small concern with space to be occupied by firms like Pick 'n Pay, Clicks, etc with a block of flats offering 60 apartments to be added later.

On 20 November, 2014 *Tygerburger* reported that the proverbial cobwebs are multiplying at Centre Point. Work on the site should have started in February then May and then September but to date nothing has happened.

Tygerburger also reported that every time the leasing agent was asked what was going on the reply was that construction would start immediately and that 60% of the retail space has already been assigned to shops and businesses which include Pick 'n Pay, Clicks MTN and Crazy Store. PIC's properties manager Leriba Matoba confirmed this.

The latest report appeared in Table Talk on 26 May, 2016 to the effect that animal lovers are bemoaning the plight of goslings that have been dying in the putrid pool of water in the middle of the sight.

You can imagine the bad publicity the GEPF and PIC receive every time the matter is raised in the media.

The fund owns a goose graveyard!

Questions arise about what is going on. Financial losses must be huge. I visited the site during June, 2016 and feel ashamed of what I have seen. Will anybody be held responsible? I doubt it.

A P STEMMET

- **Onthou dis ons geld wat daar lê!**

Optrede deur genl (afgetree) JV "Johan" van der Merwe

GEPF Rule 19

19 Access to documents of the fund
A member, pensioner or beneficiary has the right to have access, at all reasonable times at the registered office of the Fund, to the rules, the latest financial documents and the latest valuation report of the Fund. The abovementioned persons may obtain a copy of the rules, the latest annual financial statements and the latest valuation report of the Fund on payment of fees as determined by the Board from time to time, provided that such fee shall relate to the production of such documents.

Oorlegpleging met dr. Dreyer van der Merwe en ander regslui

Hallo Dreyer

Jy sal merk dat volgens reël 19 van die reëls van die pensionfonds lede van die fonds daarop geregtig is om afdrukke van die finansiële state by die kantore van die fonds teen betaling te bekom. Dit spreek vanself dat dit met groot moeite gepaard sal gaan om 'n kantoor te besoek, in 'n tou te staan en te wag op afdrukke wat moontlik om een of ander administratiewe gebrek dalk nie verskaf kan word nie. Dit is in elk geval 'n argaïese stelsel wat met die huidige beskikbare elektronika uitgedien is.

Ek dink nie hierdie artikel verbied dat die finansiële state op die webblad van die GEPF geplaas word nie. Die oogmerk met die artikel is myns insiens om te voorkom dat die GEPF koste moet aangaan om afdrukke te verskaf en beslis nie om die inligting te beperk of rompslomp te skep bloot om letterlik uitvoering aan die bepalings te gee nie.

Wat is jou mening?

Bevinding

Dr. Dreyer van der Merwe is 'n advokaat en 'n senior streeklanddros. Dr. Mulder van Eyk stem ook saam en het voorgestel dat die Raad van trustees die betrokke reël moet wysig, omdat dit klaarblyklik klakkeloos uit die ou reëls oorgeneem is toe die huidige elektronika nie beskikbaar was nie. Die Maatskappyewet maak dit verpligtend dat finansiële state een keer per jaar aan alle aandeelhouers verskaf moet word. Dit is waarskynlik nie prakties uitvoerbaar in die geval van die pensioenfonds nie, maar as dit op die webblad beskikbaar is het alle pensionarisse toegang tot die state. Die inligting word beslis nie beperk nie.

Die beste wyse om enige fonds teen bedrog en wanbesteding te beskerm is om die finansiële state vryelik beskikbaar te stel.

Versoek aan GEPF: Genl. Van der Merwe

REQUEST FOR THE AMENDMENT OF RULE 19 OF THE RULES OF THE GOVERNMENT EMPLOYEES PENSION FUND

The members of the Fund, as mentioned on the attached list, hereby request that rule 19 of the rules of the Government Employees Pension Fund, be amended as follows:

19 Access to documents of the fund
The rules and immediately after auditing the financial statements and the valuation report of the Fund shall be published on the website of the Fund where it shall be accessible to all members, pensioners or beneficiaries at all times. The abovementioned persons also have the right to have access at all reasonable times at the registered office of the Fund, to the rules, the latest financial documents and the latest valuation report of the Fund. The abovementioned persons may obtain a copy of the rules, the latest annual financial statements and the latest valuation report of the Fund on payment of fees as determined by the Board from time to time, provided that such fee shall relate to the production of such documents.

MOTIVATION FOR AMENDMENT
Transparency and accountability are inseparable and critical for the efficient functioning of a modern pension Fund and for fostering social well-being and trust. Substantial powers are delegated to the Board of Trustees and assurance must be provided to the members, pensioners or other beneficiaries of the Fund that this powers is not only effective, but also not abused. Transparency ensures that information is available that can be used to measure the performance of the Board and to guard against any possible misuse of powers. In that sense, transparency serves to achieve accountability, which means that the Board can be held responsible for their actions. Without transparency and accountability, trust will be lacking between the members, the pensioners, the other beneficiaries and the fund. The result would be general distrust and an environment that is less than conducive to the sound growth of The Fund. It is therefore imperative that all members, pensioners and beneficiaries shall have convenient access to the financial statements and valuation report of the fund. The current provisions of Rule 19 apparently dating from a period where there was limited electronics available and are without any doubt outdated. All companies and other financial institutions nowadays make use of their websites and electronic communications to provide financial statements to all members. In addition, every company is in terms of the Companies Act compelled to distribute all financial statements to their members annually. Because of the size of the membership, pensioners and beneficiaries it may not be possible for the Fund to do so, but these documents can with little effort be placed on the website of the fund where it will be available to all such persons. It will also ease the administrative burden of the offices of the Fund. Many members of the Fund must travel long distances to reach their nearest pension office and the current provisions of rule 19 are in the light of the available electronics unreasonable.

LIST OF NAMES OF MEMBERS OF THE GOVERNMENT EMPLOYEES PENSION FUND REUESTING THE NAMENDMENT OF RULE 19 OF THE RULES OF THE FUND

Volle name	GEPF Number
Breytenbach, Tertius	CP 21611251
Burger, Frederik Johannes	CP 17854351

Burger, Johan Albertus Petrus	CP 16529581
Calitz, Urban Tertius	CP 21611921
Conradie, Aletta	CP 20451682
Du Plessis, Barend Johannes	CP 20028171
Du Preez, Deléne	CP 57175741
Du Preez, Johannes Lodewickes Christoffel During, Roy Peter	CP 25352111 CP21619821
Ferreira, Johannes Hendricus	CP 22285991
Fischer, Herikus Johannes Fourie, Johannes Stephanus	CP 207138A CP22674541
Grobler, Hermanus Philippus	CP 21749871
Groenewald, Bernardus Johannes	CP 764292A1
Schooling, Glenn Lawrence James Schutte Sharon Denise	CP71304491 CP83463801
Haynes, Herbert Victor	CP 21589061
Henn, Barend Hermanus	CP 27332181
Huggett, Daniël	CP 21590741
Hulme, Magrietha Aletta	CP 21590822
Koen, Johan Francois	CP 20999851
Kruger, Johan Frederick Reinhardt	CP 38663001
Malan, Daniël Jacobus	CP 209844A1
Nienaber, Sarel Petrus	CP 21605951
Oberholzer, Jacobus Cornelius Stephanus	CP 22008211
Stemmet, Jacob Gabriël Le Roux	CP 21003201
Steyn, Johannes Albertus	CP 210038A1
Truter, Frederik Christoffel	CP 57164071
Van der Westhuizen, Louis	CP 22984221
Van Eyk, Mulder	CP 90460891
Abbott , Leroy	CP232881A1
Van Tonder,Cornelius Jacobus Stemmet, Adamus Paulus Rust, Martin Johannes Van der Merwe, Johannes Velde	CP18927031 CP22610571 CP37789591 CP37978991
Meyer, Hercules Petrus Jacobus Smith, Christoffel Lodewikus Van Zyl, Elsje Johanna Van Dyk , Maria Johanna Vosloo, Bartholomeus	CP21604981 CP20734551 CP17535092 CP20611042. CP20899391

- Ons dank aan genl Van der Merwe en afgetrede polisie-kollegas

Verklaring 15 Julie 2015: Staatsdienspensioenfonds: AP Stemmet

Volgens 'n berig in *Die Burger* van 14 Julie 2016 gaan die staatsdienspensioenfonds R10.5miljard belê in **SA Home Loans** om staatsamptenare te help met behuising.

Ek is die Voorsitter van ŉ groep staatsdienspensioentrekkers (SDP[3] moniterings-groep) wat beleggings van die fonds deur die Openbare Beleggingskorporasie (OBK) moniteer. Tans bevraagteken ons ongeveer 20 beleggings. Ons groot probleem oor die jare was die gebrek aan kommunikasie tussen die fonds en die pensioentrekkers.

Ons is dus dankbaar vir die openheid wat ons nou by die OBK en Staatsdienspensioenfonds (GEPF) bespeur en steun die belegging en die bekendmaking daarvan ten volle. Die verklarings van meneer Abel Sithole, hoof van die GEPF, dr. Claudia Manning, direksielid van die OBK asook genl-maj Dries de Witt ondervoorsitter van die Raad van die GEPF, word hoog waardeer. In hul verklaring lig hulle dit uit dat daar deur die belegging twee doelwitte bereik word, naamlik ŉ finansiële doelwit asook ŉ maatskaplike doelwit.

Die finansiële opbrengs beteken ŉ wins vir die fonds en die maatskaplike opbrengs beteken dat dit die maatskaplike omstandighede van sommige lede van die fonds wat andersins nie huise kon bekostig nie., verbeter. Dit strook ook met ons groep se benadering sowel as met die van die Adjunkminister van Finansies en behoort deur alle lede van die GEPF verwelkom te word.

Ons sien uit na meer sulke openheid oor beleggings in die toekoms en sal natuurlik verdienstelike gevalle steun.

AP Stemmet
VOORSITTER : SDP MONITERINGSGROEP

Ontsteltenis oor rassistiese Tshwane ontwikkelingsplan

Opposisiepartye in die Tshwane Metroraad is ontsteld oor ŉ ontwikkelingsplan van die Metro wat na beplan word in samewerking met die Openbare Beleggingskorporasie uitgevoer gaan word d.m.v. projekte wat slegs aan swart persone toegeken sal word. Uit opposisiegeledere word aangevoer dat die ontwikkelingsplan rassisties en buite die wetlike riglyne van nasionale wetgewing oor swart ekonomiese bemagtiging (SEB) val, selfs wat betref die nuwe verskerpte bemagtigingskodes wat wit ekonomiese deelname nie totaal uitsluit nie. Die VF Plus het aangedui dat 'n klag oor die aangeleentheid ingedien is by die nuutgestigte SEB-Kommissie en dat die party selfs oorweeg om die saak na die Gelykheidshof te neem. [**Bron:** DitsemBlits 23 Julie 2016.]

- Ons moet hierdie verwikkeling dophou; onthou ons geld is betrokke.

Money is “Volop” at some places: AP Stemmet

In Afrikaans we have a saying that something is “volop” if it is available in abundance. Apparently this is also true wherever our pension fund is involved. Who

[3] GEPF in Engels - HBH

ever thought that we would lose money in Nigeria? Here is a sad and for some a lucrative story.

MTN in which the PIC has a 13% share was fined heavily by the Nigerian Government for failure to disconnect 5.1million subscribers who were unregistered in Nigeria. Sefiso Dabengwa, who was the chief executive officer of MTN was paid **R23.7million** when he left as a result of this. Which amount took his remuneration for 2015 to **R40.6million**. Michael Ikpoki the former head of MTN's Nigeria unit was paid **R17.3million** when he left MTN.

Not bad pay for being incompetent.

Phutuma Hnleko, the former CEO of MTN returned to resolve the Nigeria matter and was paid (I do not say earned) R5million for the period November 9 to the end of December, 2015. Not bad pay for 36 workdays; let us say "work". This however, was not the end of receiving "volop" money. He was contracted until 9 May, 2016 with a total payout of R17, 5million for six months' work.

- CAN THE GEPF TELL US WHAT PERCENTAGE OF THESE OUTRAGEOUS PAYMENTS WAS FOR THEIR ACCOUNT?

AP STEMMET
Source: Fin 24

VSA neem GEPF hof toe: Andries van Vuuren

Goeie dag vriende,

Die bygaande berig het in vanoggend (8 Augustus 2016) se Sakebeeld verskyn. Ons is reeds bewus van die ontevredenheid van dienende amptenare oor die wysigings aan die reëls. Hoewel ons, ons daarop beroep dat ons ook dienende lede se belange beskerm, is die aangeleentheid uit ons hande omdat die VSA dit reeds hanteer. Ek dink nietemin dat ons daarvan moet kennis neem en die verloop daarvan moet volg want dit is maar net weer 'n bewys dat die GEPF nie altyd oop kaarte met sy lede speel nie.

Myns insiens is daar veral twee faktore wat tot die besluit van die GEPF gelei het:

- Dit is waarskynlik merendeel senior lede wat bedank. Dit veroorsaak 'n dreinering van breinkrag op die staatsdiens.
- Dit veroorsaak kontantvloei probleme vir die fonds.

Daar mag ook ander redes wees maar dit is na my mening die belangrikstes.

Slegs ter inligting

Groete

Andries van Vuuren

Johannesburg. - Die Vereniging van Staatsamptenare (VSA) neem die pensioenfonds vir staatsamptenare (GEPF) hof toe oor sy eensydige besluit om die bedankingsvoordele van amptenare te verminder.

Die hofaansoek is verlede week in die hooggeregshof in Pretoria gebring en op die pensioenfonds bestel.

Leon Gilbert, woordvoerder van die VSA, se dit raak die bedankings-voordele van elke staatsamptenaar wat lid van die pensioenfonds is.

Die VSA is die tweede grootste vakbond van staatsamptenare en verteenwoordig sowat 230 000 werkers.

Sowat 1,3 miljoen staatsamptenare is lid van die fonds.

Gilbert se die wysiging aan die berekening van bedankingsvoordele is in April 2015 gedoen, maar hulle het eers "heelwat later" daarvan uitgevind.

Dit was in 'n tyd dat die vakbonde wat staatsdienswerkers verteenwoordig diep in onderhandelinge met die regering oor loonverhogings was.

Volgens hom is eerstens nie met hulle gekonsulteer nie en tweedens is daar nie met hulle gekommunikeer daaroor nie.

Volgens hom bepaal die reëls dat die fonds met verteenwoordigers van die werkers moet konsulteer voordat sulke wysigings aangebring.

"Wat ons betref, is dit 'n eensydige wysiging."

Hy sê dit het onder hul aandag gekom nadat mense bedank het wat voor die wysiging kwotasies gekry het van die bedrag wat uitbetaal gaan word, en wat dan aansienlik minder gekry het.

"Dit was eers by navraag dat dit dan aan die lig gekom het dat die waardes wat gebruik word by die berekening van die voordeel gewysig is."

Volgens hom het hulle gevind dit veroorsaak dat 'n werknemer wat nou bedank, sowat 7% minder kry as wat die kwotasies aangedui het. "Stel jou voor jy sou R100 000 gekry het en nou kry jy R93 000. Dis 'n aansienlike verskil," se Gilbert.

Volgens hom is dit nie in dispuut dat daar nie met die vakbonde gekonsulteer is daaroor nie.

Die pensioenfonds wou glo nie aan 'n versoek voldoen om die besluit om te keer sodat eers gekonsulteer kan word nie.

Die GEPF is 'n vastevoordeelfonds (terwyl die meeste private maatskappye vastebydraefondse het).

Dit beteken die voordele wat jy by aftrede of bedanking ontvang, word op grond van 'n formule bereken en is nie gegrond op wat die persoon gespaar het en waar die beleggings gedoen word nie.

Die GEPF het bevestig by het die hofdokumente ontvang en wou nie kommentaar lewer nie, omdat die saak as *sub judice* beskou word.

Mediaverklaring: Adv. Anton Alberts

MEDIAVERKLARING

ONDERWERP : VF Plus gaan OB versoek om band tussen ANC, Zuma en die Openbare Beleggingskorporasie (OBK) te ondersoek na nuwe inligting oor leningsaansoek vir Nkandla

UITGEREIK DEUR : Adv. Anton Alberts
HOEDANIGHEID : VF Plus-parlementêre woordvoerder: Ekonomie
DATUM : 1 Augustus 2016

Ontstellende tekens dat die ANC en pres. Jacob Zuma die Openbare Beleggingskorporasie (OBK) se fondse as hul persoonlike spaarvarkie gebruik, kom al hoe meer na vore, en die VF Plus gaan die Openbare Beskermer (OB) vra om dit te ondersoek, sê adv. Anton Alberts, die VF Plus se parlementêre woordvoerder oor ekonomie.

Die OBK bestuur die staat se pensioenfonds.

In die jongste voorval het dit aan die lig gekom (Rapport, 31 Julie) dat die OBK ŉ aandeel van 25,26% het in die VBS Mutual Bank, voorheen bekend as die Venda Bouvereniging waar pres. Zuma glo geld wil leen om sy Nkandla-skuld te betaal.

Die deel wat Zuma volgens ŉ bevel van die OB moet terugbetaal, beloop R7,8 miljoen. Teen ŉ rentekoers van slegs 10% sal dit R75 270 per maand beloop, of by benadering R903 000 per jaar. Dit terwyl Zuma se totale salarispakket voor aftrekkings R2,8 miljoen per jaar is.

In 2014 het die media berig oor ŉ transaksie waar die OBK sowat R3 miljard belê het in ŉ feitlik bankrot oliemaatskappy, Camac Energy. Daar is berig dat ene mnr. Kase Lawal, ŉ Amerikaner van Nigeriese afkoms en kennis van pres. Zuma, in beheer is van die maatskappy.

Daar is nooit weer hieroor berig nie, en dit is nie bekend of die maatskappy steeds bestaan nie. Dit was egter van meet af duidelik dat die transaksie ŉ reuse dobbelspel met pensioengeld was en daarom ongeoorloof, sê adv. Alberts.

Vroeër vanjaar was daar groot ontevredenheid toe ŉ ekonomiese ontwikkelingsplan vir Tshwane/Pretoria goedgekeur is met geld komende van die OBK en die aankondiging dat 'slegs swart mense' daarby baat sal vind.

Adv. Alberts sê die geld van die fonds behoort aan mense van Suid-Afrika wat daarvoor gewerk het, en die staat en pres. Zuma kan nie onbehoorlik of riskant daarmee omgaan nie.

"Die OB moet nou ŉ vergrootglas hierop plaas en moet vasstel presies hoe wyd en diep die president en die ANC verbintenisse met die OBK het. Dit moet onverwyld gedoen word aangesien dit rampspoedig sal wees indien daar te laat agtergekom word die fonds is geplunder," sê adv. Alberts.

Antwoord op Mediaverklaring van adv. Anton Alberts: AP Stemmet

Beste Adv Alberts

Dankie vir u mediaverklaring van 2 Augustus 2016.

Aangeheg vind asseblief my nota aan lede van ons groep op 1 Augustus 2016. Omdat ons agterdogtig is, probeer ons ook vasstel wie die balans van 49% van die VBS Mutual Bank besit. Ons weet van OBK 25.26% en Dyambeau Investments 25.22%. Ons bevraagteken die hele kwesssie van die lening aan Zuma. Waar gaan die bank die geld kry? Kontrabeleggings? Anonieme beleggings? Gaan Zuma ooit al die geld terugbetaal? As daar skenkings is, selfs in die bank inbetaal, kom belasting ter sprake.

Ons sal die vinger op die pols moet hou.

Oor Camac Energy vra ons ook vrae. Ons weet van die belegging in 2014 maar toe het die spoor doodgeloop. Die belegging verskyn nie in die GEPF se2014/15 jaarverslag nie. Onder "other" beleggings ?

U verwys na die geld, glo meer as R1miljard wat die OBK beskikbaar stel vir die ekonomiese ontwikkelingsplan in Tshwane (Pretoria). Daar was ook R667 miljoen aan Madibeng (Brits) R800 miljoen aan Tlokwe (Potchefstroom). Almal bankrot ANC beheerde munisipaliteite en dit net voor die verkiesing op 3 Augustus 2016.

Soos u bewus is, het ons groep ook die OB genader om sake rakende beleggings namens die Staatsdiensfonds te ondersoek. Ons het steeds niks van haar verneem nie, maar besef dat haar kantoor baie besig is. Die spoed waarteen daar met die pensioenfonds se geld gemors word, maak ŉ mens egter bekommerd. Politieke druk kan dalk help.

U is bewus daarvan dat die Mybrughkommissie se verslag op versoek van die DA na die Openbare Vervolger verwys is. Ons vraag is watter instansies se optrede ondersoek sal word. Sal dit met direkteure en senior personeel van African Bank wees of sal die beleggers se optrede ook ondersoek word? Hulle moes sekerlik geweet het van die ongerymdhede by African Bank. Die ouddíteure van African Bank, Deloitte, wat ook die ouditeure van die GEPF is, het reeds gedurende 2009 gewaarsku oor wanpraktyke. Nie die OBK of die GEPF kan dus ontken dat hulle bewus was van die wanpraktyke wat Myburgh nou openbaar het nie en die vraag ontstaan wat hulle daaraan gedoen het indien enigiets. Vrae ontstaan ook of die OBK en GEPF enigiemand sivielregtelik aanspreeklik gaan hou? Indien wel, moet hulle net nie wag tot verjaring intree nie. Moet iemand strafregtelike klagtes indien of moet die saak in die hande van die Openbare Vervolger gelaat word?

Dankie vir u belangstelling.

Groete

AP STEMMET

Aanhangsel:

Geagte vriende

Volgens nuusberigte gaan President Zuma 'n lening kry om sy verpligte bydrae tot die Nkandlakoste te betaal. Die bank is VBS Mutual Bank waarin die Openbare Beleggingskorporasie 'n aandeel van 25.22% het. Ons pensioenfonds se geld gaan dus aangewend word om Meneer Zuma se bas te help red. Die Zumafamilie wil glo nie hê dat sy skuld op 'n "politieke wyse", dus deur bydraes van die publiek betaal moet word nie, aangesien dit tot 'n politieke storm sal lei. Die waarheid is natuurlik dat sulke bydraes van die publiek belasting implikasies vir Meneer Zuma inhou terwyl dit nie die geval met 'n banklening is nie. Omseil hy nou die SAID?

Feit is dat die OBK se naam weer op die politieke terrein genoem word.

Wat gaan ons fonds nog, al is dit indirek, befonds? Sy regskoste eersdaags in 'n strafsaak?

Ons moet hierdie een moniteer.

Beste groete

AP

Opvolgnota aan adv. Alberts deur AP Stemmet

Geagte adv. Alberts

In my nota van 3 Augustus 2016 het ek per ongeluk die volgende paragraaf laat wegval:

"Wat my ook pla is die afhanklikheid van die Regering van die Openbare Beleggingskorporasie. Om slegs enkele regeringsinstansies (State Owned Enterprises) waarin die OBK geld belê het te noem: ACSA R3 miljard, NOK R8miljard, Ontwikkelingsbank R16 miljard, Trans Caledon Tunnel Authority R19 miljard, Eskom R89 miljard, Landbank R10 miljard, Transnet R26 miljard, Sanral R15,3 miljard.

Sommige van hierdie instansies het alreeds 'n swak kredietgradering en kan nie sonder hierdie beleggings klaarkom nie. Vir die wat vou moet die Regering instaan. Die belastingbetalers dus.

Die 'skuld' van die Regering aan die OBK maak dus die OBK onaantasbaar en die situasie kan ontstaan dat die stert die hond kan swaai. Of dit reeds gebeur sal ons natuurlik nie weet nie."

Groete

A P STEMMET

Kommentaar deur dr. Dreyer van der Merwe

Beste vriende, wat my bekommer is die volgende:

Derduisende mense baat onregverdiglik uit lenings wat by GEPF gemaak word deur talle munisipaliteite, maatskappye en instellings wat swak, swak bestuur word terwyl hulle blink lewe en willens en wetens nie hulle rekeninge by daardie instellings vereffen nie.

Sommige munisipaliteite, banke en instellings vorder nie skuld in vir goedere gekoop, elektrisiteit en ander dienste terwyl baie van die wie blink lewe wel hul rekeninge **kan** betaal. Lenings word by GEPF aangegaan asof dit 'n bodemlose put is.

Die vraag is of die bestuur van OBK die **wil** het om dit te verhoed of word dit toegelaat onder die vaandel van transformasie ensovoort. Hoe kan ons verhoed dat die OBK riskante lenings toestaan?

Groete
Dreyer

Zuma gaan lening aan vir Nkandla-skuld

Press Release: Pres Zuma & Nkandla: AP Stemmet

Dear Sir,

Mathew Kruger's "Nkandla: is this the end of the controversy?" on 2nd August, 2016 refers.

Does any person in his right mind really believe that Zuma is going to pay the R7.8 million he owes for Nkandla? You must be joking. For him there is always a way out. Easy, if you know people in the right places and if they "owe" you.

The Zuma family decided that they will not accept donations from the public because it will cause a political storm. Really? No, they decided that he should borrow the money from an obscure bank called VBS Mutual Bank. Never heard of it? I do not blame you if you have never lived in Venda.

What the family do not say is that if he accepts donations, the Revenue Service will claim its share which of course he cannot afford. So, rather borrow. On the never, never system? It so happens that the biggest shareholder of this bank is the Public Investment Corporation. Who are they? The enterprise responsible for the investments of the Government Employees Pension Fund, all R1.83 trillion of it. So, what is R7.8 million between friends?

A government institution with such a lot of pensioners' money readily available for State Owned Enterprises like ACSA R3 billion, IDC R8billion, Development Bank R10 billion, Trans Caledon Tunnel Authority R19 billion, Eskom R89 billion, SANRAL R15.3 billion with no hope to recover it can surely help a friend in need? It also appears that the PIC is not at present short of money as it recently made money available to a few bankrupt ANC controlled municipalities not long before the 3rd August, 2016 elections? Just over a billion to Tshwane, R667 million to Brits and R800 billion to Potchefstroom.

Some of our colleagues and critics of our group of pensioners cannot understand why we are worried about what is happening to our pension fund. So why worry about a small amount of R7.8 million? Others argue that the fund is strong and that we should not worry about the loss of a billion here and a billion there. We however, remember what happened to the Transnet Pension Fund. We are also reminded that the Government is responsible for any shortfall in the fund.

We worry because we can see every day how bankrupt the Government itself is.

We ask whether the guarantee of a bankrupt instance, whether a government or not, is of any value. We are also very much aware of what is happening to our colleagues from Zimbabwe. Some can even not buy bread with one month's pension.

We insist on transparency

With the help of the media, politicians, perhaps the public protector and pressure by pensioners we will insist on transparency and will keep on asking questions.

Please help us. Do not fight us.

A P Stemmet
CHAIRPERSON: GEPF MONITORING GROUP
5 Aug 2016

Kommentaar: Pres Zuma & Nkandla: Dr. D van der Merwe

Beste vriende, ek het ietwat begrip vir persone se gevoel ter ondersteuning van die GEPF se sekondêre beleggingsdoelwit nl. die bevordering van transformasie, BBBEE, opkomende en agtergeblewe sakemanne ensovoorts. Daar is egter 'n ander kant van die saak veral as beleggings in die sogenaamde SOE's (State Owned Enterprises) in ag geneem word. Dit soos uitgewys deur die adjunkminister van Finansies as hy sê: "There must be a balance between transformation and getting value for money", "Yes the PIC need to play a transformational role, but not to the detriment of the investors" (pensioenarisse wie) is vir my meer belangrik.

Rome was nie in een dag gebou nie. Net soos ons onder begin het en vir jare 'n uiters skrale salaris ontvang het, baie spaarsaam gelewe het en nie weer kan gaan werk nie, net so sal mense wie met geldgierige gedagtes na ons geld kyk ook maar onder moet begin.

Is daar 'n kontantvloei probleem?

Sommige mense dink daar is nie 'n einde aan GEPF se fondse nie maar dit wil voorkom dat daar reeds 'n kontantvloei probleem is want waarom word daar soms tot 9 maande en selfs langer geneem om gratifikasies uit te betaal. Eenvoudige berekeninge wys daarop dat R1.7 triljoen nie eintlik baie is indien die gulsighede van transformasie, BBBEE, opkomende en agtergeblewe sakemanne, SANRAL, dosyne bankrot munisipaliteite, ESKOM, SAL, ACSA, IDC asook baie ander SOE's[4] in ag geneem word.

Op een of ander wyse sal ons moet betoog dat GEPF en OBK moet briek aandraai.

Wil weet

Ek sou graag wou weet wie se fondse aangewend was vir die oprigting van die OBK se nuwe luukse kantore h/v Garsfonteinweg en die N1 (Menlyn). Ek wonder aan wie die gebou behoort en of daar huur betaal word?

Ons het mos 'n reg om te weet!

Ek raak uiters ongemaklik hoe meer ek aan die onderwerp dink.

Groete
Dreyer van der Merwe

Zuma gaan lening aan vir Nkandla-skuld: PRAAG

Praag berig:

ZUMA GAAN LENING AAN VIR NKANDLA-SKULD
President Jacob Zuma sal glo 'n persoonlike lening aangaan om die R7,8 miljoen wat hy skuld vir Nkandla terug te betaal.

Die Openbare Beskermer het bevind dat hy die geld wat onregmatig uit die staatskas kom vir verbeterings aan sy eie woning, moet teruggee.

City Press berig dat Zuma 'n lening van VBS Mutual Bank ontvang het daarvoor.

Handelsbanke weier om huisverbande toe te staan aan wonings wat op stamgrond gebou is, soos in die geval van Nkandla wat aan die Ingonyama-trust behoort.

VBS is 'n klein bank wat spesialiseer in lenings in landelike gebiede aan mense wat op kommunale trustgronde bly.
http://praag.co.za/?p=39845&utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+praag+%28Pro-Afrikaanse+Aksiegroep%29

Beleggings Namens Die Staatsdienspensioenfonds: AP Stemmet

BELEGGINGS NAMENS DIE STAATSDIENSPENSIOENFONDS

Goeiedag

Dankie vir u insiggewende program Sondae 5 nm.

[4] State Owned Enterprises – Hennie Heymans.

Ek is lid van ’n groep Staatsdienspensioentrekkers wat probeer om beleggings wat namens ons fonds gedoen word te moniteer, met die doel om oënskynlike wanpraktyke te voorkom.

Ons probleem is dat die Openbare Beleggingskorporasie wat beleggings namens die fonds doen toenemend beleggings met ’n politieke kleur maak. Die OBK ontken dit nie eens meer nie:. Voorbeelde is beleggings in African Bank wat in Augustus 2014 ineengestort het met ’n verlies van R4miljard vir die fonds. Ander is bedrae wat onlangs voorgeskiet is aan bankrot munisipaliteite soos Tshwane(Pretoria), Madibeng (Brits) en Tlokwe (Potchefstroom) pas voor die munisipale verkiesings. Daar is baie meer.

Vrae wat ontstaan is:

1. Wat kan gedoen word om hierdie onwettige praktyk van ooglopend politieke aard en riskante beleggings stop te sit. Let wel ons kla nie oor beleggings ten bate van transformasie en agtergeblewe sakemanne en gemeenskappe nie, maar dan moet die primêre doelwit van voordeel van die fonds voorkeur kry soos onlangs deur die Adjunk Minister van Finansies verklaar.

2. Wat kan ons pensioentrekkers doen om te verseker dat skuldiges soos direkteure, senior personeel van instansies soos African Bank asook beleggers wat deel gehad het aan die roekelose transaksies sivielregtelik aangespreek word deur die fonds om skade te verhaal?
3. Is dit moontlik om kriminele klagtes teen sodanige persone aanhangig te maak?

Ons luister graag na ’n bespreking deur u kundige personeel.

Voorlopig dank

A P STEMMET
VOORSITTER : GEPF MONITERINGSGROEP.
Tel: 021-9759474

Real challenge facing ANC: Losing control to DA/EFF of R130bn Metro Budgets

In his masterful book How Long Will SA Survive, Rhodes Scholar and former Oxford University Professor RW Johnson explains how the real objective for the country’s politicians is control of financial resources.

He, who owns the budget, gets the power to dispense largesse and thereby create the kind of patronage network evident today in the country. So the really big breakthrough in last week’s municipal elections was the way voters potentially removed the ANC’s control over how to allocate up to R130bn in spending by metros.

Allied to this is the way the ANC believes it will rule indefinitely, with little consideration given to democracy's ultimate reality of political power changing hands. So the challenge of securing new alliances *to protect what it has is fresh territory. The next week is sure to prove pivotal for an ANC which has no discernible way of dealing with the consequences of the hammering the electorate gave it last week. –* ***Alec Hogg***

By Amogelang Mbatha

(Bloomberg) — South Africa's governing African National Congress could lose control of more than 130 billion rand ($10 billion) in city budgets1 as political parties negotiate coalitions to govern four of the country's biggest municipalities, including the capital, Pretoria, and the economic hub, Johannesburg.

The ANC's support dropped to 54.5 percent in the Aug. 3 local government elections from 62.2 percent in a national vote two years ago, its worst performance yet. It was relegated to the second-biggest party in the capital, Pretoria, where the Tshwane municipality oversees about R30 billion of spending, and Nelson Mandela Bay, which includes the southern city of Port Elizabeth and manages about R11 billion, according to the cities' budget documents. The party lost outright majorities in Johannesburg, which has estimated expenditure of more than R50 billion, and its industrial hub neighbour, Ekurhuleni, with a budget of about R40 billion.

"It's a massive amount of money and it has ramifications in a whole range of areas," Ivor Sarakinsky, a senior lecturer at the Johannesburg-based University of the Witwatersrand's School of Governance, said by phone Wednesday. "All of these metros procure significant goods and services from private-sector companies and the supply-chain management systems that manage that procurement are going to be shaken up dramatically."

Read also: Coalition insiders – DA offer to EFF: We want Joburg will give you Tshwane

Companies which previously won certain contracts might no longer have access to those public tenders, he said.

Disenchanted Voters

The ANC's support fell as disenchanted voters fled to opposition parties amid increasing protests over a lack of services such as housing, water and sanitation, an unemployment rate of 27 percent and zero growth forecast by the central bank. This has opened the door for the Democratic Alliance to try form coalition governments in municipalities with smaller opposition parties, including the Economic Freedom Fighters.

The ANC won outright control in only three of the nation's eight metropolitan municipalities, down from seven in 2011, while the DA increased its majority in Cape Town. While the DA and EFF have said they will work with other opposition parties to form coalition governments, both have said they won't work with the ANC.

Read also: Silke: Coalition politics may shift SA 'left', dampen municipal election victory

"The money and the potential influence that goes with it is going to be a very important factor in the coalition talks," Gary van Staden, an analyst at NKC African Economics in Paarl, outside Cape Town, said by phone on Wednesday. "It's big money. To get your finger into that pie is certainly going to play a role."

The rand weakened on Thursday to end a three-day rally that took the currency to the best levels since mid-October, boosted partly by speculation that the ANC's loss of support will pressure the party to introduce economic reforms that will spur growth and cut unemployment.
http://www.biznews.com/undictated/2016/08/11/real-challenge-facing-anc-losing-control-to-daeff-of-r130bn-metro-budgets/ (Afgelaai op 12 Aug 2016 – HBH).

- Baie van ons GEPF-fondse gaan in stadsrade en metropole belê word; ons moet hierdie toedrag van sake met 'n valkoog dophou! – Hennie Heymans.

Parastatal Bonds (P/B): Albert van Driel

The above loans to municipalities, described as P/Bs are in certain cases a grave concern, as most of these entities are at a credit rating of "Áa2"or lower; they are Madibeng (Brits) R667M, Tlokwe (Potch) R800M , and Tshwane Metro at R1 Bn, latter unconfirmed.

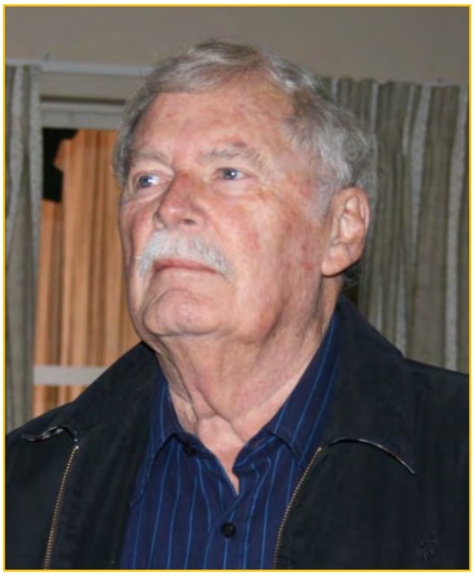
The GEPF 2015 Annual Report also indicates PB to Ekurhuleni at R437.34M, which also appears to be high risk. Other PBs to

Johannesburg and CapeTown between R780M and R927M, are in a better credit rating!

The abovementioned bonds should have been taken up by the Government (Treasury), and not by GEPF, considering the GEPF 1996 Law and Rules, and above all the UN Code of Responsible Investment!

James Galvin

Dit is vir my aangenaam om namens Klub Tafelberg, Wes Kaap, 'n filiaal van VOLNI, iets te se oor die GEPF Moniterings GROEP, of soos dit in die begin as die BEKOMMERDE PENSIOENTREKKERS bekend gestaan het.



U is reeds bewus van die rede/aanloop wat aanleiding gegee het tot die stigting van die groep - dit het uit berigte en navorsing daarop gedui dat die OBK "roekeloos" en 'ondeursigtig' fondse van die GEPF {pensioenarisse se swaar verdiende pensioengeld} in obskure en feitlik bankrot instansies belê - geen terugbetalings, rente of dividende ontvang waarvan ons weet nie. Daar is wel paar goeie beleggings gedoen waarvan ons weet soos bv. die Waterfront in Kaapstad.

Die groep, onder leiding van die 'nasionale' voorsitter, mnr. A.P. Stemmet, het daarin geslaag om die 'bekommernis' wyd te versprei, na die Openbare-beskermer, Minister van Finansies, die media en onderhoude op die radio en talle ander aksies. Onthou, voorheen was daar geen inligting oor die negatiewe beleggings en ons as pensioenarisse was onbewus van wat werklik aan die gebeur is nie - Die African Bank-saga het die ondersoeke/navorsing genoodsaak en het spreekwoordelik die 'kat-nes' oopgekrap - danksy AP Stemmet se innerlike drang na die waarheid.

Derhalwe is dit uiters belangrik dat soveel as moontlik pensioenarisse kennis moet neem van hierdie aksie deur die GROEP, nie net moet kennis neem nie, maar onverdeelde aandag moet gee, deelneem en die nuusbrief met mede-pensioenarisse in sy of haar omgewing moet deel, vrae moet vra, direk aan die GEPF of via hul vakbond, soos bv. die PSA ens.

Moet asb nie agteroor sit en dink daar is mos iemand wat aandag gee nie, onthou asb, moet nie gesus word met die gedagte dat ons fonds +- R1.7 triljoen sterk is nie! Wees paraat wat u pensioenfonds betref en hou in gedagte wat die pensioentrekkers van TRANSNET oorgekom het en nou vir jare net 2.2% verhoging jaarliks ontvang - en Transnet was eens 'n baie sterk fonds!

JAMES GALVIN
Voorsitter, Klub Tafelberg.

Vrae aan lid/lede van die raad vir trustees

ʼn Onderhoud met dr. Le Roux en moontlik genl-maj De Witt, albei lede van die raad vir trustees, word beplan. Dit is ʼn "eerste" vir ons en ons moet asseblief hierdie geleentheid ten volle gebruik om antwoorde op al ons vrae te kry.

Ons ontvang graag vrae oor enige GEPF-kwessie (beleggings, gebeurtenisse of enige aangeleentheid ivm die GEPF) wat u pla. Stuur u asseblief u vrae na **Albert van Driel** lid van die werkkomitee. Ons benodig vrae oor die OBK se mandaat en beheer deur die GEPF.

- Ons beoog om al die vrae vroegtydig aan die genoemde trust te stuur sodat wanneer die ontmoeting met die trustee/trustees plaasvind hy/ hulle dan op ons vrae kan antwoord.

E-posbriewe van steun ontvang

Van die nasionale voorsitter

Geagte Vriende,

Soos u bewus is, is die nuusbrief wyd versprei en reaksie kom uit verskeie oorde. Ons het die nuusbrief ook gestuur aan die media, politici, ander organisasies, trusteelede van die GEPF en ander individue. Ons versoek is dat elkeen wat dit ontvang dit aanstuur na ander vriende, familie en pensioentrekkers. Kritiek en voorstelle is welkom.

Ons sweep niemand op nie, maar lig mense in oor wat met ons pensioenfonds gebeur, in ʼn poging om dit stop te sit. Ons het te lank stilgebly en gebeure gedwee aanvaar. In die toekoms sal ons moniteer, vrae vra en op ʼn beskaafde wyse protesteer.

Aan almal wat bydraes gemaak het, al was dit net morele ondersteuning, en veral aan die samesteller van die nuusbrief Hennie Heymans, my hartlike dank.

Vanoggend het ek die geleentheid gehad om op **RSG** te praat. Sonder om name te noem het ek vrae gevra oor die aanspreeklikheid van direkteure en senior personeel van firmas/maatskappye wat vou.

Die antwoord was dat hulle wel aanspreeklik gehou kan word. In die lig hiervan nader ek nou die GEPF met vrae oor optrede in verband met African Bank. As die HUB van **African Bank** ʼn huis van R70miljoen in die mark het, het hy seker geld, of hoe?

Groete aan u almal

AP STEMMET

Johann Vorster: Militêre Veterane Nuusbrief

Hallo makkers
Julle gaan van krag tot krag!
Die volgende stuk gaan in hierdie week se Wel en Wee van die Militêre Veterane verskyn. Daar was nie verlede week plek daarvoor nie.
Laat weet wat ek moet verander of byvoeg.
Goeie wense
Johann Vorster

Fanie Versfeld

Beste Hennie,
Dankie vir die groot werk wat julle span begin het.
Sal dit waardeer indien jy my van 'n kopie kan voorsien asb.
Groetnis,

Fanie Versfeld

Johann Barnard

Goeie middag
Ek sal dit baie waardeer om n kopie van die Nuusbrief te ontvang. Dankie vir die harde en goeie werk wat julle hiermee doen.
Vriendelike groete
Johann Barnard

Deel 2: Vir die rekord: Dokumente vir ons Argief

Brondokumente: GEPF-Monitor Vol 1 No 2

James Myburgh: How independent is Surve's Independent with R900m PIC debt?

After the "for sale boards" went up outside Independent Newspapers, many within SA's media industry started doing their sums. Eventually the Irish owners extracted their best price from an outsider, Sekunjalo's Iqbal Survé, who was prepared to pay roughly double what industry insiders valued the business. At the time, I asked Survé why he felt it was worth so much more than the rest of us – he felt it was his ability to apply insights gleaned through relationships with media and technology leaders around the world. So far that advantage has not been publicly exposed. Although Survé is adamant that the company's value has appreciated since his purchase, on the facts of declining circulations and tight advertising, it's hard to quantify how the trained medical doctor reaches that conclusion. More so after reading this superb analysis by Politicsweb founder and publisher James Myburgh. It's been my privilege to have worked closely with James over the year (including some early support from his esteemed website) and to my mind there is no smarter person nor better *researcher in SA media. His other duties keep him away from the kind of in-depth articles at which he excels. So each one, including this brilliant assessment of Survé's company, is to be savoured. The big question Myburgh asks is how independent the company can be with almost a billion rand in a growing debt to the State Pension Fund.* ***A must read****. – Alec Hogg*

By James Myburgh*

South Africa's press is once again under renewed pressure from the African National Congress government. At its National General Council the party resurrected an old threat, and called on Parliament to conduct an inquiry into "the desirability and feasibility of a Media Appeals Tribunal" as well as impose an "Empowerment Charter to promote Broad Based Black Economic Empowerment" on the print media sector.

Iqbal Surve

The South African Communist Party meanwhile has repeatedly singled out South Africa's largest and strongest media group, Naspers, for attack. At its recent Media Transformation Summit the Party declared:

"The position and status of Naspers in particular, with unrivalled cross-media reach and dominance, demands urgent attention. South African media cannot prosper while a single entity has such a stranglehold on its future. Nor can its content production sector, its electronic and traditional media distribution networks – all essential components of a democracy supporting media environment. Breaking up the Naspers monopoly is vital – and may require drastic solutions. These could include outright nationalization, or a comprehensive breakup, as was imposed on the Bell monopoly in the US."

The ANC government currently suffers from a severe lack of political and moral authority and its ability to act cohesively on this matter is hindered by the continued fracturing of its leadership. However, South Africa's newspapers have found themselves weakened by long-running and ongoing decline in paid circulation, declining editorial quality, and the desertion of many advertisers.

Over the next several weeks Politicsweb examine the state of South Africa's press through the lens of the circulation figures of the Audit Bureau of Circulation. In this first article we look at the newspapers of the Independent Media group.

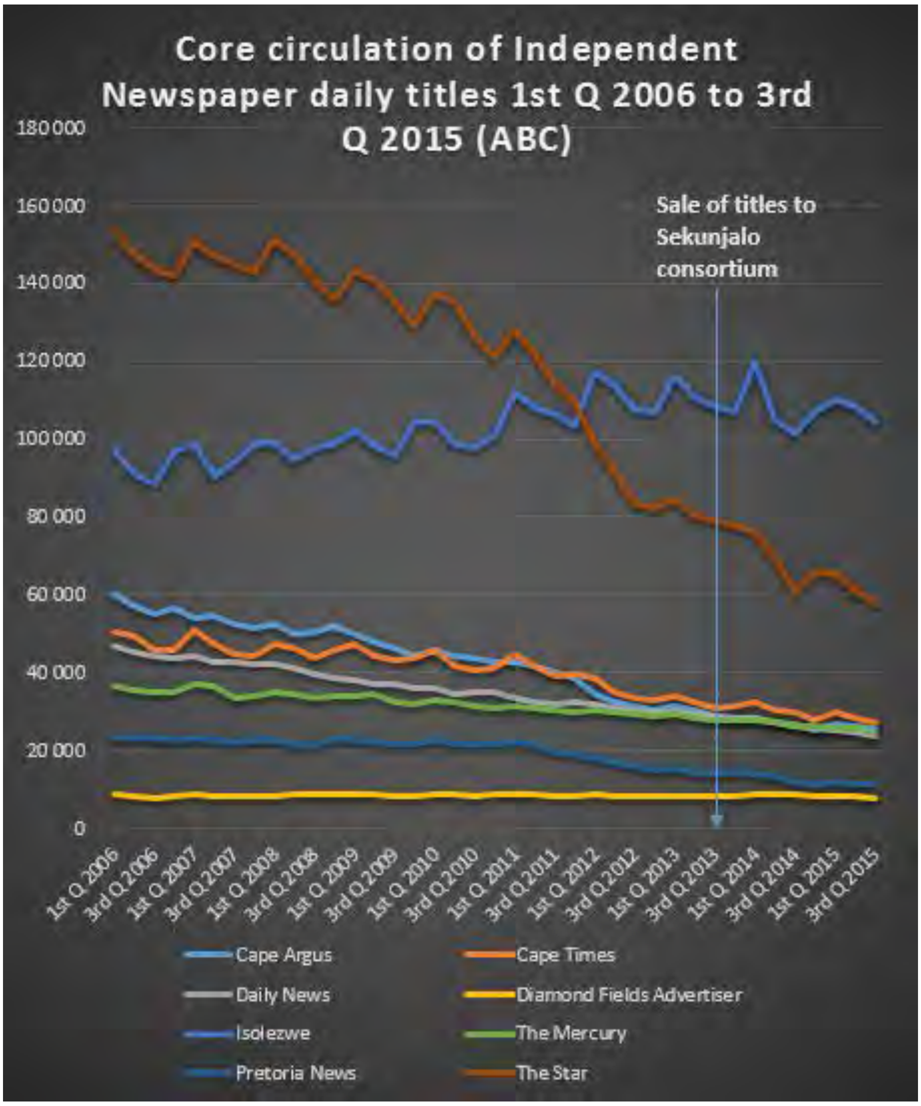
Independent Media

In August 2013 the Irish owners of the Independent News & Media South Africa (the old Argus group) sold the group to the Sekunjalo consortium led by businessman Iqbal Survé for €150m (R2 billion). At the start of their twenty year ownership of the group Tony O'Reilly, who had been hand-picked by ANC President Nelson Mandela, re-positioned the titles editorially from their traditionally liberal political stance to a far more pro-ANC one, something that reached its high point during the Mbeki-era. The main concern of the Irish owners though was to extract as much flesh as they could by cutting their South African operations to the bone, with profits being repatriated to Ireland and little being re-invested in SA.

In the pre-internet age it was possible for newspapers, sitting in a dominant position in their particular market, to dramatically push-up profits by cutting down on editorial costs and quality. As the great American investor, and newspaper owner, Warren Buffet observed in 1984:

"While first-class newspapers make excellent profits, the profits of third-rate papers are as good or better – as long as either class of paper is dominant within its community. Of course, product quality may have been crucial to the paper in achieving dominance….Once dominant, the newspaper itself, not the marketplace, determines just how good or how bad the paper will be. Good or bad, it will prosper. That is not true of most businesses: inferior quality generally produces inferior economics. But even a poor newspaper is a bargain to most citizens simply because of its 'bulletin board' value. Other things being equal, a poor product will not achieve quite the level of readership achieved by a first-class product. A poor product, however, will still remain essential to most citizens, and what commands their attention will command the attention of advertisers. Since high standards are not imposed by the marketplace, management must impose its own."

During the first ten to twelve years of Irish ownership this model still applied. The group was able to cut employee numbers from about 5 000 in 1993 to 1 700 in 2012, with only modest declines in circulation initially, something which allowed for the extraction of massive surpluses. Yet as internet access became progressively more widespread in South Africa the circulation of most of the group's titles entered into a trajectory of increasingly rapid decline.



As can be seen from the graph above all the group's ABC-registered daily titles – with the exception of *Isolezwe* and the *Diamond Fields Advertiser* (which had a small circulation to begin with) – had seen serious declines in core circulation with the fall of *The Star* in the over-traded Gauteng market particularly marked.

The Sekunjalo consortium was thus spending R2 billion on trying to catch a falling knife. This provoked particular controversy at the time given the key role of the Public Investment Corporation (PIC), which manages the Government Employees Pension Fund (GEPF), in financing the purchase, especially in the context of the new owner's declared closeness to the ANC.

It was reported at the time that the PIC had taken a 25% stake in Independent News & Media South Africa on behalf of the GEPF. This share was above the stakes the GEPF held in other media groups, but not inordinately so. At the time the deal was done the PIC held a 19,2% stake in the Times Media Group and 17,22% in Naspers. China International Television Corporation (CITVC) and the China-Africa Development Fund (CADFUND) took a 20% stake in the company through

Interacom Investment Holding Limited, with Sekunjalo Independent Media (SIM) consortium holding the 55% balance.

It was subsequently reported by the *Mail & Guardian* that SIM's share in the company had been largely funded through a PIC/GEPF loan. Precise details remained obscure. In its 2014 annual report the PIC said only that it had, "… participated in the financing of the acquisition of 100% of the largest English language newspaper publisher in South Africa, owning 18 major newspaper titles across three key geographic regions, namely Gauteng, Western Cape and KwaZulu-Natal.

The company's primary business is the publication of newspapers, and also provides printing and distribution services to third parties, publishes magazines and utilises its digital platform to provide news content, as well as a platform for classified advertising.

The business was a Level 5 BEE contributor prior to investment by the PIC in 2013 and as a result of the investment, it is now a Level 2 BEE contributor, making it the first majority black-owned media house in South Africa."

More details of the loan can be found in the annual reports of the GEPF. In its 2013/14 annual report the Fund disclosed that it had extended a direct loan to Independent News & Media and the "amortised cost" of this amounted to R791m at the end of the financial year. This was secured by "Borrower cession and pledge in security, guarantee from Sekunjalo, pledge and cession of shares." In its 2014/15 annual report, released last Friday, the GEPF reported that the amortised cost of this loan now stood at R896m (R105m up from the year before).

On the face of it this suggests that the PIC financed around 62,5% of the original purchase – through the purchase of the 25% stake (worth R500m) and a loan of about R750m amounting to 37,5% of the purchase price. Furthermore, the increase in the reported loan amount between 2013/2014 and 2014/2015 suggests that Independent Media has yet to begin paying down the loan, and compound interest has been accumulating on it. Politicsweb contacted both the GEPF and the office of Dr Surve asking for clarity on this matter, whether these inferences were correct, and for details of the loan agreement between the PIC and Independent Media / Sekunjalo.

In a written reply Dr Surve stated, in his capacity as Executive Chairman of Sekunjalo Investment Holdings, that: "As you are aware, we are bound by confidentiality agreements in relation to the investment of Sekunjalo into Independent Media.

As the Sekunjalo Group however we are delighted that our investment and that of our partners PIC / GEPF, CITVC / Cadfund has shown a substantial growth in value and that Independent Media as part of our broader investment into media is a high growth area for our group.

Whilst Independent Media is a private business, we are delighted that we have outperformed all of our competitors in the print media space in 2015 by a wide margin including receiving a greater share of the advertising revenue in the private sector. We are also delighted that Independent received the Global Media Award for Innovation from INMA the (International News Media Association) at its annual meeting in New York in May of this year.

This recognised the significant investment that Independent has made in new media. Whilst Independent core print business showed successful revenue generation, we are particularly proud that we now have positioned the business to be a modern content driven media business that is able to offer multiple platforms to our key customers as part of a 360 degree solution offering.

Independent has this year alone launched a pan African media title, a pan African website, vernacular publications, labour publications, Young Independent as well as a significant number of revenue generating events which have positioned the group for continued success and growth in the years ahead. All the credit for the success of Independent has to go to an amazing group of people that has embraced the new strategy, innovation, work ethic and ethos to create a modern media success story."

In an emailed response the GEPF stated:

"Like other financial institutions using best practice, all our unlisted investments, including Independent News and Media South Africa (INMSA), go through an independent annual valuation before they are reported in the annual report. Whilst the actual loan amount has been disclosed in the annual report, it is useful to note that the terms of INMSA loan remain confidential. That said, it is further instructive to note that the independent valuation indicates that PIC continues to find value in the investment."

Independent's ABCs

Overall, 43 daily and weekend newspapers, along with the *Mail & Guardian* and *Ilanga* (which are categorised as weekly newspapers), are registered with the ABC. Of these sixteen titles are owned by Independent Media. (The *Daily Voice* tabloid has never been registered with the ABC, and the *Sunday Independent* was de-registered in 2014.)

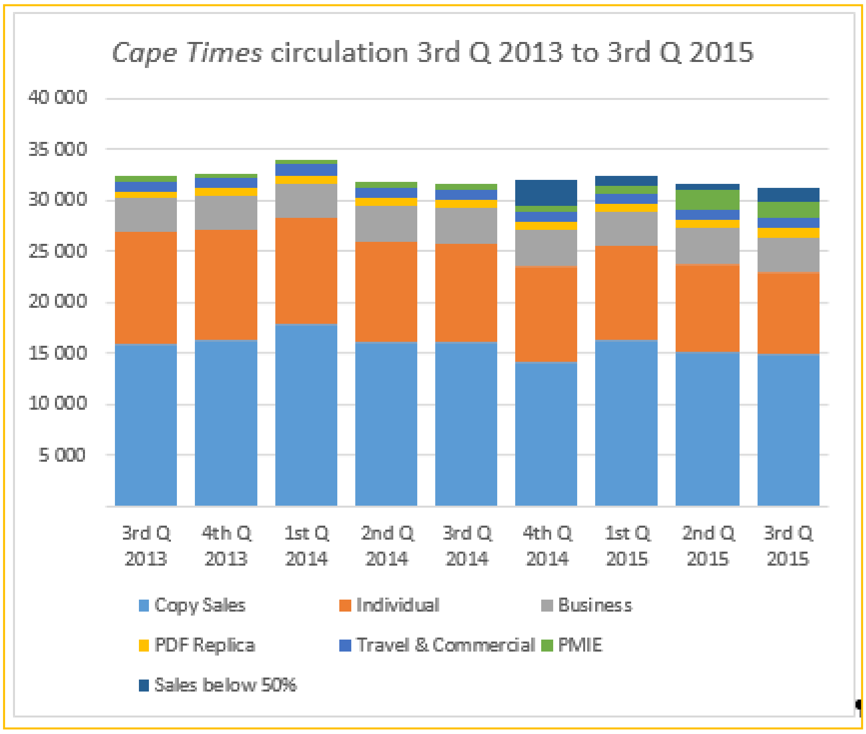
Before dealing with the performance of these titles it is important to draw a distinction between the different classes of circulation reported by the ABC.

There are three basic classes. The first is core circulation. This can be defined as sales falling under the categories of Copy Sales, Individual Subscriptions, Business Subscriptions and PDF Replica. These are copies purchased by individual readers or businesses, for their own use.
The second class are categories where newspapers are bought, ostensibly by third parties, and passed on for free to other users. Travel & Commercial subscriptions, Third Party Bulk sales and Print Media in Education (PMIE) sales fall into this class. In all these categories the newspaper is supposed to be paid 50% of the cover price, although barter deals are allowed for Third Party Bulk Sales and Travel and Commercial subscriptions. Finally, in the third class, is the category, introduced fairly recently, of "sales below 50%" of the cover price in any of the previous categories.

As in previous analyses this article will focus on core circulation. This is the key class to look at for three basic reasons: Firstly, the individual purchasers of the product are also the actual users of it. Secondly, the core circulation categories are less open to manipulation by the practitioners of the dark arts of circulation management. And, thirdly, non-core circulation – which can involve big once-off or short-term deals – can distort a proper understanding of underlying readership trends over time. This is both when this artificial stimulus is added and also when it is removed.

In the context then of an across-the-board bloodbath in core circulation the Independent Media titles have not performed particularly badly in the third quarter of 2015 as compared to the third quarter of 2014 (see table here). Indeed, the group's three *Isolezwe* titles (the weekday, Saturday, and Sunday editions of the paper) were the only ones to report meaningful increases in such circulation. That said, twelve of the group's sixteen titles reported declines of over 5% in core circulation year-on-year.

The *Cape Times* – which saw an extensive purge of journalists and columnists following the takeover by the new owners, and a dramatic editorial re-positioning – reported a 1.1% decline in total circulation and a 9.3% decline in core circulation. The difference was largely accounted for by an increase in sales in the PMIE and *Sales below 50%* categories. See graph below.



As seen from the above there has also been some decline in reported copy sales since 2013. But while business subscriptions have remained fairly stable there has been a significant fall in the number of individual subscribers – from 10 985 in the 3rd Quarter of 2013 to 8066 in the 3rd Quarter of 2015 (a 26% decline).

If one looks at the change in circulation between the 3rd Quarter of 2013 and the 3rd Quarter of 2015 it is evident that the new owners have been unable to arrest the decline in the circulation of their non-Isolezwe titles. See Table 1 and 2 below.

Table 1: Change in circulation Independent Media daily titles (Source: ABC)

	Total circulation 3rd Q 2015	**Change from 3rd Q 2013**	**Core circulation 3rd Q 2015**	**Change from 3rd Q 2013**
Cape Argus	30 322	-1.5%	25 846	-10.7%
Cape Times	31 197	-3.8%	27 260	-11.8%
Daily News	25 091	-17.8%	23 463	-18.3%
DFA	8 700	-8.0%	7 867	-4.2%
Isolezwe	104 510	-3.7%	104 501	-3.7%
The Mercury	25 656	-10.4%	24 662	-10.8%
Pretoria News	14 401	-16.2%	11 225	-20.3%
The Star	85 567	-15.1%	57 700	-27.0%
Total	325 444	-9.2%	282 524	-13.4%

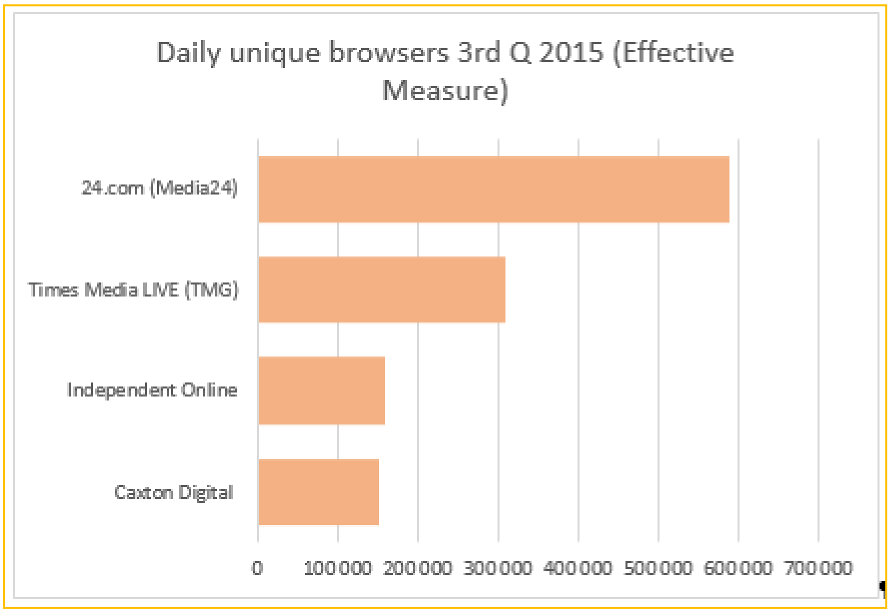
***

Table 2: Change in circulation Independent Media weekend titles (Source: ABC)

	Total circulation 3rd Q 2015	Change from 3rd Q 2013	Core circulation 3rd Q 2015	Change from 3rd Q 2013
Independent on Saturday	39 061	-11.5%	34 994	-15.0%
Isolezwe ngeSonto	84 144	-0.7%	84 019	-0.8%
Isolezwe ngoMgqibelo	79 112	0.4%	79 029	0.3%
Pretoria News Saturday	7 408	-29.5%	5 772	-35.0%
Saturday Star	53 434	-27.2%	42 210	-31.2%
Sunday Tribune	61 035	-13.0%	57 070	-16.4%
Weekend Argus	53 581	-6.0%	46 036	-13.7%
Weekend Post	18 441	-11.9%	18 441	-11.9%
Total	396 216	-9.9%	367 571	-12.0%

Again with the exception of the *DFA* and the three *Isolezwe* editions all the daily and weekend newspapers registered with the ABC have experienced double digit declines in core circulation between the 3rd Quarter of 2013 and the 3rd Quarter of 2015. In total the core circulation of the daily titles has declined by 13,4% over this two year period, and the weekend titles by 12%.

When it comes to its online presence Independent Online continues to trail behind Media24 and the Times Media Group. According to Effective Measure Independent Online sites were accessed by an average of 160 458 unique browsers per day during the third quarter of 2015 (1 July to 30 September 2015). This is ahead of Caxton's online publications (151 267) but well behind TMG's (309 311) and Media24's (590 274). See graph below.



Conclusion

The continued fall in circulation in most of Independent Media's core newspaper business does not in itself reflect badly on the new ownership as many titles of other better resourced newspaper groups have seen similar or worse declines.

It does however raise questions about the probity of the PIC's decision to wager +/- R1,25 billion of government employees pension money on the financing of the 2013 deal.

This is especially as it was entirely foreseeable back then that the trend of ever-declining circulation would continue. Given that this trend is not going to reverse itself, particularly given the rapid expansion of access to smartphones, it remains unclear how the group's newspaper business will ever be able to generate sufficient profits to allow the PIC's loan to be repaid from internal resources.

It has been speculated that Independent Media would go *The New Age* route of harvesting state and parastatal funding. In October this year Karima Brown, the Group Editorial Executive of the group, complained that government was still directing most of its advertising revenue to Media24 and the Times Media Group, even though the titles of these groups were openly hostile to the ANC.

According to an IOL report "Brown told SABC Digital News in an interview on Thursday that the ANC and the government complained about the lack of transformation in the media and about the media taking the side of the political opposition and ganging up on the government. Yet it gave the bulk of its advertisements to the newspapers which were most critical of it, neglecting those which were balanced" (i.e. Independent Media).

Brown was further quoted as saying: "If you look at the Sunday Times, for instance, which is part of the TMG you will often note that the ANC government is reflected as presiding over a failed state, as wholly corrupt, that everyone in the ruling party is corrupt or potentially corrupt. And yet the bulk of the ANC's advertising money goes to the TMG group. So the ANC must also put is money where its mouth is and look at supporting initiatives around media diversity."

It will be interesting to see how the group will position itself in the upcoming battle for control over the ANC at the party's 2017 national conference between the Zuma-ites and the SACP/COSATU supporters of Cyril Ramaphosa. Brown herself is close to a number of SACP ministers and it was Independent Media that broke the story of Nhlanhla Nene's impending dismissal, two days before it actually happened. This was supposed to have been part of a more widespread purge of mostly SACP cabinet ministers by President Zuma, which appears to have been aborted for the moment.

The ability of the Independent group to assert its independence from government, in future, will be severely limited if it has not been able to start paying down its loan to the GEPF, or even the interest on it. It is thus a matter of critical public interest that the terms of the loan agreement between Sekunjalo, Independent Media and the PIC, and the full sums originally loaned and currently owed, are finally declared.

Dr James Myburgh is the editor and publisher of Politicsweb. He earned his doctorate at Oxford University. This article appeared first on Politicsweb.

http://www.biznews.com/sa-investing/2015/12/23/james-myburgh-how-independent-is-surves-independent-with-r900m-pic-debt/ - afgelaai op 25 Julie 2016.

PIC takes aim at badly managed state-owned enterprises

By Linda Ensor, 12 April 2016, 15:59

inShare

Eskom's Medupi power station is shown under construction in 2013. Picture: Arnold Pronto

THE Public Investment Corporation (PIC), which has R1.85-trillion in assets under management, is to take a more cautious approach to investing in state-owned enterprises (SOEs).

It invests on behalf of the Government Employees Pension Fund (GEPF), the Unemployment Insurance Fund, the Compensation Fund and other funds, and currently has an exposure of about R197bn in state entities, some of which have been placed on negative watch by credit rating agencies.

The PIC holds more than 50% of the bonds issued by major entities and has begun tightening its purchases of the bonds of some due to their poor financial management.

Deputy Finance Minister Mcebisi Jonas, who is the chairman of the PIC, told members of Parliament's standing committee on finance on Tuesday that the PIC intended to exercise "enhanced due diligence" of poorly managed state entities.

He told MPs that several had huge problems and the PIC would have to adopt a cautious approach if state-owned entities did not improve.

"The board has taken a view that we have to heighten our due diligence," in relation to SOEs in which the PIC was already invested or planned to invest, Mr Jonas said. "Nobody can deny that there are huge problems with SOEs. We must be more hesitant, more focused and reflective in our decisions to continue to invest if we do not see … change in some of them.

"Some of the SOEs are not making progress at the pace that we think they should be," Mr Jonas said.

"We cannot continue investing in the same manner that we have been doing as if nothing is happening in these SOEs."

The PIC's investments in state entities include the:

- Airports Company of SA (R3bn),
- Industrial Development Corporation (R8bn),
- Development Bank of Southern Africa (R16bn),
- Trans Caledon Tunnel Authority (R19bn),
- Eskom (R89bn),
- Land Bank (R10bn),
- Transnet (R26bn) and the
- South African National Road Agency (R26.3bn).

PIC CEO Daniel Matjila and his team of executives briefed the committee on the PIC's strategic and performance plans.

He signalled an adjustment to the structure of the PIC's investment portfolio, which he said was too exposed to JSE volatility.

More focus would be given to developmental investments, real estate and unlisted investments. The GEPF had allocated funds for developmental investments.

The PIC's listed domestic investments make up about 70% of its total portfolio, unlisted investments about 20% and offshore investments, about 10%. PIC investments make up about 12.5% of the JSE's market capitalisation and it holds 28% of the bond market capitalisation and 25% of SA's government bonds.

Growth of assets under management is forecast to be below inflation until 2020. Unaudited growth for 2015-16 was 2.8%.

Mr Matjila said the corporation would be exerting pressure on the boards of companies in which it had a presence to use their cash resources to drive economic growth.

Mr Matjila assured Democratic Alliance finance spokesman David Maynier and Economic Freedom Fighters MP Floyd Shivambu that he had not met any members of the Gupta family to discuss investments, and as far as he was aware, neither had his executives.

The PIC agreed to give the committee its investment policy statement so MPs could use it to evaluate its performance.

The GEPF will also provide the investment mandate it gives to the PIC to the committee.

http://www.bdlive.co.za/companies/2016/04/12/pic-takes-aim-at-badly-managed-state-owned-enterprises -**datum afgelaai 25 Julie 2016.**

PIC plans R70bn in development investments

By Linda Ensor, 05 May 2016, 05:40.

Mcebisi Jonas. Picture: Trevor Samson

THE Public Investment Corporation (PIC) would make developmental investments worth R70bn in the next three to five years, which would drive economic growth and job-creation, Deputy Finance Minister Mcebisi Jonas announced on Wednesday.

Sectors of focus would be agriculture and agro-processing, mining and beneficiation, manufacturing, infrastructure and property, social infrastructure and renewable and conventional energy.

In addition, the PIC would allocate about R1bn for investment in small and medium enterprises.

The PIC has R1.85-trillion in assets under management and acts as the investment fund manager for the Government Employees Pension Fund, the Unemployment Insurance Fund and other social security funds.

"These investments are expected to improve the risk profile of our client portfolios and deliver sustainable returns," the deputy minister said in a speech during the debate on the Treasury budget in the National Assembly.

During the debate, Democratic Alliance finance spokesman David Maynier said his party would be working hard to crack open the PIC and ensure that it was "fire-walled" from becoming a "corporate battering ram" and a "piggy bank" for the governing party.

Last month, PIC CEO Daniel Matjila and his team of executives told Parliament's standing committee on finance that the structure of the PIC's investment portfolio would be adjusted because of its overexposure to JSE volatility.

Mr Matjila said that more focus would be given to developmental investments, property and unlisted investments.

The PIC's listed domestic investments make up about 70% of its total portfolio, unlisted investments, about 20%, and offshore investments, about 10%.

PIC investments make up about 12.5% of the JSE's market capitalisation and it holds 28% of the bond market capitalisation and 25% of SA's government bonds.

Mr Jonas told MPs that the PIC had allocated a further R5bn towards job-saving in vulnerable sectors, such as mining, construction and manufacturing.

He noted that Mr Matjila and Standard Bank CEO Sim Tshabalala were co-chairs of a working group established by the government and the private sector to look at key investment projects in targeted sectors.

"This working group is aimed at getting government, labour and the private sector to identify a core set of priority economic sectors and enterprises," Mr Jonas added.

The Development Bank of Southern Africa was playing an increasingly active role in financing municipal infrastructure and supporting economic growth, increasing its infrastructure support by 30% to R28bn in 2015-16, from R21.4bn the previous year.

Its support to the municipal market exceeded R8.2bn in the past year and the bank had also assisted in the completion of 68 infrastructure projects.

"For the forthcoming year, the bank will seek to increase its project preparation support to R9bn, whilst crowding in third-party funders to the value of R5.6bn, and to increase project disbursements to over R16bn," Mr Jonas said.

He emphasised the need to expand co-operation between SA's development finance institutions and private sector financial institutions to broaden investment in infrastructure and support partnerships in financing growth.

http://www.bdlive.co.za/companies/2016/05/05/pic-plans-r70bn-in-development-investments **datum afgelaai - 25 Julie 2016.**

PIC lost over R100bn when Zuma fired Nene - CEO

May 10 2016 13:14 - Liesl Peyper

Cape Town - The funds that invest money with the Public Investment Corporation (PIC) lost more than R100bn when President Jacob Zuma fired former finance minister Nhlanhla Nene on 9 December 2015, said Daniel Matjila, CEO of the organisation.

The PIC appeared before the standing committee on finance on Tuesday, responding to questions from MPs about its investment mandates and details about the entities and companies it invests in.

DA shadow minister of finance, David Maynier, asked the PIC what impact the events of the so-called "9/12" - when Nene was briefly replaced with Des van Rooyen as finance minister - had on the assets it manages.

According to Matjila, the Government Employees Pension Fund lost R95bn, the UIF lost R7bn, the Compensation Fund lost R3bn, while other funds forbore R1.2bn. “However, beyond two days we’ve seen a significant recovery,” Matjila added.

Maynier said in a statement that the PIC’s admission is a stark reminder of how much damage was done to pensioners’ savings. “It serves as proof that President Jacob Zuma was dead wrong when he claimed the effect of his disastrous decisions was ‘exaggerated’ in South Africa.”

In January this year, Zuma said the markets overreacted when he replaced Nene and people “exaggerated" the situation. He insisted that it had been the right decision to appoint Van Rooyen.

http://www.fin24.com/Economy/pic-lost-over-r100bn-when-zuma-fired-nene-ceo-20160510 **- afgelaai 25 Julie 2016.**

Guptas' media bid rebuffed

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06 Jun 2016 - AmaBhungane Reporters

Guptas' media bid rebuffed

The PIC is trying to block the Guptas' bid to take a stake at Independent Newspapers, which seems to indicate a hardening attitude towards the family.

Craig McKune & Tabelo Timse

Picture: Iqbal Survé - David Harrison, M&G

The Public Investment Corporation (PIC) is trying to block a bid by President Jacob Zuma’s friends, the Guptas, to take a dominant stake in Independent Newspapers.

The deal would make the Guptas' Oakbay Investments the largest shareholder of one of South Africa's most important newspaper companies. Independent publishes leading regional newspapers such as the *Cape Times* and *The Star*.

But the Guptas have accused PIC chief executive Dan Matjila of being "biased and ill-advised".

This seems to indicate a hardening of attitudes around the Gupta family, who have been publicly accused of using their proximity to Zuma to "capture" the state.

The finance minister appoints the PIC board in consultation with Cabinet. PIC's chair is deputy finance minister Mcebisi Jonas. The ministry is widely considered to be the scene of a tense standoff between Zuma and Finance Minister Pravin Gordhan, although the presidency denies this.

The details of the Independent dispute are before the high court in Pretoria, where the Guptas are suing to wrest control of the group from its chairperson Iqbal Survé.

Survé led a consortium that bought Independent from its Irish owners for R2-billion in 2012. Supported with loans from the PIC, Survé's consortium took 55%. A consortium of Chinese state-owned companies bought 20%, and the PIC bought the remaining 25%.

But it was never disclosed that Survé granted Oakbay an option to acquire half of his consortium, amounting to 27.5% of Independent itself. This would be bigger even than Survé's stake as he shares his half with others. This is revealed in court documents.

The sheer size of the once-secret Gupta stake indicates they held substantial power when they negotiated the pact with Survé in November 2012.

Asked about this, Survé's lawyer Adam Ismail said there were two reasons for including the Guptas. The first was that experienced newspapermen Nazeem Howa and Moegsien Williams, who were key players at the Guptas' The New Age media group, would bring a "value add" at management level.

The second was that the Guptas would help Survé to finance the Independent buyout. They never did, he said.

According to documents before the court: "Oakbay duly exercised the option in writing on 23 August 2013."

But Survé kicked back, telling Bloomberg the following month that he had "rebuffed an approach by the Gupta family".

From there, amaBhungane understands, the Gupta-Survé dispute was argued in a secret arbitration, which Survé lost. But before the Guptas could take up their stake, there remained some legal hurdles.

One was a dispute over how much the Guptas should pay. This decision was handed to an independent expert, who handed down a price tag of R729-million. But the Guptas balked at this and Oakbay sued.

The case is being opposed by Survé, his company Sekunjalo Investment Holdings and Sekunjalo Independent Media. The latter is the consortium that holds Survé's stake.

The case was heard on Friday, where the judge ordered that a late supplementary affidavit by Survé was admissible. The court gave Oakbay time to respond.

A second hurdle is that the Gupta stake is subject to the approval of the competition authorities and the PIC, according to contracts between Oakbay, Sekunjalo and the PIC.

In February, Survé wrote to PIC's Matjila to ask whether the corporation would approve of the Gupta stake. Matjila responded in a March 23 letter in which he raised the possibility of "anticompetitive behaviour", presumably because the Guptas already have extensive media holdings in *The New Age* and their TV station ANN7.

He also said PIC had to consider "the best interest of our investment both as a funder and equity holder" and "the need to safeguard our expected returns as well as the association we have taken in co-investing with yourselves [Sekunjalo] and Interacom Holdings Limited [the Chinese consortium]".

He concluded: "Having regard to the above circumstances and the discretion we are required to exercise herein, we do not believe that it would be in the best interest of our investment, the borrower company [Sekunjalo Independent Media] as well as the ultimate asset holding company [Independent] to consider your request favourably."

In other words, a resounding no to the Guptas.

Survé's legal team sent this to Oakbay's lawyer Gert van der Merwe, asking Oakbay to drop their court dispute over the price tag. Van der Merwe wrote back, accusing Survé of trying to "derail" the agreement.

Van der Merwe said: "The only actual consequence of the letter received from the PIC's Dr Matjila is an indication that he is actually biased, ill-advised and not authorised to express an opinion on the contractual rights our client will be entitled to."

The PIC acknowledged receipt of questions, but did not respond in time for this article.

Van der Merwe and Oakbay CEO Nazeem Howa could not be reached for comment.

http://amabhungane.co.za/article/2016-06-06-guptas-media-bid-rebuffed - afgelaai 25 Julie 2016.

Pressly: Pensioners prop up Independent newspapers. PIC's R1.2bn gift.

In life there is always more than meets the eye. And while the 'perceived' agreement between former Cape Times editor Alide Dasnois and Independent newspaper group may have brought some quiet relief, what it has done is put all eyes back on the Independent group. The story goes beyond Dasnois' axing, to when the Public Investment Corporation plunged R888 million into the purchase of the Independent group. It was structured as a five year loan with no interest payments, with the bulk able to be converted into equity when the term runs up. In parliament Democratic Alliance MP David Maynier said investing in newspapers was tantamount to investing in horses and carts when the Model T was already out of the streets. And they blatantly ignored the interests of its pensioners. The PIC did acknowledge they had political motive behind the purchase, so what happens next, surely there has to be accountability for sub-par investments, and worse yet, those that hang under a cloud? And as Maynier alluded to, has the PIC carried out its mandate of protecting pensioners' interests? Below veteran parliamentarian reporter Donwald Pressly's responds to the matter. – Stuart Lowman

By Donwald Pressly*

Donwald Pressly

Teachers, nurses and police officers are propping up Independent Newspapers, which dominates the English language print media market, to the tune of nearly R1 billion, and counting. This has to be the scandal of the month, if not the decade. It so happened that Alide Dasnois, who was fired as editor of the group's newspaper, the Cape Times, in December 2013, got a settlement out of Independent in the same week the story of the pillaging of public money – in this case pensioners' money – came out in the open for the first time since Sekunjalo bought the newspaper group in August of that same year.

The state capture of The New Age and ANN7 by the Guptas is a scandal in itself – or is it the Guptas that have captured the state? But it is now emerging that Independent's capture of pensioners' money is likely to eclipse anything going on at the Gupta empire, at least in money terms. The story of Iqbal Surve, the Independent Newspapers chairman and Sekunjalo chairman, is a remarkable one. What he has pulled off is so clever, so crafty. When he told Dasnois in her disciplinary hearing that he would “use every single cent” to prove she was an irrational woman consumed with hate, he was actually talking about his access to public money, just short of a billion rands of it.

Surve said also: “She simply decided to incur the cost of a wrapper and put it out there. That is the truth of the matter. History will prove me right, *okay*, in more ways than one.” He also said at the time. “My intention is actually to have the facts around Alide made public in a very, very big way. And I’m quite happy to do that, because I think the truth must emerge eventually as to what actually happened and her conduct.”

See Noseweek article: What the Doctor ordered

Thanks to the efforts of Democratic Alliance finance spokesman David Maynier, the Public Investment Corporation, which manages about R1.8 trillion in investments including the Government Employee’s Pension Fund, acknowledged in Parliament last week that they had a political motive for plunging R888 million into the purchase of the newspaper group from Sir Tony O’Reilly’s Irish team. They have asked for no interest payments for five years and at the end of 2018, the bulk of this can be converted to equity. That is equity in a failing newspaper group. As Maynier said investing in newspapers is tantamount to investing in horses and carts when the Model T was already out of the streets. The CEO Dan Matjila said that the investment was intended to create “a black Naspers”. Naspers is a massive media group which had its roots in newspapers but now is hugely diversified, but still owned and dominated by Afrikaners. What the PIC has done is ignored the interests of its pensioners – and would-be pensioners – to achieve the aim set out by the SACP that the state needed to capture independent – that is with a little ‘i’ – media.

Read also: Alide Dasnois’ 67-page ‘tell all’ affidavit. Suing Survé’s Independent for R4m.

It is instructive that Dasnois was fired for carrying a lead story about Sekunjalo’s marine patrol vessel tender on that fateful day of December 16, 2013. On the day of Nelson Mandela’s death, Dasnois chose to carry the story showing that the public protector Thuli Madonsela wanted the Sekunjalo bid further investigated by the competition commission. Mandela was acknowledged by a wrap-around, which Surve regarded as an insult to his memory (and, to quote his own words, obviously costly). To cut a long story short, this – carrying the Sekunjalo story – surely is the reason that Dasnois was fired. A number of reporters, including me, had been covering this marine vessel story for some time. Effectively because a dodgy official ranked Sekunjalo significantly higher that Smit Amandla Marine during the tender, the incumbent managers of the ships. As a consequence the latter corporate was able through court action to derail Sekunjalo's preferred bidder status for a R800 million contract.

While Surve lost the marine patrol tender – something which obviously infuriated him – he went on to persuade the Public Investment Corporation to loan him R888 million instead. As no interest payments are required for five years, this amount has gone up to nearly R1 billion. He has thus been able to use pensioners' money to turn Independent Newspapers into a propaganda vehicle for the ruling African National Congress.

Not a day has gone by without ample evidence provided that the Cape Times – in particular – is used as a medium to hammer opposition parties and to sing and dance to the ANC's tune. If there had been a legitimate sale of Independent to Sekunjalo, it would be perfectly acceptable for Surve to determine the political line of the newspaper company. But many questions are raised about whether the Public Investment Corporation has carried out its mandate of protecting pensioners' interests by openly aiding and abetting state capture of South Africa's biggest English media group.

When the five year interest payment holiday is up, the amount owed to the PIC will be about R1.2 billion. Of course most of that will be converted into equity in Independent Newspapers, so this deal will effectively mean that the Independent Newspapers' deal is, essentially, *a very expensive gift* to a ruling party agent.

Donwald Pressly, Editor of Cape Messenger

http://www.biznews.com/retirement/2016/05/20/donwald-pressly-pensioners-prop-independent-newspapers-pics-r1-2bn-gift/ **afgelaai 25 Julie 2016.**

Executive Summary: Report by Adv JF Myburgh to the Registrar of Banks on the collapse of African Bank Limited

The rapid decline in the fortunes of Abil and African Bank (the bank)

1. On 10 August 2014 the Governor of the South African Reserve Bank (SARB) announced that the Registrar of Banks (Registrar) and the Minister of Finance had decided to place the bank under curatorship. The Governor said that the Registrar and his team had intensified their active engagement with the management of the bank in late 2012. The concerns they expressed particularly focused on the Bank's liquidity, the bank's impairment and provisioning policy; the rapid credit growth; and the need for a strategic rethink of the business model.[1]

2. According to the annual financial statements (afs) just two years earlier, the results for FY2012 Abil and the bank disclosed that:
(i) Abil had made a profit of R2,8 billion (subsequently restated to be R3 billion);
(ii) the bank had made a profit of R1,3 billion (subsequently restated to be R1,6 billion).[2]
3. But it had not taken two years for the reversal in fortunes: by May 2013, within six months of the announcement of the FY2012 results:

(i) on the 2nd, Abil published its trading statement, in which shareholders were advised that:

(a) headline earnings and earnings per share for the six months to 31 March 2013 were expected to decline by between 25% and 28% relative to the R1,4 billion reported for the equivalent six months to 31 March 2012;

(b) headline earnings for the bank declined by between 19% and 22%;

(ii) on the 22nd, Abil released its unaudited interim results for the six months ended 31 March 2013. Two of the "features" were that:

(a) headline earnings had declined by 26% to R1,015 billion (2012: R1,370 billion);
(b) there was an economic loss of R47 million (2012: economic profit of R390 million).[3]

4. The bad news continued. In the annual reports for FY2013:
(i) Abil disclosed a loss of R4,2 billion; and
(ii) the bank disclosed a loss of R4,5 billion.[4]

5. By late 2013 the bank would have collapsed – a year sooner than it actually did – had it not been for the successful rights issue which raised R5,5 billion.

6. The bank fared no better in 2014:
(i) on 2 May, in a trading statement, shareholders were advised that:
(a) Abil expected a headline loss of between R3,1 billion and R3,3 billion relative to the R604 million restated headline earnings for the equivalent six months to 31 March 2013;

(b) the banking unit (the bank and Stangen) was expected to show a headline loss of between R1,9 billion and R2 billion due to an increase in specific provisions of about R600 million;
(ii) on 6 August, in the quarterly operational update for the quarter ended 30 June 2014, it was announced that:
(a) Mr Kirkinis had resigned;
(b) the banking unit forecasted a basic and headline loss of at least R4,6 billion;
(c) the retail unit (Ellerine Furnishers (Pty) Ltd) (Ellerine Furnishers) forecasted a basic loss of at least R2,9 billion and a headline loss of at least R1,7 billion;
(d) the Group was expected to show a basic loss of at least R7,6 billion and a headline loss of at least R6,4 billion for the full year;5
(e) Abil required a capital raise of about R8,5 billion.

7. On the following day, 7 August 2014, Abil and the bank announced that Ellerine Furnishers had commenced with business rescue proceedings.6

8. The share price dropped to 31c on 6 August 2014. This is the graph of the share price:

9. According to the latest information provided by the Curator:7
(i) the loss the bank made in FY2013 of R4,5 billion might be increased (when the FY2014 afs are published) by at least R1,3 billion to at least R5,8 billion;
(ii) for the period pre-FY2013 (and the bank disclosed a profit in the financial years 2008 to 2012) the afs might be restated to reflect an additional cumulative charge of at least R2,5 billion;
(iii) the impact on the pre-FY2013 financial years of the cumulative charge of at least R2,5 billion would reduce the cumulative profits and might have the effect of converting disclosed profits in some of those years to losses.

The impact of the collapse of the bank

10. In a report prepared by SARB of 12 March 2014 it was said that the bank was regarded as systemic to the South African banking system, mainly on the basis of its extensive client base (over 3 million customers), its role in financial inclusion, the negative impact on the socio-political environment, should it fail, and the effect on foreign investor confidence, in light of the fact that part of its wholesale funding was sourced offshore.8

11. The prejudice or potential prejudice suffered by stakeholders of the bank was the following:
(i) the jobs of the 5 700 bank employees were placed at risk;
(ii) the 13 000 investors in Eyomhlaba and Hlumisa were black individuals who included employees, former employees, customers, the general public and depositors. They all lost their initial investment. Based on a share price of R28,15 Eyomhlaba lost R1,3 billion in value and Hlumisa lost R729 million;
(iii) thousands, if not hundreds of thousands, of ordinary South Africans invested their savings in Abil shares through asset managers. The asset managers, some of whom were major shareholders in Abil, informed the Commission that the losses incurred on Abil shares were billions of Rand: eg Coronation – R3,52 billion; Stanlib – R706,5 million; PIC – R4 billion; Allan Gray – R893 million. The dividends that clients of the asset managers received were: Coronation – R5,7 million; Stanlib – R468 million; PIC – R1 billion; Allan Gray – R1,2 million and 229 000 shares in lieu of dividends;

12. Mr Kirkinis, the CEO of Abil and the bank, was unrepentant and unapologetic: according to him, in 2013 and 2014 the bank had faced “a perfect storm”; but had survived; and if it had not been wrongly placed under curatorship, it would have had a rosy future in 2015 and beyond.

The business model of the bank, and the risks associated with that model

13. The bank was a mono-line bank in that it offered and earned monies from only unsecured loan finance. It did not provide, and earn, fees from any transactional services. It funded its business from wholesale funding. The bank provided loans and credit cards to mainly formally employed and banked customers.9

14. The risks that were associated with the bank, so the Commission was told, included the following:-
(i) credit risk: the extent to which impairments on bad business eroded gross lending margins;
(ii) funding risk: the extent to which wholesale funders were prepared to fund the lending activities of the bank;
(iii) solvency risk: the extent to which there was a sufficient capital buffer to protect the interests of funders in the event of a sharp deterioration in the lending environment;
(iv) concentration risk: where revenues were dependant on one product line (unsecured lending) with little diversification in the form of more stable transactional;
(v) liquidity risk: the risk that the bank could not obtain the required funding in the market;
(vi) operational risks: direct or indirect losses resulting from inadequate or failed internal processes, systems or external events.10

The board 11

A. <u>The executive directors</u>

15. During the crisis years of 2012, 2013 and 2014, the executive directors who served on the Abil and bank boards were:

2012: Messrs Kirkinis, Nalliah, Fourie and Sokutu; 2013: Messrs Kirkinis, Nalliah, Fourie and Sokutu;

2014: from February to August: Messrs Kirkinis and Nalliah.

<u>Mr Fourie</u>

16. Mr Fourie became an executive director of the bank in November 2003.

By his own admission at that time he had no technical banking skills. He was employed for other skills and experience he said he possessed. In early 2008 he became CEO of Ellerines. Mr Fourie's role at the bank was confined to strategy. He was not involved operationally in any way. From the time he was appointed CEO of Ellerines Mr Fourie: did not do any work for the bank; did not attend bank Exco meetings; and could not contribute to resolving any of the *operational* issues that the bank faced, as he was not qualified to make any contribution.

17. So, of the four executives, during the years of 2012 and 2013, one of them , Mr Fourie:

(i) had a full-time job managing Ellerines, which was itself having major problems; and

(ii) could not contribute to resolving any of the *operational* issues that the bank faced.

<u>Mr Sokutu</u>

18. Mr Sokutu was of the firm belief that he was managing director (MD) of the bank for eleven years. He was never MD of the bank: for a short time he was MD of Retail Lending, one of the money lending divisions of the bank.

19. Mr Sokutu was Chief Risk Officer of the bank from 2004 to 2014. Mr Kirkinis said that Mr Sokutu was not a traditional Chief Risk Officer: he was appointed "…to deal comfortably in the regulatory environment, had deep relationships with the various regulators and had a deep [affinity] for the business given his early years involved and mired in poverty." Mr Kirkinis added in his Submissions that Mr Sokutu had a highly competent team of individuals beneath him and that that was taken into account by the Registrar when considering the appointment of a chief risk officer.

20. Mr Sokutu conceded that he was not a banker by training. He said he was appointed as a director of Abil and the bank because he was a senior person who could lead people.

21. Mr Sokutu was not qualified to be the Chief Risk Officer of the bank.

The justification for his appointment that Mr Sokutu had to deal with significant risks in the "regulatory space" and that he was supported by a competent team:

(i) implicitly accepts that Mr Sokutu was not qualified in the conventional sense to be the Chief Risk Officer of the bank;

(ii) does not make up for his lack of qualifications:

(a) the chief risk officer of a bank has many risks to assess, not only "regulatory" risks;

(b) he is not meant to act as a conduit for the input of his subordinates;

(c) in order to discharge his responsibilities Mr Sokutu needed a good understanding of the underlying processes and principles of risk management in a bank, which he did not have.
So, for the whole period of ten years that Mr Sokutu had the title of Chief Risk Officer, there was in effect no Chief Risk Officer as one would understand that title in the banking industry. And this was *the* bank which needed an experienced, qualified, person to occupy that position:

22. Mr Sokutu had a severe drinking problem. His behaviour at the May 2013 Chelsea Flower Show was an embarrassment. The "fxxx the poor" article, published 15 months after the Chelsea Flower Show incident, painted the picture of a drunk fat cat who had made a pile of money when many thousands of investors had lost money. Both the journalist and Mr Sokutu got it wrong: he did not make R40 million or R50 million: on the sale of share options and LTIP he received in total R89 million. And to crown it all, Mr Sokutu appeared to be under the influence of liquor when he was interviewed by the Commission. He even admitted to having been drinking before the interview.

23. So, in the crisis years 2012 and 2013 of the four executive directors, one, Mr Sokutu, was unable to make when sober, or incapable of making when under the influence of liquor, any contribution to resolving the crises the bank faced.

Mr Nalliah

24. Mr Nalliah was an executive director of the bank and financial director (FD) of Abil.

25. He was not one of the inner circle which ran the bank, the members of which were Messrs Kirkinis, Roussos and Chemel.

26. He was not involved in the operations of the bank.

27. On a number of occasions Mr Nalliah agreed with Deloitte and Mr Raubenheimer, and disagreed with Mr Kirkinis, on accounting issues:-
(i) Deloitte and Mr Raubenheimer were of the view that the bank's practice of fixing the point of impairment at CD4 was aggressive and should be CD1, in line with the banking industry. Mr Nalliahagreed that it should not be CD4, and that it should be brought forward from CD4, but not to CD1.12 But he said, his view did not prevail: Mr Kirkinis conferred with Mr Woollam, and "[Mr Kirkinis'] experience and wisdom often prevailed."13

(ii) Deloitte and Mr Raubenheimer were of the view that cash flows attributed to accounts that had reached an *in duplum* status should be discounted at the original effective interest rate. Until 2013, however, the bank had discounted those *in duplum* accounts at zero. Deloitte had since 2009 pointed out to management that the bank's accounting practice in this regard was not in compliance with the requirements of IAS39. Mr Nalliah, the Financial Director of Abil, had, in the years 2009 to 2012, acted contrary to the views of Deloitte. When Mr Nalliah was interviewed, however, he said that he was "not comfortable" with the bank's treatment of *in duplum* accounts. He agreed with what Mr Raubenheimer had told

Deloitte at a meeting on 30 September 2013 that the *in duplum* issue needed to be corrected.14

(iii) The bank's practice was "to bring the written off book at fair value…onto the balance sheet."15 Mr Nalliah disagreed with that: he stated that the normal practice in business was that once you have written off a loan it stayed off balance sheet, and you accounted for any cash recoveries as and when you receive the cash.16 It was another practice that he had inherited.17

(iv) Mr Nalliah testified that he had on many occasions told the board
and Mr Kirkinis that the credit policy needed to be tightened, and the loan size needed to be reduced. Mr Kirkinis disagreed: his view was that "you cannot do that radically, you will damage the brand, which I accepted…But my view was that we needed to start the journey to make those changes, which subsequently had happened."18

(v) In March 2013, so said Mr Nalliah, he had debated extensively
with Mr Kirkinis whether the additional provision should be R450 million, which Mr Nalliah wanted, or R350 million, which Mr Kirkinis wanted. Mr Kirkinis was of the view that in his experience "which I could not challenge" that the second half of the year was always better.19

(vi) Mr Nalliah said that he was of the view that the bank should not subsidise Ellerines, but Mr Kirkinis said 'we will get credit right, we will get it fixed…we will crack it and the board…with the experience he has got as the founder of the business, rightly so, gave more credence to his views than mine."20

28. Mr Nalliah said in his Submissions that he expressed his disagreement, manifesting independence, even if his views did not carry the day, and it was reasonable not to have been overly dismissive of Mr Kirkinis' experience in light of his success in the past.

29. Accepting that he might have needed time to settle in at Abil, by the time he was appointed Financial Director on 5 May 2009, Mr Nalliah should have felt confident and qualified enough to express his views – even if they conflicted with those of Mr Kirkinis – to the Group Audit Committee and the boards of Abil and the bank. The directors would have expected nothing less. Had his views not prevailed, so be it.

<u>Mr Kirkinis</u>

30. Mr Kirkinis was one of the founders of Abil and the bank. From inception until 6 August 2014 he was the CEO of ABil. At the same time he was CEO of the bank for that period except for the short period when Mr Woollam was managing director.

31. His annual remuneration from 2006 was modest in relation to the other executives of Abil and the bank. He took the view, so he said, that he was adequately compensated by way of dividends due to the success of the business. The total of dividends received by him and his family trusts was R286 million.

32. Mr Kirkinis was described by his executive colleagues as “a very amicable guy…he struggled with delegation, he struggled with keeping people accountable; he struggled with managing such a large organisation…the thing became too big and too complex for him to handle effectively”; he was too nice a person; he did not have the ability to dismiss people; he was a very hands on CEO; by nature he was very optimistic; “…extremely charismatic…he was not dominant but he was influential in his approach and in his mannerisms and had the ability to rally the troops…Leon was extremely hands on, very operationally focussed; he was and wanted to be involved in most of the decision making process…so he was very, very hands on in the process, very knowledgeable…”.

33. Mr Kirkinis was the dominant personality in management and on the boards of Abil and the bank:-
(i) He was one of the founders of Abil and the bank.

(ii) He was CEO of the holding company, Abil, and for most of the time, of the bank, from inception until 6 August 2013.

(iii) He held a substantial shareholding in Abil.

(iv) He was the director who had the most operational experience of the bank; there was no other director, including Mr Schachat, who knew as much about the bank as Mr Kirkinis did.

(v) Until early 2013 on the disclosed figures he seemed to have a magic touch: the bank was thriving; shareholders were receiving generous dividends; funders were being repaid; loans were being advanced to some 3 million consumers who may not have had access to funds in the past; the bank was an employer of 5700 employees.

(vi) There was no material decision taken prior to August 2014 which did not carry his support. He was *the* person who had to be persuaded, whether it was about *in duplum* accounting or the extent of the credit impairment or the need for the rights issue in 2013, to give a few examples.

34. An insight into how closely Mr Kirkinis identified himself with Abil is the application which he made for the approval of the Ellerines acquisition of 8 August 2007. The application is dealt with in later in the Executive Summary. For present purposes it is sufficient to say that the application was made in the name of Abil when the board had neither considered nor approved the acquisition. Either Mr Kirkinis regarded himself as Abil or he assumed the board would meekly go along with the recommendation of management that the acquisition be made.

35. Deloitte, the external auditors, drew a distinction between “prudent” and “aggressive” accounting practices adopted by the bank; eg:

(i) the bank’s “impairment practices were aggressive in comparison with the banking industry as a whole”;

(ii) the bank used a 7 day emergence period whereas the big four banks generally use a 30 day emergence period: “This is another important aspect in relation to which the bank's impairment practices were aggressive compared to the banking industry as a whole";

(iii) "Deloitte cautioned that the treatment [in relation to the impairment point at CD4] was aggressive and overall, less prudent than generally accepted banking practice";

(iv) "The final assessment of Deloitte was…that although within an acceptable range, management's evaluation of credit impairments was still towards the less prudent side of that acceptable range."

36. Mr Kirkinis disputed that a practice described by Deloitte as one of "the banking industry" was in fact one of the banking industry: he contended that the practice was one adopted by the big four banks only and not the banking industry as a whole. He also did not believe that African Bank should be compared to the big banks.

37. While it is true that African Bank was not the same size as the big four banks, it was undoubtedly a "big bank": by 2013 it had a book of some R60 billion Rand, 3 million customers and about 5700 employees.

38. Above all, it was a *bank* providing *unsecured* lending: its accounting policies should have been *prudent* rather than *aggressive*.

39. On 5 August 2014 the board eventually stood up to Mr Kirkinis; additional R3 billion in impairments were announced on 6 August 2014, Mr Kirkinis was asked to resign; and the bank was placed under curatorship on the 10th. Mr Kirkinis, both in his affidavit and in his evidence:
(i) expressed his strong disagreement with the board and PWC (who had recommended the additional R3 billion impairment); and
(ii) contended that, but for the announcement of 6 August 2014, the bank could have continued to conduct business.

40. Mr Kirkinis' view that the impairment point should be CD4 was not supported by Deloitte; PWC; the Financial Director of Abil, Mr Nalliah; and senior executives of the bank, Mr Swanepoel and Mr Raubenheimer.

41. In considering the personality of Mr Kirkinis the word "hubris" comes to mind: "Hubris often indicates a loss of contact with reality and an overestimation of one's own competence, accomplishments or capabilities, especially when the person exhibiting it is in a position of power."

42. Mr Kirkinis believed that: *he* was right; everyone else was wrong; the impairment point should be CD4 and not CD1; the bank had a future; the R3 billion additional impairment should not have been announced; and the capital requirement was no more than R5 billion (whereas R8,5 billion was announced).

43. But by early August 2014, Mr Kirkinis enjoyed no support from either the boards of Abil and the bank, the Governor of the Reserve Bank or the Registrar of Banks, and had lost their confidence. By then the bank had faced a financial crisis since early 2013; the share price of Abil had declined dramatically; the market had lost confidence in Abil and the bank; the Governors' committee had been monitoring the

situation since May 2013 (an indication of the extent of the crisis); and by early August 2014 the bank faced a capital and liquidity crisis.

44. Mr Kirkinis is mistaken if he believes either that the bank had a future or that he could remain CEO of the bank.

B. <u>The non-executive directors</u>
45. The non-executive directors in the period 2012 to 2014 were:
- for the whole of that period: Messrs Mogase, Adams, Symmonds, Ms Gumbi, Ms Langa-Royds and Mr Koolen;
- from 16 September 2013 Mr Mthombeni;
- to mid-September 2013, Mr Sithole.

46. On 10 June 2014 Stanlib, a major shareholder, wrote to Mr Mogase, giving 'strong advice' that the two independent board appointments " be credible appointments with the requisite skills and experience in banking, particularly in the risk function." In its submission to the Commission, Coronation stated that one of the "key risks" they identified in Abil was that "Abil's board did not have sufficient depth and required strengthening." Mr Mogase, the chairman of the board, testified, in dealing with the Stanlib letter "…we wanted to bring more people onto the board specifically to deal with those matters…obviously with all the stuff that was happening in the market that would have been a perception that the risk function needs to be strengthened and so I think it was fair comment."

47. Having said that Mr Kirkinis was the dominant person on the board, he did not dominate *all* the members of the board all the time:-

(i) Mr Sithole, at the time an independent non-executive director (NED) and chairman of the Group Audit Committee, wrote the letter of 30 June 2013, which reflected is disagreement with a number of material aspects of the management of the bank.

(ii) In early 2014 Ms Gumbi, an independent NED, requested Mr Kirkinis to resign: "I thought that the bank under his leadership had lost the confidence of the market, and whatever plan or story we can put before the market will not be accepted, only because it was him presenting it."21

(iii) Ms Gumbi also said that during the latter part of 2013 and early 2014 she felt that she was bringing a lot of negative energy on to the board. She agreed with some of the reasons advanced by Mr Sithole for stepping down.22

(iv) Mr Mthombeni, an independent NED, was of the view that the lack of transactional banking services was a strategic weakness.23 Mr Kirkinis had always been strongly opposed to the bank offering transactional services: Mr Chemel said that that was a "no-go area" for Mr Kirkinis.24

C. <u>The board as a whole</u>
48. The composition of the Abil and bank boards was identical and they held meetings at the same time. That was acceptable until the bank began providing financial assistance to Ellerines, such as loans, the value share and guarantees. When that happened the board of the bank and the board of Abil were conflicted:

what might be in the best interests of Abil, the owner of the Ellerines furniture business, would not necessarily be in the interests of the bank.

49. The issue of conflict was canvassed with all the directors: with the exception of Mr Mthombeni, they disputed that there was a conflict. They said they were able to discharge their fiduciary duties to the bank, while at the same time discharging their fiduciary duties to Abil. The proof is in the pudding.

50. One example will suffice. By the time that Ellerines was placed in business rescue, Ellerines owed the bank R1,4 billion.

51. The directors of African Bank:
(i) owed a fiduciary duty and a duty of care and skill to the bank;
(ii) owed a duty to the bank to act *bona fide* for the benefit of the bank;
(iii) were obliged to exercise the powers and functions of director:

(a) in good faith and for a proper purpose;

(b) in the best interests of the bank;

(c) with the degree of care, skill and diligence that may reasonably be expected of a person-
- carrying out the same functions in relation to the bank as those carried out by that director; and
- having the general knowledge, skill and experience of that director.

52. In approving the loans from the bank to Ellerines, the directors of the bank board:
(i) acted in breach of their fiduciary duty to the bank;
(ii) did not exercise the required care and skill;
(iii) did not act for the benefit of the bank;
(iv) did not act in the best interests of the bank.

53. The reasons for those findings are the following:-
(i) The loans grew from about R450 million in September 2012 to about R900 million in September 2013 to R1,4 billion in July 2014.

(ii) The aggregate amounts of the loans increased at the very time that the bank was producing poor results in 2013 and 2014.

(iii) The bank was a micro-lender: it lent modest amounts of money to (3 million) mainly salaried employees: it did not lend hundreds of millions of Rand to corporates.

(iv) At the time of the acquisition of Ellerines in 2007/2008 it was not envisaged that the bank would lend money to the retail business, let alone that it would advance hundreds of millions of Rand to the retail business. In the application of 8 August 2007 to the Registrar in the Abil pro forma balance which was attached to the application, it was indicated that about R2 billion would be provided by external funders.25

(v) No reasonable banker would have lent R450 million or R900
million or R1,4 billion to a furniture business which was unprofitable or barely profitable in an industry which was struggling, without security: and no security was given.

(vi) A reasonable banker would not have granted loans in any amount, let alone R450 million, R900 million or R1,4 billion, without being satisfied that the loans would be repaid.

(vii) A reasonable banker would not have been satisfied that the loans would be repaid: -
(a) The expectation that a loan of those dimensions would be recouped from a potential purchaser of the furniture business was pure fantasy. On what hard facts was that expectation based? There were none. The furniture industry was not one to instil confidence in any potential investor. Abil was not able to find a purchaser. And when a written proposal was eventually made in July 2014 it was Abil who would have had "to pay" the purchaser money – not the other way round – and the amount was a mere R3 billion!

(b) The notion that the bank would have been repaid when the furniture industry recovered or when Ellerines had successfully "turned around" (in 2019?) is laughable. The directors should have had regard to the *past* performance of Ellerines rather than *future* unrealistic forecasts.

(viii) The contention that it was in the best interests of the bank to continue to advance hundreds of millions of Rands of loans to Ellerines because of the "symbiotic" relationship between the two and that their fates were interwoven is rejected. The question is whether a reasonable banker in those circumstances would have nevertheless advanced large sums of money without security and with no realistic prospect of repayment. This answer is 'no'.

D. The acquisition of Ellerines
The s52 application of 8 August 2007

54. In terms of s52(1)(a) of the Banks Act a bank shall not without the prior written approval of the Registrar establish or recognise a subsidiary. Section 52(2) provides that to obtain the prior approval of the Registrar there shall be lodged with the Registrar a written application.

55. The s52 application of 8 August 2007:
(i) was made in the name of Abil;
(ii) Abil was identified as the acquirer;
(iii) brief reasons for the acquisition were given;
(iv) key features of the transaction related to shareholdings and control; terms of the acquisition; major suspensive conditions to the acquisition; funding; price exposure to loss; acquisition costs as a percentage of shareholders' capital and size of Ellerine in relation to the Abil Group; main activities to be conducted; management;
(v) various undertakings were given; and
(vi) it was stated that Abil would conduct a due diligence on Ellerine prior to completing the transaction.

56. There was no Abil board meeting between 20 July 2007 and 8 August 2007.

57. Mr Kirkinis could not, therefore, have been given authority by the Abil board at a board meeting.

58. Mr Kirkinis could not have been given "informal" authority by the Abil board. The board had no power to "informally" authorise any acquisition let alone one of this magnitude.

59. In any event, for the Abil board to have given Mr Kirkinis 'informal' authority the members of the board would have had to know, as a minimum, that it was EHL that was to be acquired; what the "key features" of the transaction would be; and that the price was R9,8 billion. There is no evidence that the directors of the Abil board possessed such knowledge prior to 8 August 2007.

60. On a fair reading of the s52 application of 8 August 2007, the Registrar must have assumed that the Abil board:
(i) had properly considered the terms of the proposed offer;
(ii) had agreed to all the terms;
(iii) had decided to make an offer on those terms.

61. The truth, however, is that as at 8 August 2007, the board of Abil had not:
(i) considered the terms of the proposed offer;
(ii) agreed that it was EHL that would be acquired;
(iii) decided to make an offer on the proposed terms, including the purchase consideration of R9,8 billion.

<u>The board meeting of 13 August 2007</u>

62. According to the minute of the meeting management, based on the mandate given by the board at the 20 July 2007 meeting, considered various options. It was resolved that:
“The board unanimously supports the proposed acquisition of [EHL]. Abil will submit a letter to the board of [EHL] expressing interest in acquiring the entire ordinary share capital of [EHL].”

63. This was the only meeting of the Abil board at which approval of the acquisition of EHL was given.

64. Six of the fourteen directors attended the meeting ‘via teleconference’.
The inference is that the meeting was not a scheduled meeting and was called without sufficient notice to allow the directors to attend in person.

65. The decision to acquire EHL – taken at the meeting of 13 August 2007 – was taken without a due diligence having been concluded.

66. The Draft Report contained the statement that the resolution of the board was not subject to a due diligence being conducted. Mr Tugendhaft and Mr Kirkinis took great exception to that statement, and referred, for example to the s52 application of

8 August 2007 and the SENS announcements of 20 August and 5 September 2007. The fact of the matter is that the resolution of 13 August 2007 did *not*26, provide that the acquisition was conditional upon, or subject to, a due diligence being conducted. And the resolution of 13 August 2007 was not revisited at the board meeting on 19 September 2007 when "a high level summary of key finding arising from the Ellerines due diligence exercise was presented to the board"27

67. At best for the Abil board, by *implication*, its decision was subject to a high level due diligence investigation being done, in the words of the September 2007 report, with the aim of:

(i) identifying any show stoppers that would in isolation or in combination with others result in an unforeseen financial impact of more than R250 million (post tax) on the June 2007 NAV of the business, and therefore require an adjustment to the offer price; and

(ii) identifying any major reputational/compliance issues imbedded in the business that needed to be factored into the thinking prior to a firm offer being made.

68. No *independent* due diligence was done. The reason, so the Commission was told, was that it was unnecessary as Abil and the bank had all the necessary skills to conduct a due diligence: a third party, such as a firm of auditors, could not have done a better job.

<u>Non-disclosure</u>
69. In the s52 application of 8 August 2007 Mr Kirkinis did not disclose to the Registrar his view that the R1 billion of profit disclosed by Ellerines in its afs for FY2007 was "an overstatement of profit".

70. In his Submissions Mr Kirkinis denied that the adjustment arose as a result of "overstatement of profits" : "it arose as a result of EHL's policy of up-front income recognition, whereas ABIL preferred to recognise the relevant insurance income over time. The take-on net-asset value would therefore be reduced in ABIL's books and the goodwill increased in ABIL's books."

71. This is, however, what Mr Kirkinis said in evidence:
"The billion rand profit [disclosed by Ellerines in the FY2007 afs] <u>is an</u> <u>overstatement of profit</u> … The billion rand profit that you are referring to is not really a sustainable billion rand profit once you change the accounting policies… They have made a billion rand profit under the accounting policies that they had at the time … we changed those accounting policies when we took over Ellerines."28 (The underlining is provided).

72. At the Abil board meeting on 3 March 2008, two months after Abil had taken over Ellerines, Mr Fourie described the Ellerines business *inter alia* as follows:

(i) Ellerines was “over-branded, over-stored and over-structured”;
(ii) the cost structure was high;
(iii) the market share of the group had declined over the past few years;
(iv) productivity ratios were worse than the direct competitor;

(v) debtors' costs had increased significantly over the past year and the forecast looked poor;
(vi) credit granting policy had changed due to the NCA;
(vii) sales and margins were under pressure and below budget;
(viii) trading profit was below budget and was anticipated would be below budget to year-end;
(ix) head office costs were high and were planned to be reduced by consolidation of the various offices across the country over time;
(x) supply chain and logistics was a challenge and a top logistics person needed to be recruited;
(xi) there were leadership and skills challenges within the business, especially in the area of merchandise, logistics and at the divisional level.

73. According to the minutes of the meeting Mr Woollam summarized the concerns regarding the Ellerines insurance division in these terms:-
(i) the accounting methods used to bring income into account in the insurance company post NCA was legally flawed and required correction back to June 2007;
(ii) this method of income recognition was agreed by Ellerines' auditors and insurance advisers;
(iii) this was also raised at the time of the due diligence as an issue;
(iv) the correction of income recognition would have a material effect on the financial numbers of the Ellerines division for the half year; the amounts were about R200 million for the period June to August 2007 and R900 million for the period September to December 2007;
(v) the R900 million would be accounted for as an adjustment to the purchase price in the books of Abil;29
(vi) the financial statements of the insurance companies for the year end 31 August 2007 would need to be withdrawn and restated;
(vii) the various regulators, including the JSE and the FSB, would need to be informed;
(viii) the communication to the market needed to be carefully worded.

74. The evidence of the directors of Abil at the time of the acquisition of Ellerines was that the facts disclosed at the meeting of the board were known to them prior to the acquisition.

75. Those facts, in that amount of detail, where not disclosed in the SENS announcement of:
- 20 August 2007;
- 5 September 2007;
- 21 September 2007.

76. In his Submissions30 Mr Kirkinis stated that the risks identified by management were publically disclosed to investors, shareholders, the Registrar and SARB in that the SENS announcement of 20 August 2007 invited investors to download a slide presentation from Abil's website. If investors had done so they would have seen from slide 12 that the "Risks of the acquisition" were disclosed:
"- Lack of retail skills, competencies and acknowledged in ABIL
- Cultural fit or lack of management buy-in
- Different business models: Balance sheet structures, profit levers, credit cycle

- Inability to separate Finco from Opco without hurting either business
- Potentially excessive client overlap
- NCA compliance issues
- Management capacity and expertise at ABIL."

77. This is what the SENS announcement of 20 August 2007 disclosed:

(i) The "Benefits from the Transactions", such as greater critical mass for the financial services business and the combined group; a greater distribution footprint; the ability to introduce Abil's greater price and risk differentiation underwriting models into the Ellerines distribution channel; improved product offerings and feasibility for Ellerines clients.31

(ii) Under the heading "Conference Call" it was stated:
"Leon Kirkinis, Abil CEO, will conduct a conference for investors on Tuesday, 21 August 2007. Participants are invited to download a slide presentation from the company's website prior to the conference call at www.africanbank.co.za".

78. The SENS announcement of 20 August 2007:

(i) did not *in the body of the announcement* disclose:
(a) the "Risks" that were considered by the Abil board at its meeting on 13 August 2007;
(b) the "overstatement of profit" of R900 million referred to by Mr Kirkinis;
(ii) was misleading if the intention was to make disclosure of the risks in slide 12 of the slide presentation: only participants in the conference call were invited to download the slide presentation;
(iii) did not state that the risks were to be found in the slide presentation.

Ellerines
79. Abil bought Ellerines for R9,1 billion in late 2007/early 2008. The purchase consideration included R5,3 billion for goodwill. In September 2010 the bank bought the financial services division of Ellerines for R7,3 billion. The bank paid R4 billion for goodwill, which was subsequently written off. From then until early August 2014 Ellerine Furnishers continued to conduct the furniture (retail) business.

80. By the end of 2010 Abil had been running the retail division, i.e. the furniture business, of Ellerines for three years. The financial results of the retail business from 2010 to 2014 were the following-

80.1 Profit/loss
(i) 2010: a profit of R124 million; 2011: a profit of R190 million; 2012: a profit of R257 million;
2013: a loss of R284 million.
(ii) The value share that the banking unit (the bank and Stangen) paid in each year to Ellerines as at 30 September was:
2010: R176 million
2011: R561 million
2012: R633 million
2013: R537 million.32

(iii) But for the value share, Ellerines would have made a loss in the "profitable years" according to Mr Nalliah as follows:
2010: R3 million
2011: R214 million
2012: R199 million
(iv) But for the value share the loss in 2013 would have been R671 million.

80.2 <u>Economic loss</u>
(i) This is the economic loss including the goodwill in Abil that Ellerines made each year:
2010: R924 million
2011: R211 million
2012: R139 million
2013: R706 million

80.3 <u>Budget</u>
(i) In not one of the FY years 2010 to 2013 did Ellerines make the forecasted profit.

81. Abil took the decision to sell Ellerines in May 2013. It was not, however, able to dispose of the retail business. It is unclear what steps were taken in that regard in 2013, but in 2014 a number of potential buyers were approached. Nothing came of those approaches. In about July 2014 a consortium led by Mr Christo Wiese "…came to the conclusion that Abil would have to forego its loan [of R1,4 billion] and make a further amount of R1,6 billion available to EHL…"

82. It was to this ailing furniture business that the bank provided the following financial support:-
(i) The bank advanced loans to Ellerines customers, who were a greater credit risk than the bank's customers.
(ii) The bank lent Ellerines in total R1,4 billion. The loans were unsecured.
(iii) The banking unit (the bank and Stangen) paid the value share to Ellerines of R1,9 billion in aggregate in the period 2010 to 2013.
(iv) The bank bought the financial services of Ellerines in 2010 for R7,3 billion.
(v) In the period April to July 2014 Abil signed guarantees for the facilities Ellerine Furnishers had with Standard Bank (R150 million), FirstRand Bank Limited (R200 million),33 ABSA Bank Limited (R100 million) and Investec Bank Limited (R100 million) Those guarantees were underpinned by the assets of African Bank.

83. According to the Curator, an impairment of the loan to EHL of R1,4 billion was processed in FY14. The debate is whether the balances existing at 30 September 2013 and 2012 of R529m and R461m respectively were already impaired on those dates and should have been booked in the afs for those years. The Curator was still in the process of deliberating this within the bank.34

Impairments35
84. Mr Kirkinis told a Project Phoenix meeting on 20 March 2014 that June/July 2013 were the low points for the bank in terms of liquidity; impairments rose: "these were the key reasons behind the loss making situation". In Abil's capital and liquidity plan of 4 May 2014 it was said that "the sole reason" for the disappointing results at

interim in March 2013, final in September 2013 and interim March 2014 was "the credit impairment losses and provisions may exceed expectations".

85. The credit impairments were: <u>FY2011</u>: R7,4 billion
<u>FY2012</u>: R9,8 billion
<u>FY2013</u>: R10,6 billion
<u>31/3/14</u>: R15,7 billion
<u>30/6/14</u>: R14,9 billion <u>6/8/14</u>: R17,9 billion.36

86. In his Submission Mr Nalliah criticized the Draft Report for "…its failure to attribute any significance at all to the fact that the auditors, Deloitte, at the most critical moments, after all was said and done, and all views and counters expressed, formed the opinion that the accounting policies of the bank were within the acceptable range, were compliant with the necessary standards, and were such to allow an unqualified audit report. This was the view formed by Deloitte as late as the meeting of 6 May 2014 with respect to impairments and does not in itself appear to be challenged by the report."

87. The primary responsibility for the fair presentation of financial statements, however, is that of the directors of a company. That was in fact acknowledged by Abil and the bank in their annual reports. For example, the FY2013 annual report of Abil, signed by Mr Mogase, chairman, and Mr Kirkinis, CEO, the directors' responsibilities were said to include "selecting and applying appropriate accounting standards" and "maintaining adequate accounting records and an effective system of risk management". In the bank's FY2013 annual report, signed by Mr Kirkinis, CEO, and Mr Nalliah, Director, the directors' responsibilities were said to include "selecting and applying appropriate accounting policies" and "making accounting estimates that are reasonable in the circumstances".

88. The auditor, Deloitte, in the words of the bank's FY2013 annual report, "… is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework" and in the words of the FY2013 annual report of Abil, the auditor "… is responsible for reporting on whether the annual financial statements are fairly presented in accordance with International Financial Reporting Standards and the Companies Act".

89. There were broadly three categories of credit impairments:
(i) the *in duplum* impairments which came to R2,2 billion in 2013;
(ii) the CD1/CD4 impairment which made up the bulk of R3 billion impairment which was announced on 6 August 2014;
(iii) the impairments which are described herein as "the bad debt impairments."

90. The first two categories (*in duplum* and CD1/CD4) are classic examples of the chickens coming home to roost. Deloitte had advised management and the board for years:
- that management's practice of reducing the effective interest rates of the non-performing loan (NPL) portfolio which were *in duplum* to 0% did not comply with IAS39;
- that the managements' impairment event of CD4 was not prudent and should be CD1.

91. The increase in bad debts and NPLs was ascribed by some board members *inter alia* to the poor economy; competition; and labour unrest (which Capitec Bank also experienced). Prudent management should have foreseen that any one of those events could occur at some stage. The risk of that occurring should have been properly managed. In particular, Abil and the bank board should have made prudent, appropriate provisions from time to time.

92. A major cause of the bad debt impairments was the rapid growth of the book in 2012 from R33,4 billion to R44,8 billion, a growth which was conceded to be too rapid.

93. The poor quality of the loans granted, the difficulty in collecting repayments, and the growth in NPLs, can squarely be laid at the door of the bank. The bank had a sophisticated lending procedure. To whom it lent was entirely under its control.

s45 of the Companies Act
94. In terms of s45(3)(b) of the Companies Act a board of directors may not authorise any financial assistance unless the board is satisfied that:
(i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test;
(ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company. On 26 and 29 June 2014, the board of the bank resolved, in effect, to provide financialassistance to EHL. It should not have appeared to the board and the bank on those dates that the bank would be able to pay its debts as they became due and payable in the ordinary course of business for a period of 12 months after June 2014.37

Report in terms of the letter of appointment
Is it in the interests of the depositors or other creditors of the bank that it remains under curatorship?
95. Yes

Is it in the interests of depositors or other creditors of the bank that the Registrar, in terms of s68(1)(a) of the Banks Act, applies to a competent court for the winding up of the bank?
96. No

Does it appear that any business of the bank was conducted recklessly or negligently or with the intent to defraud depositors or other creditors of the bank or any other person, or for any other fraudulent purpose, in particular whether the business of the bank involved questionable management practices or material non-disclosure?
97. There was no evidence that the business of the bank was conducted with the intent to defraud depositors or other creditors of the bank or any other person or for any other fraudulent purpose.

98. The business of the bank was conducted negligently in the following respects:-

(i) the retention of Mr Fourie as an executive director of the bank after he had been appointed CEO of Ellerines in early 2008;

(ii) the appointment of Mr Sokutu as
- executive director of the bank and Abil;
- MD of Retail Lending;
- Chief Risk Officer of the bank;

(iii) from the time that the bank began providing financial assistance to Ellerines, the bank board and the Abil board were conflicted;

(iv) by not making prudent, appropriate provisions from time to time;

(v) in not properly managing reasonably foreseeable risks such as a poor economy, competition and labour unrest;

(vi) by aggressively growing the book;

(vii) by allowing themselves to be dominated by Mr Kirkinis.

99. The business of the bank was conducted recklessly in making loans to Ellerines in aggregate R1,4 billion:
(i) without security;
(ii) when there was no reasonable prospect of the loans being repaid.

100. Abil and the bank acted negligently in underestimating the financial implications of issues such as bad debts; impairments; the cost of funding Ellerines; the risk of the market losing confidence in Abil and the bank and the funders failing to continue to support Abil and the bank.
Who was a party to the conduct of the business of the bank or Ellerines in the manner described above?

101. The boards of Abil and the bank, generally, were a party to the conduct described in the findings that:
(i) the directors of the bank acted in breach of their fiduciary and other duties to the bank (s53);
(ii) the business of the bank was conducted negligently (s98);
(iii) the business of the bank was conducted recklessly in making loans to Ellerines in aggregate of R1,4 billion;
(iv) Abil and the bank acted negligently (s100);
(v) the board of the bank acted in breach of s45 of the Companies act (s95).

102. In expressing that opinion, save as appears in the Report, the Commission does not make a finding that all the board members were responsible – equally or otherwise – for such conduct. The Commission did not have the time nor the capacity to investigate each board member's individual conduct in the period 2007 to 2014 in order to ascribe individual responsibility. But it must be borne in mind that in terms of s66 of the Companies Act, the business and affairs of the bank had to be managed by or under the direction of its board, which had the authority to exercise the powers and perform any of the functions of the bank.

Issued by the SA Reserve Bank 12 May 2016.

Footnotes:
1 Chapter 4
2 Chapter 8
3 Chapter 8
4 Chapter 8
5 Chapter 8
6 Chapter 8
7 Chapter 20
8 Chapter 3
9 Chapter 3
10 Chapter 3

11 This section is based on Chapters 6 and 19
12 T821
13 T814,816
14 T821, T835
15 T833
16 T833
17 T834
18 T822
19 T826
20 T850

21 T124
22 T128-9
23 T55
25 SARB(2)73,74
26 AB(23)353
27 AB(23)356
28 T672-3
29 In his Submissions, Mr Nalliah stated that the minute should read "purchase price allocation".
30 E(2)126-7

31 SARB(2)84
32 E(8)375
33 AB(50)96
34 Chapter 20
35 This section is based on chapter 17
36 Chapter 17
37 Chapter 21

http://www.politicsweb.co.za/documents/on-the-collapse-of-african-bank--adv-jf-myburgh **- afgelaai op 25 Julie 2016.**

Greenblo: Don’t pick on PIC…A sitting duck for state capture (if not already)

Jul 10 2016 11:30

Allan Greenblo

By Allan Greenblo*

Too many SA public institutions have been politicised. The largest manager of pension-fund assets mustn’t be amongst them.

May it never happen, but the Public Investment Corporation is a sitting duck for state capture. Be wary, for it’s as easily done as said.

The trick lies in a systemic convergence of roles.

Because the deputy finance minister is automatically the PIC board chair, a seemingly minor cabinet reshuffle can work wonders. Switch the deputy finance minister to a full minister in a different portfolio, to be perceived admirably as a promotion, and then appoint a relatively junior ANC MP as deputy finance minister, to be viewed innocuously as an infusion of fresh talent for mentoring. Hey presto! The PIC gets a new chair.

Or maybe it wouldn’t be entirely innocuous, depending on whether the appointee is selected from the ranks of Zuma/Gupta acolytes. Speculation, hopefully idle but perhaps merely premature, focuses on the central figure of Mcebisi Jonas.

As deputy finance minister and PIC board chair, he’s been causing waves: earlier this year in having claimed, denied by the Guptas, that they’d **offered him the position of finance minister**; more recently in having insisted that the PIC discloses to parliament certain details of its unlisted investments, particularly in Independent News & Media SA where the Guptas want a slice of the action.

A way to start stilling the waves, from the perspective of the Zuma/Gupta nexus that officially doesn’t exist, would be to have Jonas move on as uncontroversially as possible. But controversy will nonetheless linger until the efficacy of the INMSA investment is ultimately revealed.

Were it not for the intervention of Jonas, the PIC would have said nothing. Its latest annual report, for the year to end-March 2015, said nothing. It had persistently ducked from answering questions about INMSA on grounds of client confidentiality, but is now reviewing the legalities of these agreements in light of Jonas’ stance.

Clear is that confidentiality does not sit well with the PIC’s self-proclaimed commitment to transparency. Less clear is why there should be wraps over investment of public monies. The approach of Jonas appears to be at odds with the PIC board whose eight non-executive directors – all appointed by government, each being paid an average of R500 000 annually – have at least acquiesced in the silence that's hitherto prevailed on INMSA.

It also appears to be at odds with the approach of the Government Employees Pension Fund, half of whose trustees are appointed by government. Less reticent about disclosure, its latest annual report (to end-March 2015) shows that over a year the direct loans by the GEPF to INMSA had ballooned from R791m to R896m.

But it explains neither why the loans have increased nor confirms whether the GEPF had mandated the PIC to grant them.

The GEPF, which has over a million members and pensioners, is a defined-benefit fund. This means that, as the employer, government (the taxpayer) underwrites promised benefits. Investment performance impacts on annual discretionary increments.

At its 2015 financial year-end the PIC, wholly owned by government, had R1.8trn in assets under management. Roughly 30% was in unlisted investments. Of the R1.8trn, almost 90% was represented by the GEPF for whom the PIC is asset manager.

An investment of a billion rand or so can easily become obscured in a portfolio of such magnitude. There's no expectation that the PIC should annually publish the nuts and bolts of each investment in its unlisted portfolio. But when asked for specifics, for instance by a parliamentary committee, it should be happy to answer. Unlisteds are where funnies are most likely to happen.

INMSA is a case in point because of its political sensitivities.

First, there's a threatened scrap between the Gupta family and Iqbal Survé of privately-owned Sekunjalo, funded through the PIC, for a Gupta stake in INMSA and for their respective media houses to claim a greater share of government sponsorships in acknowledgement of editorial support for the ANC.

Second, given the predictably parlous state of the newspaper industry and specifically the declining circulations of INMSA's metropolitan titles, this is a curious investment for a pension fund. The PIC wants to help the creation of a black-owned Naspers, which is a great idea provided INMSA can also find something similar to a Tencent gaming operation in China and start something as successful as the Multichoice television service in SA.

Subsequent to its appearance before the parliamentary finance committee, the PIC has supplied further information:

• The GEPF, managed by the PIC, has a 25% shareholding in INMSA and the PIC is represented on its board;

• Of the PIC's present R888m exposure to INMSA and the Sekunjalo Media Consortium, R722m is in loans. These loans are two years into their five-year term;

• The GEPF's investment into INMSA was accomplished through a typical private-equity leveraged buyout where all the financial investor's interests are protected above those of operational investors (e.g. management) who are expected to drive the value of the business. It is typical for interest in these structures, especially when funding black economic empowerment, to roll up and be paid as a single payment at the end of the loan term;

• Interest will be serviced as and when cash is available during the interim period. Private-equity structures allow the company to invest in technology and expansion opportunities;

• The PIC holds various securities and sureties for the loans, including cession over 55% of the shares in the company.

Spokesperson Sekgoela Sekgoela adds: "The PIC has noted with concern an increased effort by some in the media, certain members of parliament and some members of the pubic, to use incorrect and in some instances false information in an attempt to cast aspersions on its integrity and investment processes.

"The PIC invests all its clients' money in accordance with mandates approved by the Financial Services Board. All investments are also subject to a rigorous investment process, including a thorough due diligence. The investment in INMSA was in accordance with the mandate and investment processes of the PIC."

• *Allan Greenblo is editorial director of Today's Trustee (**totrust.co.za**), a quarterly magazine mainly for principal officers and trustees of retirement funds.*

http://www.fin24.com/BizNews/greenblo-dont-pick-on-pica-sitting-duck-for-state-capture-if-not-already-20160708 **- 25 Julie 2016.**

SA's biggest pension fund invests R10.5bn in SA Home Loans

Jul 13 2016 13:45

Cape Town – The Government Employees Pension Fund (GEPF) has invested R10.5bn into SA Home Loans to help improve housing finance for government employees and the public.

With more than 1.2 million active members and assets worth R1.6trn, the GEPF is Africa's largest pension fund.

The deal, through its investment manager Public Investment Corporation (PIC), aims to provide government employees and qualifying members of the public with end-user home finance and development finance for approved affordable housing projects.

The investment will see R5bn being made available for public service employees, R2bn for affordable housing end user financing, R2bn to enable SA Home Loans to extend home loans to the rest of qualifying home loan applicants, and R1.5bn will be used to fund affordable housing developers.

“This investment is an expression of confidence in our service offering,” said SA Home Loans CEO Kevin Penwarden.

“We believe we have the necessary capacity and skills to deliver excellent home financing services to clients that will be coming through the GEHS platform, as we have consistently done with all our clients.”

The PIC is intentionally implementing a developmental investment mandate, explained PIC board member Dr Claudia Manning. It “primarily seeks to achieve two types of returns, namely: financial and social returns,” she said.

“Financial return means that PIC must generate profit for clients and social return means our investments should positively affect the social conditions of the stakeholders.

“Our view is that members of the GEPF should benefit during their active working years and during retirement – and this is a social return.”

A lack of access to housing has been identified by the National Development Plan (NDP) as one of the challenges facing South Africa.

“We believe there are many GEPF members who often do not qualify for bank-issued housing loans and housing subsidies offered by the government,” said GEPF boss Abel Sithole.

The Government Employees Housing Scheme (GEHS), an agency of the Department of Public Services and Administration, will assist government employees to access funding from SA Home Loans.

http://www.fin24.com/Companies/Property/sas-biggest-pension-fund-invests-r105bn-in-sa-home-loans-20160713 - afgelaai op 25 Julie 2016.

PIC's R99bn Nenegate loss normal, says Zuma

Jul 14 2016 06:00 Liesl Peyper

President Jacob Zuma. (Waldo Swiegers, Bloomberg)

Cape Town - President Jacob Zuma views the fact that the Public Investment Corporation (PIC) lost R99bn within 48 hours after the sacking of former finance minister Nhlanhla Nene in December last year as a “normal" economic phenomenon.

The DA’s shadow minister of finance David Maynier asked Zuma if he would reconsider a previous statement that the markets had overreacted and people had exaggerated following the impact of his decision to replace Nene with little-known ANC MP David (Des) van Rooyen.

Maynier’s question came after PIC CEO Daniel Matjila admitted to Parliament in May that the asset manager, one of the largest in Africa, had lost more than R100bn within 48 hours after the removal of Nene on December 9. The funds were subsequently regained when the rand stabilised.

According to Matjila, the Government Employees Pension Fund lost R95bn, the Unemployment Insurance Fund R7bn and the Compensation Fund R3bn, while other funds took a hit of R1.2bn following 9/12 - the day Nene was briefly replaced with Van Rooyen as finance minister.

“However, beyond two days we’ve seen a significant recovery,” Matjila said in response to questions from MPs on May 10 about its investment mandates and details about the entities and companies it invests in.

In January this year, Zuma said the markets overreacted when he replaced Nene and people “exaggerated" the situation. He insisted that it had been the right decision to appoint Van Rooyen.

In response to Maynier’s question, Zuma wrote that the currencies of countries that have international trade linkages are “contagiously linked to both domestic and global temporal events”.

“This is called incidence of speculative attacks. South Africa is no exception.”

According to Zuma, global and domestic events and shocks in November and December had a negative impact on the rand.

Global factors included the “oil price, figures from China and US interest rates”.

Zuma acknowledged that domestically the “sovereign downgrading of South Africa in December and changing of the minister of finance” impacted the local currency's exchange rate.

"The latter incident caused a spike in the rand and within three days, the rand recovered back to the pre-9 December 2015 levels," he said.

About the PIC’s temporary R99bn loss, Zuma said the loss and subsequent recovery of the money are “normal occurrences in speculative global and domestic attacks”.

He believed the government showed commitment to grow the economy by implementing the National Development Plan, and that markets “continue to show resilience”.

“Our efforts of galvanising government, business and labour to work together to implement the 9-point plan and implement critical reforms are proving to be a solution in fast-tracking growth in the economy.”

South Africa’s economy contracted by 1.2% in the first quarter of 2016, while the International Monetary Fund revised the country’s growth prospects downwards from 0.6% to 0.1%.

http://www.fin24.com/Economy/pics-r99bn-nenegate-loss-normal-says-zuma-20160714 - afgelaai op 25 Julie 2016.

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Greetings / Groete

Ons groet vanuit Durbanville en Pretoria.

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