Association for Monitoring and Advocacy of Government Pensions (AMAGP)

NPO Registration No: 198-822

SEMPER VIGILANS

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

www.AMAGP.co.za

GEPF Watchdog - Waghond

GEPF Forum

GEPF
your investment, your future

NEWSLETTER NO 13 of 2021

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

The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1,2 mn active members, in excess of 450 000 pensioners and beneficiaries, and assets worth more than R1,61 trillion. GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Our core business, which is governed by the Government Employees Pension Law (or GEP Law), as amended, is to manage and administer pensions and other benefits for government employees in South Africa. https://www.GEPF.gov.za/ dd 4 August 2021

IMPORTANT – PLEASE READ AND ACT

AMAGP needs the services of a good researcher and compiler of reports. A once-off task to analyse the legislation applicable and relevant to the GEPF, specifically those aspects the AMAGP can use to ensure and improve the viability of the Fund. Make yourself know to As Kleynhans, whose contact details you will find on the Fb GEPF Watchdog. If there is more than one willing, we have more once-off tasks for you.

AMAGP needs the report in simple terms, let's say about 5 single space 11font pages. Or more if it there are many aspects to consider. An extensive database is available, of course the internet too. Let's say about a month. And note the words pro bono. That means you will be working unpaid like the rest of AMAGP, with acknowledgment of your contribution in the Newsletter.

The Editor's Word

Note. The Fund's investment values used in the newsletters are from the 2019 GEPF Annual Report, said values probably 2018 terms as the figures in the Fund's AR are usually a year or more old.

Being senior senior citizens, it is a matter of time before the seniority catches up with them, we need to enlarge our capacity with more and younger concerned members and pensioners. We have been underwhelmed by offers of assistance thus far. We aren't talking doing anything full time, or anything arduous. We need more people, people. That means you…

Contact As Kleynhans at the Watchdog to offer your services.

Remember the article about publice servants being excluded from borrowing from their pension in the previous newsletter? Here the gospel truth by Brenda Robson:
"Public servants are not homeless as trade unions suggest. Employees receive a housing allowance which will put a roof over a families' head, although not an upmarket address. They also receive medical aid (and funeral) benefits. Those above benefits are adequate for the younger working public servant."

Now for news from the media

Our very own Susan Voges offers a 5-year plan for retirement. Makes good sense to keep this with your retirement plans and dust it off often.

Massmart is facing some challenges to its profitability in SA. There are indications of unbundling that will certainly influence the ROI.

Construction firm Aveng has had a bad time with the industry underperforming. It seems prospects for Aveng is picking up. Take a look.

Brief news of some our investments. ROI of some really look good, platinum especially.

Sasol is showing signs of improving at last; looking forward to an increase in the share price in the next year.

There is speculation that the 'fees must fall' violence of six years ago was organised similarly to the latest violence in KZN and Gauteng. Too similar to be coincidental, if I remember correctly, we had violence in Swaziland at the same time too. The price of political power is the destruction of the country it seems.

Grindrod and Renergen are showing improvement that should boost the ROI for the Fund.

Our delinquent, owing us billions for Ayo investment, is in the news again, about our money is being spent profligately. Interesting reading.

News of the 'government' plan to institute social security with its accompanying funding. Remember some years ago the single pension fund? Etc? Yes. This has been in process since 2013.

NEWSNUUSNEWS
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Synopsis

By Susan Voges
AMAGP Forum

After reading so many questions/posts/remarks of members struggling waiting for the payment of their pension after the last day of service, I decided to post this advice on GEPF retirement again.

PLANNING FOR RETIREMENT - 5 YEAR PLAN

5 Years From Retirement

Decide whether you will retire at the normal retirement age. If not, get advice from a specialist as it will have a big impact on your financial situation (Van Rensburg & Joubert, 1992: 132)

Review investments, life insurance, policies and retirement annuities.

- Will you be able to pay your car in full over the next five years - do you want the same car or do you need something smaller.

- Will you be able to pay of your house/flat/townhouse in the next five years by the time you retire?
- Where are you going to live after retirement?
- Do you want to relocate? Evaluate your total financial picture when relocating.
- Do you want a smaller house with little to now maintenance required? Take into account the size of the accommodation, the amount of upkeep and maintenance/gardening services/size of garden, proximity of shops/ chemist/ hospitals/library/ golf course/sport facilities, security and safety.
- If you rent, it will escalate with inflation.
- If you buy property, watch out for hidden costs such as levies and other charges.

Watch out for retirement villages, you may only have a life interest over a unit, which lapses when you die. This is like paying rent in advance and you will still pay for levies and the provision of facilities. It never becomes your property.

2 Years from Retirement

Domestic Appliances. Fridge, stove, washing machine, etc - are they in a good working condition? Now is the time to replace them if they are giving trouble.

Transport. Now is the time to replace your car with one that will meet your needs after retirement.

Leisure cost. What kind of holidays are you planning once you retire? Plan within your budget.

Tax. You are taxed on/via petrol, toll gates, parking, food, anything you buy, pension lump sum, investment income, TV, Vehicle licences, driving licences, etc.

One Year from Retirement

- Decide on exit date.
- Consult with specialist regarding tax structuring to minimize tax on income and maximize investment options and opportunities.

Four Months from Retirement

Follow the process in your department regarding your notice of exit date to the department.

Start with the completion of your forms and collecting of your documents.

Three Months from Retirement

See a professional retirement structuring practitioner to fine-tune your plan of 5 years ago.

Co-ordinate all benefits, cash and income at and beyond retirement.

Structure tax at retirement as to minimize the tax payable.

Cash flow forecast for the life expectancy of the retiring person (at least 15 years).

Check if you have provided for the following: pension from the pension fund, dividends from share portfolio, distributions from unit trusts, interest from financial institutions, annuities, rent, etc.

Financial audit before retirement prepared by a specialist - personal assets and liabilities, investments, life insurance policies and retirement annuities, capital and income needs at and after retirement, sources of capital and/or income, remuneration package from organisation.

All your retirement forms and documents must have been submitted already to your HR section. Keep following up with them as to avoid any delays in your documentation.

EARLY RETIREMENT

Beware of early retirement.

Decide 5 years from retirement whether you will retire at the normal retirement age.

If retiring before normal retirement age, get advice from a specialist as it will have a big impact on your financial situation.

Comment

Susan's advice will be available on the AMGAP website too. Please keep in mind *this is advice only. You are solely responsible for your own retirement plan and planning.*

Synopsis

Massmart is losing at this Game

16 August 2021
INCE|Community
The Finance Ghost

Massmart's sales for the 26 weeks to end-June 2021 were R41,3bn. That's an increase of 4,4% vs. the comparable period, which sounds OK until you dig a little deeper.

Remember, the comparable period included the worst of lockdown restrictions. For a general merchandise business like Massmart, those draconian rules were a catastrophe. To get a sense of what's really going on, we need to go back to the first half of 2019, two years ago, so sales would've needed to increase by 8% - 10% over that period just to keep pace with the rise in input costs for Massmart.

Interim 2019 sales were R43,8bn. That means sales have decreased by 5,7% to R41,3bn over the past two years. It's not difficult to see why Walmart's African subsidiary is in trouble.

Part of the story this year has been currency moves vs. Rest of Africa. Sales in Rest of Africa were down 10,1% in ZAR but up 1,6% in constant currency. Whatever you do, don't make the mistake of thinking that this is the main reason for the issues at Massmart and that the South African business is doing well.

Makro has barely increased sales over the past two years and Builders has managed to keep up with inflation. These have historically been the jewels in the Massmart crown, with Game and the Cash&Carry businesses dragging them down. Once the jewels came under pressure and the ugly ducklings got worse, the entire group fell over.

If it wasn't for Walmart, I am quite confident that Massmart would be in business rescue by now. Either that, or there would've been a massive rights issue to keep the business alive. The net impact on shareholders would've been much the same.

The Cash&Carry business is currently for sale and Massmart desperately needs a brave retailer to swoop in and buy the division. Considering the business lost as much as R300m in the interim period, it isn't the easiest asset to sell.

The focus area is Game. Without it, I don't believe that there's any point in Massmart existing.

I don't believe that Builders and Makro offer enough growth for Walmart to stay interested, as the models cannot easily be scaled into Africa. There would be more than enough buyers for those two assets, which could lead to a break-up and delisting of Massmart.

Game is the opportunity for Walmart to right the wrongs of an investment that has seen the Americans lose over 80% of the value of their investment when measured in USD. The format seems to be struggling for relevance in the South African market, particularly as more and more general merchandise sales move online.

Massmart needs to turn this ship around quickly. Even without the Cash&Carry businesses, Massmart posted a headline loss of between R317m and R400m.

Yet, despite the riots and these losses, Walmart has reinforced its commitment to the business. That's all good and well, but everyone has a limit and I imagine that the Americans must be pulling their hair out by now.

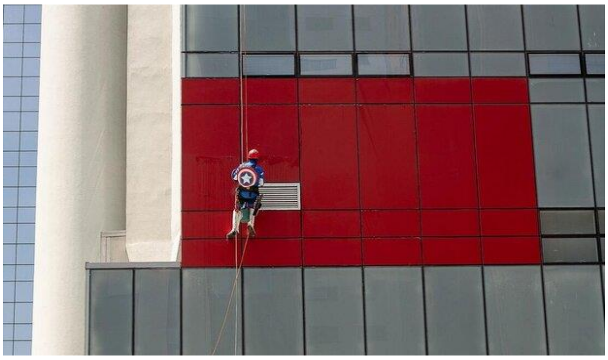
Comment

We have about R927mn in Massmart. You see the many companies that are part of Massmart, individually and together aren't performing as expected. If Massmart doesn't turn around, we will stand in line to lose money on our investment.

Synopsis

The Avengers: investment edition

16 August 2021
INCE|Community
The Finance Ghost



The Avengers - the fun collective noun that the fans of Aveng have adopted on FinTwit. The share price performance of this construction stock has been worthy of superhero references this year.

Once upon a time, Aveng was a blue chip on the JSE. During a collapse in construction sector spend in South Africa in the past decade, the share price fell apart. Aveng is the purest example of a penny stock, as the share price was just 1c when CEO Sean Flanagan took the reins in February 2019.

Shareholders have had to keep this dream alive. The company has undertaken two rights issues this year alone, but things are finally looking up. The commodity environment and growth in construction in general is helping to lift Aveng from the dead.

Those who bought at just 1 cent per share are laughing all the way to the bank. The share price is now 6 cents per share, an increase of 500%. Around two-thirds of revenue comes from its Australian business McConnel Dowell. Considering how well Murray & Roberts is doing in that market, it's a great underpin to Aveng's recovery story.

The extent of the rights offers can be seen in the number of shares outstanding, which has grown from 19,395 million to 64,742 million. You won't see that every day! It's quite likely that a share consolidation will happen when the company is on a more stable footing.

The latest trading statement from Aveng shows that headline earnings have come in at 1,8 – 2,1 cents per share, a massive swing from a loss of 4 cents per share in the comparable period. At the current share price, this puts Aveng on a P/E of around 3x.

There are a number of "real economy" companies trading at low P/Es on the JSE at the moment. It's an opportunity that many are finding irresistible, particularly as markets like the US look more expensive by the day.

Comment

We have about R327mn in Aveng. The ROI looks good.

Synopsis

A deck of trading statements

17 August 2021
INCE|Community
The Finance Ghost

You get a trading statement, you get a trading statement, and you get a trading statement! It's like Oprah took over SENS yesterday with a massive trading statement giveaway.

In no particular order:

Distell

A trading statement for the year to June 2021 was released on 23 July. The update reveals even stronger earnings.

Headline earnings per share (HEPS) will be between 222% and 232% higher. With Heineken sniffing around the company and investors anxiously awaiting news of an offer (or not); this is a strong show of the company's resilience.

HEPS for FY21 of 758 - 781 cents is particularly good compared to the FY19 result of 656 cents. Distell has managed to grow through the pandemic and is trading on a P/E of around 22x.

Cashbuild

Like Distell, Cashbuild has issued a further trading statement. The company expects HEPS for the year to June 2021 to be between 145% and 155% higher.

This equates to HEPS of between 2,789 and 2,902 cents, which is a massive gain on the 2019 result of 1,751 cents per share. Cashbuild has come through the pandemic strongly and with a share price of R274,88 the company is trading on a P/E of around 9.5x.

Northam Platinum

There's really no point here in comparing to 2019 numbers, as mining dances to a different tune to other industries.

As has become the expectation in this industry, profits are up by miles. HEPS for the year to June 2021 will be between 2,098 and 2,166 cents on a normalised basis. That puts Northam on a P/E of just over 10x.

Impala Platinum

Impala seems to have found some more platinum lying in the cupboard. All jokes aside, this latest update must be because of major IFRS accounting swings.

The trading update on July 28th for the year to June 2021 provided an estimate that HEPS would be at least 2,490 cents. The revised trading update expects HEPS to be between 4,564 and 4,691 cents.

That's more than 80% higher than the number they gave in July. To make the situation even stranger, the share price dropped in response to the updated earnings guidance!

Truworths

The clothing group expects HEPS for the year to June 2021 to be between 503 and 523 cents per share. That's 23% to 28% higher than last year but still lower than 2019 which was 562,8 cents.

HEPS in 2018 was 615,7 cents, so the group has been on a downward trend for a while.

Comment

Our investments are Distell about R5bn, Cashbuild R485mn, North Plats R3bn, Imp Plats R6bn, Truworths R4,37bn. Good news.

Synopsis

Does Sasol have more to give?

17 August 2021
INCE|Community
The Finance Ghost

Sasol has released its results for the year to June 2021. The company continues to be keenly watched by market punters who have made a fortune from it in the past year.

Although the word "impairment" hasn't disappeared (a R28,7bn write-down this year was attributed to exchange rate outlook adjustments and the higher cost to procure gas over the longer term), adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year came in at R48bn. It was R35bn in the prior year, but that absolutely doesn't tell the full story.

The adjustments (mainly non-cash items) were enormous last year. Adjusted EBITDA of R35bn became a loss before interest and taxes of R112bn by the time the non-cash losses were included. For the year to June 2021, Adjusted EBITDA of R48bn only dropped to earnings before interest and taxes (EBIT) of R16,6bn once non-cash losses were considered.

Interestingly, the turnaround hasn't come in the Energy business, which contributed around 40% of group revenue. In fact, this division was worse off in FY21 than in FY20, with revenue down -1,7% and losses increasing from -R3,3bn to -R8,3bn.

The chemicals business is where the magic happened. Revenue increased 10,5% and earnings swung enormously from a loss of R95,5bn to a profit of R19,8bn.

Sasol's cost cutting efforts were clearly visible in the corporate centre, which experienced a profitability swing of over R18bn, from a loss of R13bn to a profit of R5bn.

There are clearly still issues at Sasol, although bulls are seeing that as the potential for even more upside. Critically, the company is generating plenty of cash at the moment, which helped bring debt down by R81bn to R103bn. That's why a rights offer was avoided, which would've resulted in a totally different outcome for Sasol punters in the past year.

Capital expenditure was only R16,4bn vs. R35,2bn the year before. Sasol has been in survival mode and those who are more bearish on material further gains in the share price may point to this lack of investment as a risk for the company.

Another issue is that the balance sheet isn't entirely out of the woods. Debt of over R100bn against adjusted EBIT of R48bn isn't unacceptable but certainly can't be considered low gearing either. For this reason, I'm not surprised that Sasol isn't ready to start paying dividends again.

It looks as though Sasol has successfully navigated the crisis. The share price fell 5% in response to these earnings, so there was some concern among investors, perhaps at the underlying risks that are still present in the business.

With a share price of R206 and core HEPS of R27,74, Sasol is on a P/E of 7.4x. It's been a wild ride for those who bravely took the punt. I think Sasol will continue to rise from here, but the incredible trading profits have already been made.

It's now down only 42% over 5 years. If nothing else, it seems as though management has learnt the value of a prudent approach with capital allocation that was severely lacking in recent years. Much of the focus going forward will be on Sasol's future beyond fossil fuels.

Comment

Our shareholding in Sasol is about R38,7bn. Sasol share price has been declining for several years, but this seems to have halted. No dividends means no ROI, and the value of our investment has declined, as is clear from the lower share pricing. However, with the turnaround in mind ROI should be good in the next 12 months.

Synopsis

The Fallist Riots and the Insurrection

Daily Friend
By Ed Herbst
15 August 2021

If a group of people was able to cause this much violence, damage and death with no consequences, there will be nothing to stop it from doing so again. Stephen Grootes

ANC Crimes With No Punishment point the way to a failed state, Stephen Grootes, *Daily Maverick*, 4/8/2021

A senior cabinet minister has laid the blame on some ANC ministers who support Jacob Zuma for the attempted "insurrection" that led to the loss of more than 300 lives in Kwa-Zulu-Natal and Gauteng.

Pro-Zuma ring behind looting says Mchunu, *Sunday Times*, 8/8/2021

In an interview with the *Sunday Times* on 8 August, ANC cabinet minister, Senzo Mchunu, said that party members who were part of the pro-Zuma faction within the party had planned and co-ordinated last month's riots.

What role did the media play in in the period prior to the riots in creating the pro-Zuma/anti-Ramaphosa/Gordhan climate, which defined the riots, and were there any commonalities and parallels between the 2016 Fees Must Fall riots and the riots of mid-July this year?

The 2016 Fees Must Fall riots show disturbing similarities with those that occurred in Durban and Johannesburg last month.

The 2016 Fees Must Fall campaign, fuelled by ethnic hatred and encouraged by Dr Iqbal Survé, saw one man die, another beaten to a pulp, several attempted murder cases, UCT Vice Chancellor Max Price assaulted, campus damage in which arson was a pervasive element, that would cost in excess of a billion rand to repair, saw private vehicles torched both on and off-campus during the riots, pervasive theft, the media threatened.

A passive police force did nothing of consequence to counter the 2016 riots and, given the scale of the damage, the prosecution rate was risible. Of the thousands of Fallist rioters, with an abundance of witness accounts and video evidence shared online, only two have been jailed.

This absence of police deterrence in the Fallist riots in 2016 and any significant sanction by the state thereafter of those responsible, would obviously have served as motivation and encouragement for those who rampaged through Durban and Johannesburg last month in an orgy of theft, sabotage, and savagery so devastating that it could be seen from space

As William Saunderson-Meyer trenchantly observes, teargas and water cannon are, throughout the world, the primary police countermeasures to rioting, but they were not used during the recent riots and neither was razor wire.

Melanie Veness, head of the Pietermaritzburg Business Chamber, stressed this point in a Biznews interview: *'… there was no attempt to use any form of tear gas – it just didn't happen. For me, the only answer is that there was complicity and that absolutely destroys one.'*

It is to be hoped that opposition parties will raise this matter in parliament.

The Sekunjalo newspapers – *Isolezwe, The Star, Cape Times, Cape Argus, The Mercury, Daily News, Pretoria News, Diamond Fields Advertiser, Daily Voice, Business Report, Sunday Tribune, Sunday Independent,* and the IOL website – probably reach several hundred thousand people a day with their owner-dictated anti-Ramaphosa articles, and this has continued without pause since Ramaphosa became president in May 2019.

'Kill the ANC'

Whether this incentivised some of those who participated the mid-July riots is an open question, but Sekunjalo Independent Media's campaign against the reformist CR17 faction and the suggestion by 'Tembisa Ten' reporter Piet Rampedi, that Ramaphosa and his supporters wanted to 'kill the ANC' would certainly not have discouraged them.

Just as he used the *Cape Times* as a proxy in his vendetta against the University of Cape Town in general and its former Vice Chancellor, Dr Max Price, in particular, Iqbal Survé has used his newspapers as proxy for his vendetta against the CR17 faction in general and Pravin Gordhan in particular.

The clear intent of these articles is to turn public opinion against Ramaphosa and Pravin Gordhan, who were the focus of antipathy in the recent riots. The 'evidence' which Survé claimed he had against Gordhan two years ago, has yet to be revealed.

Survé's anti-Ramaphosa media campaign has gained him the publicly-expressed support of Zuma-faction supporters such as Ace Magashule and Carl Niehaus;

Ramaphosa's shortcomings as a political leader are robustly debated in the South African media but only Sekunjalo Independent Media has stooped to the sort of thumb suck attack on him, which has been lampooned by Zapiro and ridiculed by other journalists, but this was not the first time that bizarre single source attacks have disgraced this media company, as the recent Maria Ramos defamation suit proved.

In the anchor quote to this article Stephen Grootes states: 'If a group of people was able to cause this much violence, damage and death with no consequences, there will be nothing to stop it from doing so again.'

The Fallist riots five years ago provided a reliable portent of police inaction in last month's plunder, sabotage and murder in Durban and Johannesburg and the state failure to seek juridical retribution against those responsible in 2016 will have encouraged the members of the ANC inner circle behind this year's riots.

The role of mass media bias and manipulation in both events needs to be researched as a matter of compelling public interest.

Comment

Take note of the widespread political participation in destabilising our country to effect total control by a few. This bodes ill for the economy, in which our Fund is heavily invested. ROI will suffer. Unfortunately, politicians have their own, separate, pension paid out of monthly tax returns.

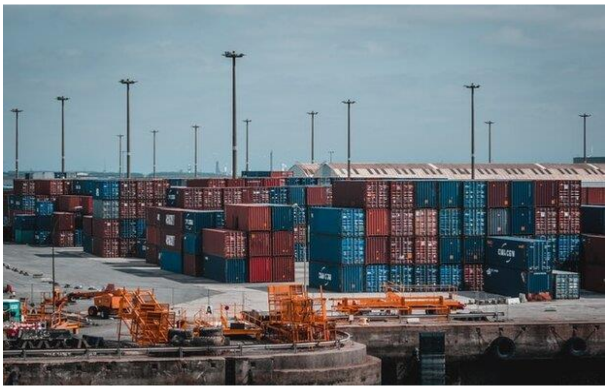
By Adamus Stemmet
*It is frightening to read what role Dr Iqbal Surve and his newspapers are playing in the political situation in the RSA - **financed with the money of our pension fund.***
Are we subsidising insurrection?

[for those who are wondering: risible = laughable]

Synopsis

Grindrod's HEPS could creep into the green

18 August 2021
INCE|Community
By The Finance Ghost



Grindrod has released a business review, trading statement and detailed cautionary announcement. That's a lot in one announcement. There's been some serious share price action in the past week, with Grindrod up 6% in the last seven days.

Both the Ports and Terminals and the Logistics businesses benefitted from the increase in cargo flows, strong citrus and mining minerals exports and alternative solutions to the deep-sea shipping lines. Grindrod Bank took a conservative approach and managed to maintain decent balance sheet ratios.

The focus for the remainder of the year is to collaborate with Transnet to increase the rail allocation Grindrod's facilities. This is especially important at the Matola terminal, which grew its volumes but saw a decrease in margins.

Ten of Grindrod's locomotives were not relocated from Sierra Leone. Five of them were redeployed in iron ore mining activities in that region.

In Northern Mozambique, graphite mining activities helped drive performance but the liquefied natural gas project has been indefinitely suspended due to insurgency. This has caused impairments and provisioning of R75,7mn in this period.

A further (and much larger) impairment of R260,9mn was taken on the chin in the Automotive and Fuel Carrier businesses, which are being disposed of.

Grindrod Bank grew its lending and deposit books by 9% and 23% respectively since December 2020. That's strong growth even though Grindrod notes that the bank is being run conservatively.

During the period, Grindrod managed to sell R176mn worth of private equity assets. The carrying value of the rest of the portfolio at 30 June is R983mn. Within that portfolio, two investments have received offers but they haven't been high enough, so Grindrod turned them down.

On the plus side, Grindrod has recognised a gain of R186mn on the Grindrod Shipping Limited shares, based on the substantial increase in its listed share price.

Overall, headline earnings per share (HEPS) is expected to be in the range of -0,9 and 2,1 cents per share, so the group is at or around break-even. In the comparable period, the headline loss was much worse at -25 cents per share.

Of course, the group reports "core headline earnings" which reflects the businesses that Grindrod wants to own going forward - Port and Terminals, Logistics and Bank. Headline earnings in these operations came in at R335-R355mn. There's a lot that needs to happen in the group before this is a relevant number.

Grindrod's share price is only slightly positive year-to-date. It hasn't caught the eye of investors who have climbed into JSE value stocks this year.

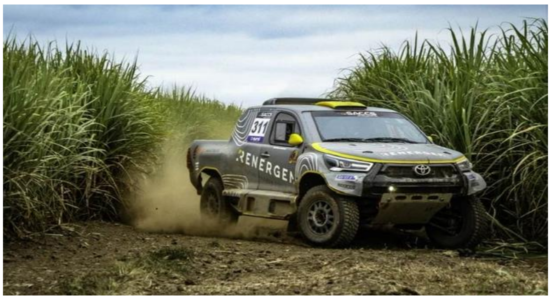
Comment

We have about R580mn invested in Grindrod and Grindrod Shipping. Bet you didn't realise that a company like Grindrod had such diverse interests, such as locomotives in Sierra Leone, banking, ports, etc. The negative HEPS is concerning but seems set to improve.

Synopsis

Renergen hooks a new LPG customer

18 August 2021
INCE|Community
By The Finance Ghost



The natural gas and helium company has announced an important new supply agreement with Consol Glass, which commences in January 2022. This will be shortly after the Virginia Gas Project Phase 1 is due to be commissioned.

The deal to supply Consol is for 5 years and is based on approximate volume of 14 tons per day within 3 months from commencement. The pricing will be linked to the floating LPG price in South Africa as published by the Department of Mineral Resources and Energy.

This is a new type of customer for Renergen. Other natural gas deals have been based on supplying trucks as a substitute for diesel.

In his official statement, CEO Stefano Marani gushes over Consol as a "household name"; the reality is that Consol tried to come to market and the listing failed a few years back, as investors weren't keen on the levels of debt in the group under private equity ownership.

In stark contrast, Renergen is up around 30% this year. The share price is far off the peak achieved in March, but I wouldn't bet against Renergen's path to becoming a household name.

The management team is incredibly passionate about the brand.

Comment

There is about R114mn invested in Renergen. Seems the ROI is improving.

Synopsis

Iqbal Survé's Independent Media 'outsources' staff to tap Public Investment Corporation billions

By Dewald van Rensburg
amaBhungane
17 August 2021

Iqbal Survé's Independent Media and other companies in his Sekunjalo Investment Holdings stable have moved dozens of workers to the legally unrelated but PIC subsidised payroll of AYO. Among them is at least one journalist, the controversial former Sunday Times investigator Mzilikazi wa Afrika.

Yet more evidence has emerged that AYO is being milked by the wider group of companies under Survé's control. It appears that AYO is subsidising the payroll of the beleaguered Independent Media as well as some employees of its own parent company, Survé's African Equity Empowerment Investments (AEEI).

AEEI's travel agency, Tripos, and events company, espAfrika, also apparently have employees on the AYO payroll.

An internal list of AYO "shared services" employees, dated 17 September 2020, shows 85 individuals employed by the PIC-funded company in a number of "verticals". Only 11 of them, however, are identified as actual employees of AYO while eight more work for AEEI, which is Survé's main JSE-listed holding company and the controlling shareholder of AYO.

A total of 31 employees of "Indy" makes the list, some of them easily identified as employees of Independent via, for instance, LinkedIn. It appears that much of the media group's IT and administrative staff now "work for AYO". Among the more inexplicable AYO employees is Leonard Mzilikazi Ndzukula, otherwise known as Mzilikazi wa Afrika.

Wa Afrika was one of the trio of investigative journalists that broke the now-discredited "SARS rogue unit" stories at the *Sunday Times* newspaper. He and colleague Piet Rampedi found their way to the Independent group after leaving the *Times.* Rampedi is now editor of the *Pretoria News*.

Wa Afrika is the only editorial employee of Independent on the list although that does not necessarily mean there are not others on the AYO payroll.

Another 12 employees are identifiable as staff of espAfrika, an events company owned by AEEI, which runs the Cape Town International Jazz Festival. Another six employees on the list fall under "travel" and work for Tripos, another AEEI company.

Both espAfrika and Tripos have suffered a great deal due to the Covid-19 lockdowns, AEEI had reported in its latest financial results.

Independent Media's woes are well-known and it is no surprise that Survé would want to subsidise it using the one good asset he has: the cash sitting in AYO. Unlike AEEI, Independent has no ownership relationship with AYO, though both are effectively controlled by Survé.

Not so Independent

amaBhungane has two partially overlapping lists of employees originating from within AYO.

One is dated February 2019 and already appeared to show a large number of Independent staff on the AYO payroll. We have since procured the payslip of an Independent employee, which already in December 2018 suddenly started reflecting AYO instead of Independent as their employer.

A newer document dated September 2020 actually seems to show how Independent employees formally became AYO employees en masse.

It was attached to an email sent on 4 November 2021 by AYO group learning and development manager Lucien Jacobs to Hanson Francis, a member of Independent Media's IT team, and Ebrahim Baba from AYO's IT department: *"Hi Hanson & Ebi. The attached list of staff must all have corp services email. They must be responding from this e-mail. All other emails to be diverted to here."*

Comment

More bad news about our AYO impairment. Some of our billions are being used to directly remunerate many of Survés employees. If the PIC's court case ever gets to court, our funds will probably have been dissipated in so many ways it can never be regained.

Synopsis

New govt plan wants South Africans to pay 12% of their earnings into state-managed fund

18 August 2021

fin24

Compiled by Helena Wasserman

Photo: Getty

- The Department of Social Development has gazetted a new Green Paper on Comprehensive Social Security and Retirement Reform.
- The paper proposes a new government-managed fund.
- All South African earners will have to pay a percentage of their earnings into the fund.

South Africans may be required to contribute up to 12% of their earnings to a new government-backed fund, according to a new proposal from the Department of Social Development.

On Wednesday, the department gazetted its Green Paper on Comprehensive Social Security and Retirement Reform, which proposes the creation of a new National Social Security Fund (NSSF), a government-managed fund, which will provide retirement, disability benefits and unemployment benefits.

All employers and employees will initially be obliged to contribute up to 12% of their earnings - up to a certain ceiling, which is currently proposed as earnings of R276 000 per year. This means that if you earn more than R276 000 a year, you will pay a maximum of 12% of R276 000 a year - around R33 100, or R2 760 a month - to the fund.

The first 10% of this contribution will go to the mandatory fund, rather than to a private-sector retirement fund. The next 2% will go towards unemployment insurance.

Higher-income workers are expected also to contribute to private-sector pension funds.

The paper proposed that government should subsidise the contributions of low-income workers. Those who earn less than R22 320 per year won't have to contribute, but a government-backed annuity product will be designed for them.

"A simplified contribution arrangement for self-employed individuals and informal workers will also be established," the paper states.

The green paper expects that workers who earn higher incomes will "divide contributions" between the NSSF and private-sector funds.

The NSSF pensions will be based on career earnings and the duration of contributions. The fund will also pay out disability and survivor benefits, as well as a flat-rate funeral benefit, and provide income protection benefits for all workers and their families.

"However, those earning above the tax threshold will need to contribute to supplementary retirement savings and insurance arrangements to ensure an adequate replacement income."

The paper proposes automatic enrolment to encourage workers to contribute to supplementary retirement and insurance arrangements.

Other proposals in the Green Paper include:

A universal income grant to the working age population

The Green Paper suggests that a basic income grant should be launched at a level "that will at least lift the individual out of poverty".

It also favours a universal grant instead of one that is means tested.

"Administratively, it is a lot easier for SARS [SA Revenue Service] to recoup the grant paid to a wealthy individual with a technical adjustment to the tax brackets than for Sassa [SA Social Security Agency] to interview millions of applicants to determine whether the applicant qualifies based on income. A universal grant is therefore potentially more efficient, cost effective and better targeted resulting in fewer exclusions," the paper says.

"The key benefit of universal benefits is that it promotes social solidarity and buy-in to the system; and it is administratively much simpler to administer with fewer exclusion challenges. It reduces stigma of the poor and discontent amongst the wealthy who feel that they are the ones funding the system."

It says that the country's tax system is "significantly more advanced" than Sassa, "hence relying on the tax agency ability to test income is likely to be a lot more effective than through Social Security Agency."

Regulatory reform of the pensions and life insurance industry

Higher-income workers will be encouraged through tax incentives to contribute to pension and insurance plans, in addition to the NSSF.

But the new paper proposes a new framework to approve funds which can qualify for these tax incentives. One of the proposed qualifying criteria is that they meet certain cost-efficiency standards, including caps on fees. "Such funds will need to meet stringent standards of care, prudence, governance, fiduciary responsibility, transparency and control of costs."

"Proposals for an individual retirement funds framework include portability with no early termination penalties; greater product standardisation and disclosure; limited charge structures; and stronger investment regulation, including limitations on individual investment choice."

The extension of UIF benefits

Currently, the UIF provides unemployment benefits for up to eight months at a replacement rate of between 38% and 60%, depending on a worker's salary. Credits are accrued at a rate of one day for every six worked.

The paper proposes that credits will be accrued at a rate of one day for every four days worked and the long-term unemployed will receive a continuation benefit.

This means that workers who have exhausted their full UIF benefits, will be paid at a lower rate to protect workers from having to draw down their retirement savings.

Road Accident Benefit Scheme

The proposed scheme will replace the current Road Accident Fund and provide income replacement benefits on a similar basis to the Compensation Fund, with the benefit dependent on the injured worker's capacity to earn. It has not yet been decided what assessment tool will be used.

Means test phased out

It is proposed that the means tests for social grants be phased out through the alignment of social assistance with the structure of personal income tax rebates.

The objective is that all dependent children, the disabled and the elderly should be eligible for a grant, regardless of their income or assets. For families with incomes above the tax threshold, tax rebates will replace social assistance entitlements.

The department said that the green paper's recommendations will take several years to implement, and that a phased-in implementation approach is proposed.

Interested persons and organisations are invited to submit comments on the paper by 10 December.

Comment

The social security approach works in many other countries, it should work here too. Instituting this will take many years, with the White Paper with more detail still to come, more consultation, then the implementing legislation, more consultation, etc.
The current 2% UIF contribution is part of the [up to] 12%. The [up to] 10% is going to replace current pension fund contributions I suspect. So, nothing much might change, except the increased 'government' participation and possibly higher pension fund contributions.
However.
We need to protect our Fund from being the deposit/bank to start the whole social security process.
[A Green Paper is a government consultation and policy discussion paper that details specific issues, and then points out possible courses of action in terms of policy and legislation. The aim of this document is to allow people both inside and outside parliament to give feedback on such policy or legislative proposals. The White Paper is the next step after consultation has been concluded and articulates a policy position that has been approved by Cabinet.]

Synopsis

South Africa proposes a mandatory pension system – here's how much it wants you to pay

BusinessTech
Staff Writer1
8 August 2021

The Minister of Social Development has published a Green Paper on comprehensive social security and retirement reform for public comment.

It includes a mandatory pension and insurance system among the proposals.

The department said that the absence of a statutory arrangement providing pensions and insurance is the most obvious gap in South Africa's social security system.

"Such an arrangement must be mandatory, should provide adequate but affordable benefits, and should pool risk across the workforce. It should be designed to interact with non-contributory social assistance as well as contributory arrangements, both statutory and voluntary," it said.

The department said that the design of a new social security system must consider the varying needs and risks of different groups during the life cycle, including death, loss of income/support due to old age, disability and long-term unemployment.

"Consideration should be given to the changing world of work and experiences of informally employed and informal sector workers – and those in an atypical work environment such as gig economy and platform workers."

The Green Paper notes that those who live long beyond their salary-earning years need an adequate income in retirement, but those who die young require assurance that their dependents will be provided for.

"Those who suffer accidental injuries and lose their capacity to work need a replacement income and in some cases compensation-while those who lose their jobs through the vagaries of economic and industrial trends need to be assisted in finding alternative work and meeting interim income needs."

Social security fund

The government proposes a mandatory social insurance scheme, called the National Social Security Fund (NSSF).

The NSSF would fill a significant gap in South Africa's social security arrangements, and it would complement social assistance programmes, social insurance funds and private arrangements, the department said.

The NSSF would also provide pensions to formal, informal, and self-employed workers who reach retirement, disability benefits to those who are physically unable to work, and survivor benefits to their dependants should they not live until retirement, the paper states.

There will be both a floor and a ceiling to contributions.

Retirement

According to the document, at retirement, a worker who contributed to the NSSF will receive a pension calculated according to a defined-benefit (DB) pension plan formula.

According to the document, a pension income should grow at the rate equivalent to wage inflation to ensure that the income received is equivalent to the average national income.

South Africa's population is expected to stabilise at about 60 million, the number of people aged over 60 will increase to nearly 8 million in 2065

The design of the NSSF enables workers who have worked a full career to achieve an income in retirement of at least 40% of their earnings over the course of their career, the department said.

"However, workers will not achieve this replacement income through the NSSF alone: for lower-income workers, the old-age grant will continue to contribute to income in retirement, while higher-income earners will need to make supplementary contributions during their careers if they are to achieve an adequate retirement pension."

If such workers wish to receive a higher replacement rate, they will need to contribute to an approved supplementary fund, over and above mandatory contributions to the NSSF, the department said.

Disability and survivor benefits

In addition to financing a retirement pension, the social insurance system must provide for income security if workers do not reach retirement age or are unable to work, the Green Paper said. Workers who are unable to work until retirement age will qualify for benefits to meet basic income needs.

If a worker becomes permanently disabled, they will receive an income based on their salary as at the time the accident occurred or last year of employment where applicable. Income support will also be paid to a worker's dependents if they die before retirement.

Recipients of the disability benefit will be eligible for a pension if they reach retirement age.

Unemployment insurance

Unemployment insurance will continue to be credit-based with credits accrued at a faster rate. The UIF has also extended the benefit for unemployed workers who remain out of work after the exhaustion of their 238 credit days. This will be worth 20% of their income and will last for a maximum of four months.

The paper states that for atypical workers, self-employed or informal workers who do not meet the definition of contributor in terms of the UIF Act, incorporating these workers into social insurance schemes such as the UIF to alleviate the hardship endured by them and their families should be treated as a matter of critical importance.

The green paper is out for public comment. Submissions close on 10 December 2021.

Comment

Just adding to the information in the previous article.

THE GEPF WATCHDOG/WAGHOND FACEBOOK PAGE

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

Most of our GEPF members are content with the fact that pensioners still get their monthly pension (and some increases annually), and they are convinced by GEPF newsletters and ambitious briefings by the GEPF Board of Trustees that our Pension Fund is in a superb condition. There is, however, another side to the coin! The AMAGP newsletters and press releases tell a different story.

Our Facebook and AMAGP are together more than 57 000 members and continually growing, but this isn't enough. However, this continued growth confirms the ever increasing concern pension fund members and pensioners have about the future of their pensions.

As a member of the GEPF (working or retired), this Facebook page will keep you updated about any developments affecting the health of YOUR Pension Fund. It also provides you with the opportunity to participate in the debate and raise issues of concern. Although it is not part of the core business of this page, you may also raise matters regarding the day to day management of your pension administration, which we will gladly refer to the Government Pensions Administration Agency (GPAA). Please read the articles that are posted on the wall, BUT also "re" and "Files". You can get further information on our website – there is no reason to be in the dark regarding our/your Pension Fund, and what you must do as a member.

This page will only have any value for you if you join the AMAGP. Note there are no membership fees. You don't have to do any work for the AMAGP if you do not wish to do so – BUT your membership will add one more voice to AMAGP convince the government our pensions remain ours, not theirs to misuse. You can complete the online registration form under "Announcements" (English and Afrikaans) at the top of the Facebook page, or you can visit our website at www.AMAGP.co.za, and complete the online application form that you will find under "Membership".

We remain in dire need of dedicated persons to share in the burden of AMAGP. People who aren't afraid to work for the common good of members and beneficiaries of the Fund.

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

Welcome to our page – please help us to get thousands more GEPF members to join this page and the AMAGP, so that we will have the required bargaining power. **We are the owners of the GEPF**, and we have the right and the power to force the GEPF Board of Trustees, and the PIC, to manage and invest OUR money in a responsible and profitable way. To the advantages of members and pensioners, not looters and mismanagers!

VRYWARING

DISCLAIMER