

# Association for Monitoring and Advocacy of Government Pensions

# (AMAGP)

NPO Registration No: 198-822



*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](http://www.AMAGP.co.za)

 [GEPF Watchdog - Wagbond](#)

 [GEPF Forum](#)



## NEWSLETTER NO 1 of 2024

AMAGP – Association for Monitoring and Advocacy of Government Pensions

AR – annual report

BOT – Board of Trustees [of the GEPF]

FSCA – Financial Sector Conduct Authority [previously the FSB]

GEPF - Government Employees' Pension Fund

PIC – Public Investment Corporation

PSA – Public Servants' Association

ROI – return on investment

SCOF – Standing Committee on Finance

SCOPA - Standing Committee on Public Accounts

SLAPP - Strategic litigation against public participation

SOE – state owned entity

*The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1.2 million active members, in excess of 450 000 pensioners and beneficiaries, and assets worth more than R1.61 trillion. GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Our core business, which is governed by the Government Employees Pension Law (or GEP Law), as amended, is to manage and administer pensions and other benefits for government employees in South Africa. <https://www.GEPF.gov.za/> dd 8 February 2024.*

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

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

## The Editor's Word

Member totals

Government Employees Pension Info (Fb) has 78 000 members,  
GEPP WATCHDOG (Fb) 52 000 members,  
and  
AMAGP 8 000 members.

The total is about 138 000, but keep in mind there will be some duplication as some members will have signed up for more than one forum, so let's agree on at least 120 000 for a round number. Out of a total of 1,65mn members and pensioners, this isn't even close to being enough to convince the 'government' to pay attention when AMAGP releases media statements.

What's wrong with you?

SA 'government's' genocide court case. Evidently the preparation only cost about R200mn, costs set to escalate quickly I believe. It must be crystal clear the costs weren't in any department's budget, who is paying? Our Fund just happens to have assets that can make the cost of the ICJ case not be part of the Department of Justice's budget, if it is in any government department's budget.

The election this year requires you, dear reader, to vote. I recommend checking your voting station is unchanged. I have attended two of the voter registration sessions and was unpleasantly surprised each time how many voters' voting station were incorrect.

**Volunteers to help analyse the 2023 GEPP AR are still required!!!! The lack of volunteers to protect your Fund is deplorable to say the least.**

**Double click, then click on open:**



VID-20240121-WA0  
001.mp4

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

The recent budget show confirms the 'government' is clinging to the SOE. The bail outs come from our tax money but the ROI of our investments? Perhaps any ROI is also rerouted tax.

Several widows approached AMAGP about their widows pension applications to the GEPP. The GEPP seems to want you to have the original marriage certificate dating back decades to substantiate you indeed being married. Going so far as forensic investigations to check on the original. This has placed some of the widows in precarious financial situations. Think on it, get your marriage certificate out of storage and keep it with your will documents, especially if you have been married for more than 30 years.

Evidently there rumours about Polmed and the GEPP doing the rounds in Police circles, just like the regular rumours about the GEPP. For the Policemen and former Policemen, the League for Former Police Officials has sent out a letter scotching these rumours. If you should happen to come across such a rumour, start off by asking the rumour seller where he heard that and how does he know it is true, insist on the facts behind the rumour. That usually stops any rumour in its tracks from spreading.

## NOW FOR NEWS FROM THE MEDIA

To start off, see the newsletter from the AMAGP chairman for an overview of AMAGP performance and results to date and prospects for 2024. The letter also relates the Palmietfontein saga in some detail, to confirm the AMAGP is indeed always hard at work in the interest of your/our Fund. A bit lengthy, sorry.

The new MK political party seems to have generated mixed feelings. The funding of any political party is always interesting to follow, including this one.

Eskom remains in the news because we are all negatively influenced by the lack of electricity. The bills allowing progress seem to be stalled so party political aspirations can receive priority attention.

The parlous state of Transnet remains in the news, for poor performance in, well, transport, including rail and ports.

The JSE seems to be shrinking rapidly. Meaning fewer companies are listing on the stock exchange and more are delisting. This is an indication of the parlous state of the country's economy. It also means our Fund's funds are concentrated in fewer investments; any stock exchange problem will have a resulting large impact on ROI. Meaning our Fund's ROI on its huge investments on the JSE might, probably, be much less than forecasted.

Survé of Sekunjalo intends taking the 'government' to court because the 'government' actions to the detriment of Sekunjalo. This will be an interesting saga to follow. The funding of such a court case will make many lawyers very happy.

SANLAM has invested outside SA for some years, with good ROI on the investments. Our Fund should pay more attention to ROI from outside SA I believe.

The much touted 'two pot' pension to come is still facing implementation challenges, with the 'government' wanting to implement it immediately for election gains and all the pension funds and schemes and companies, who will have to implement it, trying to delay it to get all the legislation, systems and processes ready, including SARS.



Message by AMAGP Chairperson to all GEFP members.

## HOPE FOR 2024 AND BEYOND

**1. Sound basis for AMAGP in 2023.** Despite adversity experienced in 2023, AMAGP was able to lodge a PAIA request towards GEFP and the PIC, including the GPAA. The conditions for such a request were painfully prepared.

**2. Protocols instituted by GEFP for Complaints.** Unfortunately, neither the Fraud Hotline nor the Pension Ombud could appropriately address serious complaints from AMAGP during 2023. There appeared to have been obstacles in the way of resolving issues of concern!

**3. My secure/safe Pension.** This project had been formulated concurrently with the PAIA request in 2023, and in so doing aims to muster more members willing to voluntarily donate funds mainly for litigation purposes.

**4. The Strini group.** A group of senior retired former police officers is in the process to develop a dedicated mustering project to acquire many more retired and serving members of SAPS to join AMAGP.

## 5. Bad Improprieties have Persisted.

5.1 Despite the Zondo Commission on State Capture and Mpati Judicial Commission on Improprieties at the PIC, the trends of state capture have continued and (in some cases) even intensified.

5.2 GEFP is abrogating its own "Policy on Conflict of Interests" when supporting the new idea of implementing a Government policy of "Transformation" at GEFP. Already, since 1996 a policy of Isibaya unlisted investments had been instituted at the GEFP with objectives of transformation.

5.3 We are aware by now that up to 43% of Isibaya investments ended up as complete losses for GEFP. GEFP law and rules have determined that all investments "must serve the best interests of its members". The Mpati COI had no good words for "Empowerment Projects" due to misconduct and failures at projects like the "Daybreak" Chicken Farm and Survé transactions inter alia.

## 6 Transformation driven by Toxic Projects like Palmietfontein for Umkhonto we Sizwe Veterans.

This project was a predetermined scheme highly articulated to enrich some cadres with our funds. Although we covered the AMAGP investigation in a letter delivered to GEFP dated 7 July 2020 (attached hereby), more factual information appeared later with a retired UWZ Lieutenant-Colonel who sued the PIC for R100M as a "facilitator" to the Palmietfontein project. The latter in so doing, bribed senior managers at the PIC to get his facilitation fee. Mr. Haku, the COO, was suspended in July 2022 through a PIC Board decision. Criminal charges on corrupt actions against Haku have not been done yet.

## 7, Collaboration with PAIA Applications.

7.1 In relation to Para 1 supra, AMAGP is in the process to acquire a strategic partner for collaborating in the PAIA applications. Such a

partnership could reduce the costs of a lengthy procedure by approximately 50%.

7.2 Due to the complexity of such a procedure, the project may possibly be extended up to 2030.

7.3 Considering worst case estimates of expenditure, AMAGP has already “ring-fenced” approximately 20% of costs envisaged.

## 8. Conclusion

8.1 With the Governing party supporting the wrong international friends and severely damaging our National Interests, the democratic process to create a new order and hope in South Africa, we can only go from strength to strength forthwith.

8.2 New collaborations for AMAGP can launch us into a MOONSHOT to secure the sustainability of our pension fund irrevocably.

Albert van Driel

AMAGP: CHAIRPERSON

Annexures:

1. AMAGP analysis of Palmietfontein project.
2. Summary of Suspension

Annexure 1

From: Albert van Driel (drielaav@gmail.com);

Date: Tue, Jul 7, 2020 at 2:30 PM

Subject: Procurement of Barren Land at Klerksdorp (Matlosana) at Exorbitant high Costs for Dubious Purposes.

To: Frans Le Roux (Frans.LeRoux@gepf.co.za);

Cc: Wouter Wessels (wouter@vfplus.org.za);

Anton Alberts (anton.alberts@vfplus.org.za);

Geordin Hill-Lewis Da (geordinh@gmail.com);

Good day dr le Roux,

## RESUME

1. At the Feb. 2020 Standing Committee on Finance (Parliament), MP's asked questions about the GEPF procurement of barren land at Matlosana, as it had appeared in the Jan. 2020 edition in “Landbou-weekblad”.

2. A total of R586,5mn was paid for Palmietfontein (403), size 547 ha; as well as for IP 564, size 481 ha (latter also known as Isago Farm). The total land area of 1 028 ha was purchased from Iago N12 Developments with dates of registration having been 7 Nov 2018(403), and 21 Jun 2019 (IP 564), respectively.

3. The land in question was originally purchased by Isago@N12 Developments from Klerksdorp Municipality in 2007 at a total price of R18,75mn. According to available Municipal Valuations, the two properties (Palmietfontein and Farm Isago) were valued at a combined value of R25,52mn at 2018/19 FY.

4. The GEPF transaction was apparently triggered by the difficulties encountered by the Municipal Councillors Pension Fund (MCPF), which had been placed under curatorship by the Registrar of Pension Funds during the latter half of 2018. A court order was sought to liquidate Isago@N12 Developments, having owed MCPF circa R120mn for sites purchased at Matlosana (non-delivery of deeds). Please see para 5 infra for more detail relating to the intended Court case by the MCPF Curators.

## A BRIEF HISTORY

5. High Court Case No 21968/18 in the Western Cape gave the SA National Military Veterans Association Trust (SANMVAT) the opportunity, to be heard as an Intervening party in the Case between MCPF and Isago@N12 Developments, at Case No 10175/18. This case was subsequently postponed to 9 May 2019.

6. Meanwhile the PIC (on behalf of GEPF) and Isago@N12 Development Proprietary Ltd, were heard on 13 Dec 2018 (Case No LM184 Sept18) at the Competition Tribunal iro Procurement of Palmietfontein (403), and IP 564 (Farm Isago), Northwest Province. The application was approved with an order on 13 Dec 2018. The PIC had been identified as the “Primary Acquiring Firm” and Isago@N12 Development as “Primary Target Firm”. Reasons for approval of the application were issued on 10 Jan 2019 by the Tribunal. Isago motivated that it would develop the land for office, industrial, housing and health care in favour of the South African Military Veterans Association (MVA).

7. It would appear that the late Oliver Tambo's daughter (a former Ambassador to Italy), and PEP official, did influence the approval of the GEPF procurement (vide par 6 supra), at both the PIC and at GEPF. If it is true then following laws were trespassed:

- Govt Procurement Regulations.
- GEPF Pension Law and Rules.
- Act 13/2006, Law on Older Persons (Section 30)

8. Unconfirmed reports also indicate that the Crouse family have relocated to Australia

(Isago Property Holdings Pty Ltd); to make matters worse, Dr Martin Khunou (Moedi Boselo Investors), the developer, is nowhere to be found. These two enterprises were the major beneficiaries of the R586,5mn.

9. It has become evident that the Palmietfontein/Isago transaction had been treated underhandedly, and confidentially. There is no evidence that the following stakeholders were either consulted, or advised of the transaction in question:

- SCOF (Parliament)
- PSA
- Solidarity
- AMAGP

## **ASSESSMENT OF GEPF PROCUREMENT**

10. The price of R586,5mn for 1028 ha works out at R5 545 per ha, which does not tally with Matlosana's 2018/9 FY property valuations, of R25,52mn for both properties.

11. According to advice from a Specialist Development Consultant, the cost of land for development would normally equal only 20% of total development expenditure. This equation suggests that R117,3mn of the purchase price should have paid for land alone; that R469,2mn was intended for services infrastructure and other developments as indicated in para 6 supra.

12. If the property purchase price was based upon an alleged transaction by Isago with MCPF, then erroneous evaluations clearly followed in the determination of Palmietfontein and Isago farm, contrary to Municipal evaluations vide the 2018/19 FY - see para 3 supra.

13. In the documents below quoted as "Sources", various contradictory and questionable statements are included,

- There is no clear evidence that Matlosana Municipality approved town planning and design specifications for Isago@N12 Developments Proprietary (registered as Isago Property Holdings Pty Ltd, subsequently).
- Serious doubts exist whether geo-technical investigations, and an Environmental Impact study had been executed.
- Considering the scope of the intended programme/projects to be undertaken, it is vitally important to know whether adequate "bulk services" would be available and at what scale of costs.
- The purpose of the Isago project had been described as "multi-disciplinary developments

(sic)" for the SA National Military veterans Association Trust. The size and scope of veterans involved were defined as 170 000 families, adding up to a total of 850 000 people; figures which are highly questionable. It has been clear, right from the start that ANC-linked veterans would be the major beneficiaries.

• In court documents for the "Intervening case" dd 27 Nov 2018 para 11.10, it is stated that "obtain from parliament the required financial, logistic support and resources to enable it...". This statement unequivocally confirms ANC political interference at PIC and GEPF.

14. In line with a number of previous correspondence items with GEPF, we have continuously stressed that some projects (investments), done by GEPF belong to other state departments or SOE development role players. The Isago project would first and foremost have been better placed at either Dept of Military Veterans or at Social Development Dept, with DFI support b.m.o DBSA, IDC or NEF. It was uncalled for to squander hard earned savings of govt officials, pensioners, and beneficiaries on a questionable socio-economic project of this nature! It is no surprise that the shrinking Long Term (LT) Reserves of GEPF have severely compromised the Fund's LT sustainability.

## **PROGRAMME AND PROJECT MANAGEMENT**

15. In this letter hitherto, AMAGP has determined beyond reasonable doubt that serious shortcomings related to "due diligent procedures" occurred at GEPF and/or the PIC. Such incomplete modalities could not have been very helpful to have formulated various business and project plans, to launch Project Implementation.

16. A couple of Agreements (bi-lateral and multi-lateral) were essential; to have determined the functions of each stakeholder and relevant role-players within the Programme, as well as with the implementation of various individual projects. Market research appears to have been non-existent, to have determined the "End-State". Was financial modelling done to have determined a ROI?

17. Notwithstanding the fact that the first piece of land (Palmietfontein), was already transferred to Isago on 7Nov 2018, no evidence of actual Project Implementation has manifested at Matlosana. Despite the transfer of farm Isago on 21 June 2019, visible impetus with project Implementation have neither taken



place. Meanwhile the massive amount of R586,5mn had been paid to Isago Property Holdings. It is common knowledge that business plans for projects should be comprehensive to include inter alia, milestones with target dates, as well as a financial resource and expenditure schedule, including “Key Performance Indicators” (KPI’s), which will facilitate monitoring and evaluation(M+E)

18. As a 60% shareholder, both GEPP and PIC have fiduciary duties to M+E project implementation as co-directors of the entire Programme. KPI’s of all subsidiary projects need to be evaluated on a continuous basis, as part of a “Standard Work Procedure”, a critical modality to guard over the success of high investments within an insecure environment. As part of “Responsible Investment”, GEPP should have a fiduciary duty to report Programme/Project progress to Parliament, SCOF and/or SCOPA, on a regular basis.

## CONCLUSION

19. Research by AMAGP, including the viewing of title deeds, has caused some confusion as both title deeds (Palmietfontein and Farm Isago) had indicated payments of R586,5mn respectively without notes that it was only one payment for both farms. As no confirmation of payments could be found in either GEPP or PIC 2018/19 Annual Reports (AR), regarding this matter, clarification from GEPP would be appreciated.

20. This entire transaction, which may have probably commenced in middle 2018 (with negotiations), does appear to have been another “impropriety” in the face of a Mpati Judicial Commission of Inquiry appointment in Oct. 2018. It, (the transaction) unfortunately created the impression of “cold-blooded” impurity in the face of the impending Judicial Commission of Inquiry (latter which commenced with hearings on 25 Jan 2019).

21. The apparent lack of oversight by GEPP and/or PIC b.m.o M+E, does not testify that fiduciary responsibilities were taken seriously, and in so doing damages the professional reputations of both Institutions.

22. We stand to be corrected if certain assumptions may be erroneous.

23. For the attention of the BOT’s attention please

Kind regards,  
A van Driel  
pp AMAGP National Executive.

## LIST OF SOURCES

1. Research by Mr W. Odendaal (internal doc.)
2. Seventh Report to the Registrar of pension Funds: Municipal Councillors Pension Fund (Under Curatorship). dd 31 Jan 2019.
3. Western Cape High Court Case No 21968/18. SA National Military Veterans Association Trust. Application for leave to Intervene dd 28 Nov 2018.
4. Competition Tribunal of South Africa (case No: LM 184 Sept 2018 GEPP and Isago@N12 Development Proprietary dd 10 Jan 2019.
5. Court papers, Western Cape High Court Division. SANMVAT in MCPF and Isago@N12 Development proprietary Limited.

### Comment

*The PIC Audit Committee took note of this matter, resulting in the suspension of a PIC official on this and other matters. No resolution of the ‘Palmietfontein’ saga has been noted. The land is still empty and unattended. The money ... ?*

### Synopsis

## Is Iqbal Survé the funder behind Jacob Zuma’s new political party?

Daily Maverick  
By Rebecca Davis  
22 Dec 2023

Mid-December, former president Jacob Zuma announced that he was throwing his weight behind a new political party called Umkhonto We Sizwe. It didn’t take long for rumours to start circulating about who else might be involved.

At this stage, we know very little about a new political party backed by Jacob Zuma called Umkhonto We Sizwe, which is obviously also the name of the ANC’s military wing — so the name is a direct provocation to the ANC, and the party has said that it will be exploring legal action.

Zuma has said that the party was established after calls to him from religious leaders, traditional leaders and former MK fighters. A document from the IEC shows that the party was registered on 7 September 2023 by a man called Jabulani Khumalo.

At the time, Khumalo described himself as a dissatisfied ANC member and former Umkhonto We Sizwe soldier. Since then, however, multiple figures within both the ANC and MK have denied that Khumalo was ever an MK fighter — and that's probably not an easy dispute to settle given how bad record keeping was from the time.

In the interim, it has been suggested online that one of the funders of this party is the owner of Independent Media, Iqbal Survé. According to one widely viewed tweet, Survé has pledged “hundreds of millions” to this party. In a responding post, Survé has denied the claim, but the truth behind this remains uncertain.

### *Comment*

*The GEPF has a long history with Survé and his businesses. And ongoing litigation about this.*

*Fascinating how many “MK” and “veterans” were still in primary school in 1994 ...*

### *Synopsis*

## **Eskom sabotage of the Electricity Regulation Bill**

BizNews

By Patrick McLaughlin

5 January 2024

The ongoing parliamentary processing of legislation to make possible the slicing up of mega-entity Eskom into its generation, transmission and distribution divisions, has at last commenced under the aegis of Sahulele Lupidzo, chairperson of the parliamentary Portfolio Committee on Mineral Resources and Energy. Between him and the Minister of Energy, Gwede Mantashe, the unexplained inability of this committee to meet and process this particular piece of legislation has become a scandal, damaging energy development plans in South Africa by simply doing nothing.

However, two days were finally put aside in mid-December as Parliament attempted to make a dent in the outstanding list of energy Bills from Department of Mineral Resources and Energy (DMRE), among them being the anchor Electricity Regulation Amendment (ERA) Bill. The hold up may have been partly due to Minister Mantashe's spat between with Minister of Public Enterprises, Gordhan Pravin,

when he was told to leave Eskom alone but the real reason (other than obviously supporting the unions in the coal industry) now emerges that he has been rushing about talking to people like Gazprombank on an LPG comeback for Mossgas. The revival of gas is no doubt as important to him as electricity is to SA industry.

Parliament demands that any minister associated with any legislation must brief parliament on every bill tabled in their name, to associate themselves initially with the tabling of a bill and also bear responsibility for its implementation and outcome. Minister Mantashe rarely visits parliament in any case, but often sends his deputy minister to meet such requirements, which is the minimum allowed by the Constitution. But in this case, nobody at all arrived in Parliament, with DMRE constantly giving vague answers to parliamentary enquiries.

With these kind of manipulations, particularly when in cahoots with ANC chairperson Lupidzo giving constant excuses, coupled with the disorganisation associated within DMRE, a small library of outstanding energy legislation has built up scheduled for passage through parliament. The delay with the ERA Bill has created uncertainty with investors, deeply troubling the markets and badly affecting SA business and industry in terms of strategic planning and budgetary control.

### **Have your say**

In the public hearings attended by good advisors including Sasol, the Independent Power Producers Association, UCT's Prof Anton Eberhard, Business Unity SA (BUSA), the Engineering Council of South Africa (ECSA) and the National Energy Regulator, all expressed support for the Bill in principle. Some had made contributions to its design.

As a bloc, however, COSATU, the National Union of Mineworkers (NUM) and South African Federation of Trade Unions (SAFTU) dissented, trade unionist leader Mathew Parks flatly rejecting any idea of breaking up the power giant but in the process clearly displaying one of the major reasons for the unravelling of Eskom.

Parks said COSATU's fundamental objection was that the unions object to any kind of

legislation which enabled the privatisation of energy generation. This, he said, would lead to job losses, thus echoing Minister Mantashe and also his erstwhile comrades from NUM, of which he was once the leader.

## **Making change**

The working parts of the Bill mainly provide for the setting up of a transmission system operator. Over the months, opposition MPs and the media have accused Minister Mantashe of deploying low tactics by purposefully delaying matters before the House.

## **Hearings in NA complete**

Two months ago, the DA angrily issued a statement "It is clear that Mantashe and the ANC government, in deference to labour unions, have deliberately slowed down the processing of ERA Bill because the Minister knew that Parliament would not have enough time to properly apply their minds to the Bill in 2023.

Parliament re-convenes after the Christmas break in February 2024 and it appears that Minister Mantashe's game plan to quietly work his fossil fuel agenda and frustrate the transition to renewable energy which Eskom say the grid is having trouble accommodating in any case.

In the meanwhile, Minister Mantashe has had time to announce the formation of a new state oil and gas entity under aegis of the State's Central Energy Fund of which he, in the course of time, will no doubt become the champion, maybe perhaps even the chairman one day.

### *Comment*

*Well, this brings us up to date but doesn't, actually, say anything, except politicians not really doing their work. Many stranger things will probably happen in parliament leading up to the election results.*

### *Synopsis*

## **Another SOE bailout brewing for South Africa**

Bloomberg  
11 Jan 2024

South Africa's National Treasury is considering whether a cash injection is needed to fully fix state port and rail company Transnet SOC Ltd., Finance Minister Enoch Godongwana said.

Derailments, equipment shortages, vandalism, corruption and poor weather have hobbled Transnet's operations. That's prompted companies to cut thousands of jobs to reduce costs as commodities pile up at warehouses and ports. The Treasury agreed last month to provide a R47bn support package to the company, making about half of the amount accessible to meet immediate debt obligations.

What's needed to fix Transnet, which has a R130bn debt, and improve its logistics network "will inform whether we do the injection or not," Godongwana told reporters in Johannesburg on Thursday at a pre-World Economic Forum briefing. "We're still doing the numbers."

Inefficiencies at Transnet have resulted in deliveries from coal mines on the company's rail network to the nation's main coal-export terminal dropping to the lowest level in three decades. Ports have become clogged with vessels, partly due to extreme weather that's damaged equipment.

"We need logistics to work because it's quite critical for the economy," Godongwana said.

### *Comment*

*We have about R17,3bn in Transnet. Bad news on bad news. In the meantime, other ports in Southern Africa are taking up the backlog, with road transport taking its share.*

### *Synopsis*

## **THE SLOW DEMISE OF THE JSE**

Biznews  
By Magnus Heystek  
12 January 2024

Investing in the JSE over most of the time, roughly from the 1930s to 1990, was very profitable. All this started changing in the late 1980's when capital sanctions were imposed on SA, and thereafter the uncertainty created by the end of apartheid and the regime change. But there was enough momentum in the economy for the cracks not to be showing.



But SA got lucky again. In 2001 China was admitted to the World Trade Organisation which unleashed a massive boom in commodities as from 2002 to 2008, which again was very beneficial for investors in the JSE. Furthermore, the hosting of the Soccer World Cup in SA in 2010 added to the economic impetus driving SA forward with a massive boom in the construction industry.

The political disaster was the ANC and its mismanagement of the economy particularly since 2011. With the commodities boom in the rear-view mirror, the ANC nevertheless opened the spending taps, mostly on salaries, wages, and perks. Spending on maintenance and infrastructure dropped off. At first, the physical decline wasn't visible but slowly and surely the infrastructure started faltering.

At the same time, the looting under the former pres. Zuma's watch started and which has never stopped, in my view. The perpetrators have just become smarter and more cynical.

The outflow of capital from SA's markets, both equity and bonds, since 2018 has now turned into a torrent. The latest figures now stand at a combined net outflow of R1,3trn. And it shows. The average return of the JSE over the past 10 to 15 years has been dismal relative to world markets with much of the growth coming from dual-listed foreign stocks. Strip out the dual-listed stocks and the average returns have been extremely poor.

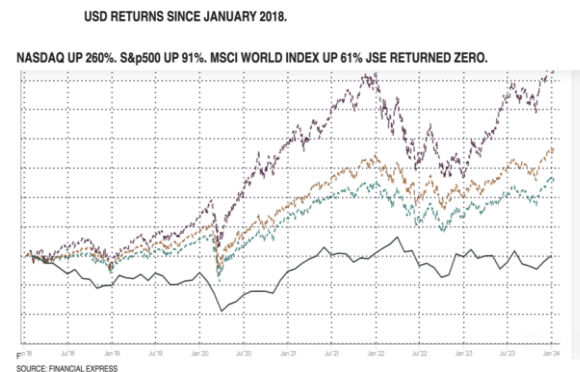
What makes this underperformance even worse is when the returns are expressed in USD terms. It shows how a nation of investors is slowly but surely becoming poor in global terms. Providing investment returns in local currency terms is misleading when the currency has been declining at around 6-7% per annum against the USD in particular.

Whether we like it or not, commodities such as oil, grain, computers, cell phones, and medical equipment are all priced mostly in USD and Euro. Local currency returns are meaningless.

### **How Ramaphoria Has Disappointed Foreign Investors: Zero Return Over 6 Years**

The below chart shows the USD-returns from January 2018, when Ramaphosa took over. After a brief rally in the markets and

currency, it has all since then been downhill. While the JSE moved sideways over this period, global markets roared ahead, creating stupendous amounts for global investors. Even the sharp downturn in markets as from November 2021 to June 2022, did not prevent the Nasdaq, S&P500, and MSCI World from vastly outperforming the local market.



There are many reasons for this under-performance. Law and order, the late Dr Simon Marais from Allan Gray would have said, is probably top of the list. Then follows threats to property rights, loadshedding, collapse of infrastructure as well as general hostility towards the business sector and taxpayers by the ruling ANC. In all, a toxic environment for companies listed on the JSE, especially those companies exposed to these hostile conditions.

The global investment returns in 2023 show the extent of the irrelevance. Without the tailwind of commodities the returns of the JSE in USD terms were hugely negative, down 11,5% in USD terms. Compare this with the Nasdaq which was up 44%, Japan up 30%, and most European markets up between 15 and 25%.

The media generally has been loath to report on this demise of the JSE.

### **THE ROLE OF THE MEDIA**

Under the headline "JSE busy dying" (15 October 2023) Netwerk24 published a more realistic account of what is going down with SA's major stock exchange. It referred to the following undeniably facts:

\*Over the last 30 years the number of companies listed on the JSE has declined from 600 to 294.

\* Poor relative returns are now filtering through into weaker-than-normal returns for pension and retirement funds.

\* Foreigners have been fleeing the local bond market since 2018 as well, with ownership declining more than 42% of local bond market issuances to less than 25% today. Meanwhile, the risk profile of local bonds is soaring along with the increase in SA's foreign debt and budget deficits.

Prof. William Gumede from the Wits School of Governance recently warned that SA is heading for an Argentina-style currency collapse. So too does Pali Lehohla, former statistician general of South Africa. In a recent piece on Daily Maverick he says the following:

"During the era of the current president, Cyril Ramaphosa, everything that went wrong during the Zuma years has got worse. Corruption at all levels is growing, we have relentless load shedding, criminals and crime syndicates are on the loose, and politicians and civil servants at all levels are using their positions to amass wealth for themselves and their families.

"These are all symbols that we are well and truly in the Gwara-Gwara era ... things are getting worse and, if nothing is done to arrest this slide, South Africa could reach a point of no return," said Lehohla.

The reasons why so much capital is flowing out of SA—heading for the hills—are twofold.

First, there are better investment options available in the world and has been for a long time.

Second, South Africa is not a place that makes capital flows attractive. BEE requirements by itself scare off foreign capital, as we have seen with Elon Musk sidestepping his home country by not establishing his Starlink network here because he would have to give away 30% of the company to ANC-connected cronies.

The sad part of this unfolding slow-moving death spiral of the JSE is that lesser-informed investors, relying on the advice from a well-incentivised local advice industry not to recommend offshore investments, have seen the values of their investments lag their global counterparts by a substantial margin. Certain

parts of the media also seemed to swallow the "local is lekker" story punted by local fund managers.

Valuations, no doubt are very attractive at current levels. But it would take a major reversal in ANC policies to entice global investors back into our markets. And until then, the message is clear: "local is not lekker".

### *Comment*

*A very lucid view of the stock market in SA. Also a very negative one. The stock market isn't going to recover soon, if ever. The billions our Fund has invested in the local market isn't going to deliver the ROI that it should, consequently the investment of our Fund's funds requires even more diligence and care. Cases such as Palmietfontein doesn't gender confidence for the future pensioners, consider the pension increase which hasn't kept up with inflation at all.*

### *Samevatting*

## **Survé eis R75 mjd. van Ramaphosa en staat**

Netwerk 24  
Francois Williams  
16 Januarie

Die Sekunjalo-groep van dr. Iqbal Survé wil pres Cyril Ramaphosa, die presidensie en verskeie ander staatsentiteite dagvaar vir skadevergoeding van sowat R75 miljard.

Sekunjalo Investment Holdings, waarvan Survé die uitvoerende voorsitter is, meen die bedrag van sowat R75 miljard is die berekende verlies aan inkomste wat die groep gely het weens die optrede van verskeie staatsentiteite, insluitend die presidensie.

Die groep het luidens 'n verklaring, ingevolge die Wet op die Instel van Regsgedinge teen Sekere Staatsorgane, sy planne aangedui om die staat vir skadevergoeding te dagvaar. Ingevolge dié wet het die staat ses maande tyd om hom teen die eis te verdedig of 'n skikking te bereik.

Sekunjalo het kennisgewings aan Ramaphosa, die nasionale tesourie, Enoch Godongwana as Minister van Finansies, die staatsprokureur

asook aan Ronald Lamola, Minister van Justisie, gestuur.

Die regstappe volg op wat Sekunjalo beskryf as 'n verlengde tydperk waarin elemente in die staat, sedert Ramaphosa se verkiesing as president, met opset Survé en die groep se verwante maatskappye ondermyn en geskaad het. Dit was, volgens Sekunjalo, met die duidelike opset om hulle te verhoed om aan die Suid-Afrikaanse ekonomie te kan deelneem.

Die groep meen die begin van die aanvalle op Survé en die groep se maatskappye was toe die groep Independent Media in 2013 by die Ierse eienaar Tony O'Reilly gekoop het. Sekunjalo voer aan Independent Media is 'n onafhanklike bron van nuus en inligting wat die sienings en menings van die meerderheid van Suid-Afrikaners weerspieël en wat hom dus sterk uitgespreek het teen staatskorrupsie en om die staat verantwoordbaar te hou.

Luidens Sekunjalo se verklaring is die regstappe die eerste optrede van dié aard teen enige regering in die land se geskiedenis, en dit beklemtoon die erns van die impak wat die staatsentiteite se optrede op Sekunjalo en sy verwante maatskappye gehad het.

Volgens Sekunjalo word daar al langer as 18 maande aan die voorbereiding van die saak gewerk, en is konkrete bewyse in dié tydperk ingesamel. Dit sluit verslae van fluitjieblasers in om sy bewerings te staaf.

Volgens die groep is die doel van die regstappe nie net om skadevergoeding te eis nie, maar ook om eens en vir altyd die reputasieskade aan die maatskappye te herstel.

Dit is in dié verkiesingsjaar ook "veral belangrik om aan die mense van Suid-Afrika te demonstreer dat hulle gestem het vir 'n regering wat aan die land se inwoners verantwoordbaar is, hoewel dit iets is wat in die huidige regering afwesig is".

### **Kommentaar**

*Nou ja toe. Kan jy dit glo? Enige rolprentvervaardiger sou wat wou gee om 'n vollengte rolprent van die saak te maak. Helaas, dit gaan nie gou tot 'n finale beslissing in the Konstitusionele Hof vorder nie en gaan die staat nog lank besig hou, of solank as wat Survé se regsplan kan uithou. En die geld hou.*

*This news placed because of the ongoing low profile litigation between the GEPP and Sekunjalo.*

### **Synopsis**

## **Sanlam eyes triple profit surge in India amid South African economic headwinds**

BizNews

18 January 2024

By John Viljoen

Sanlam, Africa's biggest insurer, is banking on India to boost profit in the short term and help counter tepid economic growth at home in South Africa.

Sanlam has the potential to triple the proportion of profit it derives from India within a decade, CEO Paul Hanratty said. Sanlam has partnered with the Shriram Capital Group in India since 2005 and that country now makes up about 10% of profit.

"If you ask where our real short-term upside is, it's India," Hanratty, 62, said in an interview. "We've got a great business with them, growing tremendously. That is our fast-growth outlet."

India's \$3,4trn economy is expanding almost five times quicker than Sanlam's home market, with the World Bank forecasting 6,4% growth this year. That's helped more than double the number of Indians earning over \$10 000 annually to 60 million in the past nine years, luring firms such as Sanlam and BlackRock to set up local ventures.

The partnership with Shriram, which operates a listed financing business and two insurance firms, gives it a foothold in a country with a population that exceeds Africa's.

Sanlam's shares have climbed 33% over the past 12 months, the biggest gain in the Johannesburg stock exchange's gauge of four life assurance companies. The bourse's benchmark index has dropped almost 8% in the period.

Sanlam depends on South Africa for about 75% of its revenue. "Sanlam cannot thrive in the long run without a thriving South Africa," Hanratty said. "Ultimately, we need the country to do well."

Outside India, the CEO sees potential in some other African markets. There are about 10 countries on the continent that “move the dial for Sanlam,” and the insurer lacks the scale it should have in some of these, Hanratty said. Sanlam will eventually require acquisitions to grow in East Africa, which is attractive because of its relatively well functioning democracies, consistent weather patterns, good demographics and important links with Asia, he said.

In Nigeria Sanlam may expand organically in general insurance, Hanratty said. Sanlam has an eight year presence in Morocco through its investment in Saham Finances SA, while a joint venture with Allianz SE formed in 2022 has operations in 27 African countries.

“We’ve good businesses in Africa and I do think that Africa will continue to do relatively well, and rising income levels help our business,” he said.

#### *Comment*

*We have about R18bn in Sanlam. If Sanlam is seeking alternative income streams not in SA, why isn't the PIC and GEPIF doing the same? The GEP Law provides for it. Compare the pension increases granted with inflation figures, a higher ROI would make sense.*

#### *Synopsis*

### **South Africa's new retirement system at risk**

Daily Investor  
Shaun Jacobs  
20 January 2024

The largest reform of South Africa's retirement system is at risk of not being appropriately implemented due to the aggressive timeline set by the government, potentially resulting in the system being unsustainable. This is feedback from Coronation product development actuary Rael Bloom, who wrote in a research note that the stakes are very high in reforming the retirement industry.

Ultimately, the imminent rollout of the two-pot retirement system will address key deficiencies in the country's current retirement framework and deliver better results for South African retirees. However, an unsuccessful or rushed

implementation risks destabilising the retirement industry and undermining confidence in a crucial part of the economy.

The proposed “two-pot” retirement system aims to balance future-proofing your finances with emergency access to the funds. Your contributions are split into a locked “retirement pot” for long-term growth and a “savings pot” for occasional withdrawals in times of need.

This reform aims to create better outcomes for retirees by promoting higher levels of savings and by preventing South Africans from withdrawing all of their retirement savings early.

Under the current system, individuals are allowed to cash in their occupational retirement savings when leaving employment, which most members do. The result is that only a tiny minority of individuals have sufficient savings when they retire.

Currently, the two-pot system is set to be implemented on 1 September 2024 after being pushed back from the initial date of 1 March 2024. However, major hurdles need to be overcome before that can happen.

In particular, regulatory changes are required to give legal effect to this new system and clarify the necessary changes. This includes changes to the Income Tax Act and Pension Fund Act. SARS will have to adjust its systems to manage additional tax requirements, and other financial sector regulators must approve amendments to their rules governing retirement funds.

Furthermore, retirement fund managers themselves must make preparations to ensure they can implement the new system and educate their members about the changes to their existing savings.

Bloom warned that these changes are at risk of being rushed by the aggressive timeline set by the government to implement the largest retirement system reform in South African history.

He also said there is a real risk of savers being unhappy with the sudden changes to their retirement funds and general confusion. There are also risks to the long-term sustainability of the retirement industry in South Africa if lump



sum withdrawals result in large sums of money flowing out of the system.

To prevent this, Bloom said the industry would have to strictly adhere to keeping the two pots separate and not eventually allow early access to the retirement pot. If the industry is not disciplined, then there will be severe negative impacts on retirement savers and the broader economy, Bloom warned.

#### *Comment*

*The 'aggressive timeline' in the first paragraph is easily understood when you consider its voter value for the upcoming election.*

## THE GEFP WATCHDOG / WAGHOND FACEBOOK PAGE

Welcome to our page!!

The GEFP Watchdog/Waghound 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 GEFP against looting and mismanagement.

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

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

Member totals: Government Employees Pension Info (Fb) has 78 000 members, GEFP WATCHDOG (Fb) 52 000 members and AMAGP 8 000 members. The total is about 138 000, but keep in mind there will be some duplication as some members will have signed up for more than one forum, so let's agree on at least 120 000 for a round number. This isn't

even close to being enough to convince the 'government' to pay attention when AMAGP releases media statements. The continued growth confirms the ever increasing concern pension fund members and pensioners have about the future of their pensions.

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

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

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

## VRYWARING

Die AMAGP maak die Nuusbrieff beskikbaar as 'n diens aan beide die publiek en AMAGP lede. Die AMAGP is nie verantwoordelik en uitdruklik vrywaar alle aanspreeklikheid vir enige skade van enige aard wat sal ontstaan uit die gebruik of aanhaling of afhanklikheid van enige informasie vervat in die Nuusbrieff nie. Alhoewel die informasie in die Nuusbrieff gereeld opgedateer word, kan geen waarborg gegee word dat die informasie reg, volledig en op datum is nie.

Alhoewel die AMAGP Nuusbrieff skakels mag bevat wat direkte toegang tot ander internet bronne verleen, insluitende ander webtuistes, is die AMAGP nie verantwoordelik vir die akkuraatheid of inhoudelikheid van informasie binne daardie bronne of webtuistes nie.

## DISCLAIMER

The AMAGP provides the Newsletter as a service to both the public and AMAGP members.

The AMAGP is not responsible, and expressly disclaims all liability, for damages of any kind arising out of use, reference to, or reliance on any information contained within the Newsletter. While the information contained within the Newsletter is periodically updated, no guarantee is given that the information

provided in the Newsletter is correct, complete, and up to date.

Although the AMAGP Newsletter may include links providing direct access to other internet resources, including other websites, the AMAGP is not responsible for the accuracy or content of information contained in these resources or websites.