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 your investment, your future

NEWSLETTER NO 8 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 entities

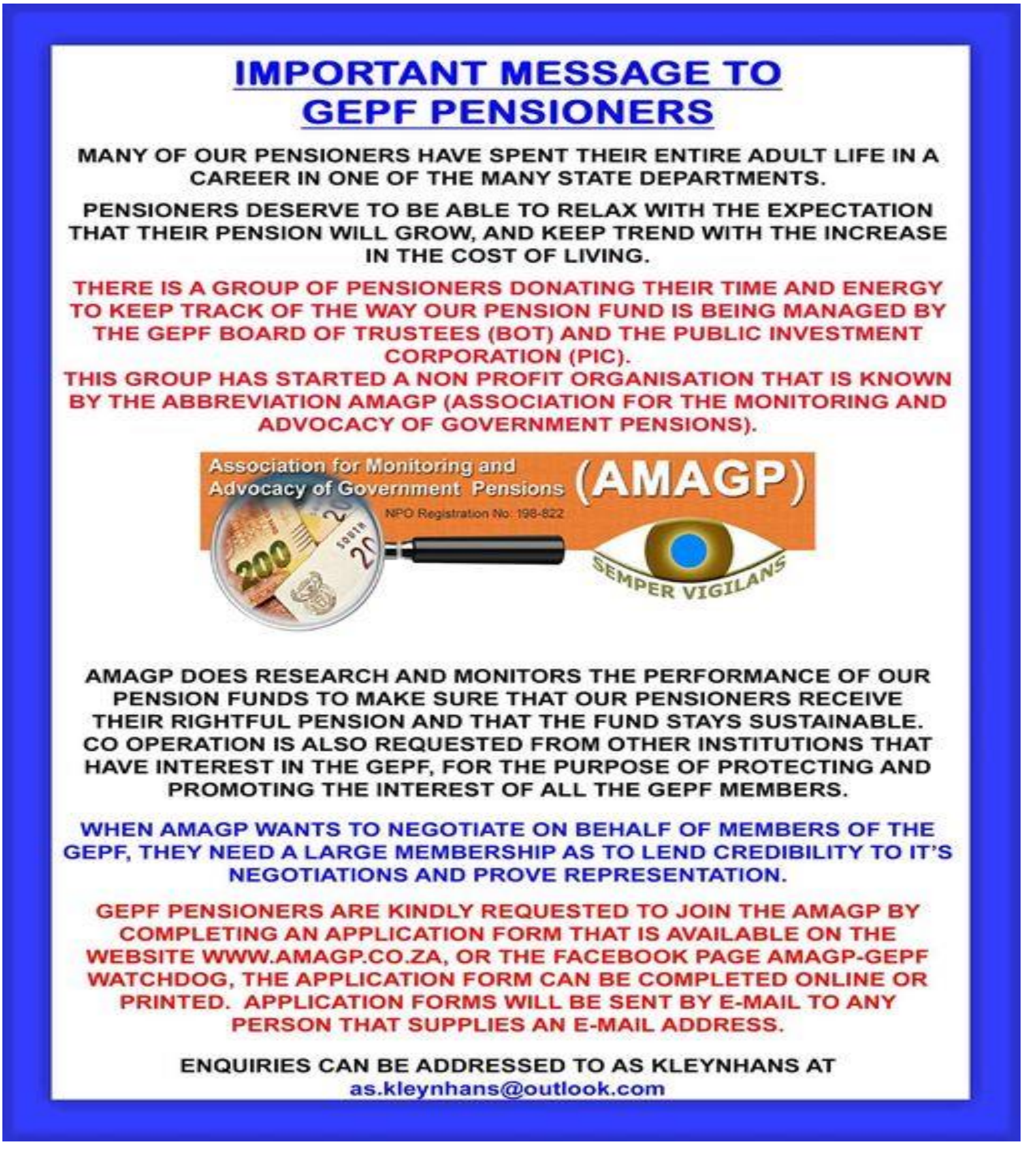
The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1,2 million active members, around 406 395 pensioners and beneficiaries, and assets worth more than R1,6 trillion. https://www.GEPF.gov.za/

IMPORTANT - PLEASE READ

There are more than 1,3 million GEPF members who are working for government departments. Most of them do not know that their pension fund is threatened, simply because they do not think about their pension now.

AMAGP doesn't compete with the unions - it is there to inform the Fund's 1,7 million members and pensioners about the condition of and threats to their pension fund, and to keep GEPF members informed about developments affecting their pension fund. The unions handle the current working conditions and remuneration of its members, and are rarely concerned about its members' pensions.

AMAGP created a Facebook GEPF FORUM where GEPF members can get advice on administrative matters. Your chances of getting good advice on the GEPF FORUM is very good because we have number of specialists there to assist you. They aren't, however, the GEPF administration [GPAA].
Please help us to spread the word and also to invite many more GEPF members and pensioners to join the AMAGP. We need all of them to join us in the fight for the sustainability of OUR pension fund. The more we are, the more we can do!



The Editor's Word

Heineken has shown an interest in acquiring Distell, in which we have about R9bn interest. This could be good for the share price, but could also lead to it eventually changing or delisting. Time will tell.

We hold about R160mn in EOH, the IT company, whose shares took a massive dive in 2019 after malfeasance and governance breaches were found, after a whistle-blower reported to the US Securities and Exchange Commission. EOH is taking top executives to court for about R1,5bn each, for loss reputation and earnings, as well as the investigation cascading down to many more in EOH. There are criminal proceedings in process too. No quick fix to get EOH value to where it was. Although its value has dropped badly, I trust its ROI is still good, it is still a viable and active business with many ongoing contracts.

The newsletter starts with the more versions of the 'government's' vanity project, the new! SAA! The 'government' has backtracked to a certain extent by talking about due diligence not being finalised, in effect saying it wasn't done before the announcement. In effect saying further, that it will be used to approve the scheme.

There are many unanswered questions about the new! SAA! all of them ending with the money. The funding of the new! SAA! is going to remain in the twilight of obfuscation, rhetoric, deft 'government' manoeuvring and haphazard answers. An unanswered question, for example, is who were the 30 parties interested in SAA and why weren't they announced even now.

We start the new! SAA! with AMAGP's statement about this and related matters, then Holomisa coming out with Harith's investigation, followed by news24's reporting on the PIC's role and the President's backtrack to due diligence not being completed, lastly unions want to investigate civil servants' role in the new! SAA! Fitting all this together doesn't make the hot air haze go away, but should give you, dear reader, a better idea of the role players and what they are busy with. Of special importance is the role of Harith, with its dubious PIC involvement history, 30% PIC shareholding [46% stated at the Mpati Commission], etc.
Just to get and keep SAA going is costing us, the taxpayer, about R21,4bn over the next 3 years, excluding Takatso and its unknown funding.

There are three articles/reports on the birth of decuplets. Everything about the birth of the decuplets have been proved to be false, with Survé's Independent Media being the originator, compiler and sole source of the falsehood.

Firstly the Gauteng government's media release confirming everything about the story to be false,

secondly Ed Herbst scathingly denouncing the editor of the Pretoria News and Independent Media that carried the false news,

lastly an old report by Dirk de Vos laying serious doubt on Independent Media.

Basically we are faced with the conclusion that we can't trust any news in any of Independent Media's releases if not independently confirmed by another media house. And the Fund has an outstanding loan of about R338mn to Independent Media, of which litigation to recover the money has been started, but is being kept absolutely quiet, so we don't know and can't find out. These are the known Independent Media titles:

Cape Argus
Pretoria News
The Star
Saturday Star
Cape Times
The Mercury
Daily News
Daily Voice
Isolezwe
Sunday Independent

I'm not saying they report doubtful news, but they all follow the owner's instructions as to how the news is presented. Most of these titles, if not all, have ever decreasing reader figures.

Ascendis health, in which the Fund has an R163mn interest, is intending to sell off one of its companies. This will influence our shareholding value.

The Steinhoff saga is continuing. No end is in sight, but litigation has started in the

Netherlands and South Africa. The PIC is one of the creditors.

Caxton wants to increase its shareholding in Mpact, in which the Fund has about R570mn invested. This increase may lead to Caxton taking over Mpact. Detail isn't available yet but the market has taken note by their share prices increasing.

Finally, some news of Sasol, in which our Fund has a large shareholding.

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Synopsis

STATEMENT. R9/21
ISSUED ON BEHALF OF THE ASSOCIATION FOR THE MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS (AMAGP)
Cape Town
21 June 2021

HARITH, TAKATSO, SAA, GEPF AND THE PIC: A DANGEROUS POTPOURRI?

The more things change, the more they appear to stay the same. AMAGP in its infancy a few years ago raised the alarm when it became clear that all was not well with the Public Investment Corporation (PIC) and the investments this state owned entity made on behalf of the Government Employees' Pension Fund (GEPF). These concerns led to the appointment of the Mpati Commission of Inquiry.

The Commission uncovered substantial irregularities, fraud, corruption and mismanagement of GEPF funds by the PIC.

The Commission also revealed that there were lacks in the way the trustees of the GEPF exercise their duty of care regarding the retirement savings of 1,3 million civil servants and 450 000 pensioners.

Harith and its dealings with the PIC received particular attention from the Commission. The latter recommended further investigations into the PIC and GEPF. We are, however, all still waiting for the outcome of these investigations.

The findings and recommendations of the Mpati Commission raised high expectations with the members of the GEPF. A new board of directors of the PIC came into being and disciplinary actions against perpetrators were recommended. There were hopes that at least some losses incurred by the Fund might be recovered and that further risky adventures would stop. Alas, not so!

In view of this the present involvement of Harith with the funding of a bankrupt State Owned Enterprise (SOE), the South African Airways (SAA), came as a huge shock to AMAGP, its members and in particular the pensioners of the Pension Fund. The news that Harith, whilst still under a cloud of investigations as recommended by the Commission, is part of the Takatso Consortium formed with Global Aviation, partnering with the SAA to give the bankrupt airline a new lease of life, was not at all good news for the pensioners.

What on the surface looks like an exciting turn of events in getting the government to privatise its assets, is very misleading for mainly two reasons:

1) Harith was severely chided by the Mpati Commission for what was coined as a new term namely "legal corruption". One example is that investment yields were not ploughed back into the GEPF but it was instead apparently used to literally enrich directors and shareholders with the charging of high investment fees. This was to have been further investigated for possible malpractices: and
2 It appears that Harith is, as it ostensibly pretends to be, not at all the "private partner" but it is in fact loaded with ANC cadres and high-ranking former appointees in the PIC.

Moreover, the government reserves a third of the voting rights in the board of directors, effectively retaining control over the airline. Even directors, if any, representing the PIC on the SAA board will be government appointees, the PIC also being an SOE.

To talk about privatisation of the SAA is therefore, in our view, a misnomer.

The recent developments seriously worry AMAGP and the members of the Pension Fund. The government's unnecessary meddling in matters regarding the Pension Fund was recently clearly proven by the unfortunate and unwise way in which the Minister of Finance, Mr. Tito Mboweni, and the parliamentary Standing Committee on Finance (SCOF), have given Dr Survé and his companies AYO and SIM a platform to criticize and attack the findings and recommendations of the Mpati Commission. Clearly Government should have seen that coming. It alarms AMAGP and the members of the Fund, as well as the pensioners, that the sole custodian of the government pensioners' money, namely the Board of Trustees of the GEPF, was apparently not even invited to the meetings of SCOF. Why were they not also at these meetings?

Remember that all the above happened despite the Mpati Commission's warning against political interference in such matters. How can we then be sure that there will not be political involvement in this matter?

The PIC, holding a substantial stake in Harith and by extension in the newly formed Takatso consortium, is simply gambling and investing in a dubious venture – dubious because of the SAA's disastrous history of mismanagement, corruption and repeated bailouts with billions of taxpayers' as well as pension fund money, to fund a vanity project that has proved itself to be unviable, and with little prospect of ever becoming viable in future.

There are talks of Harith sourcing capital of R3,5bn to get the airline operational in the coming three years, and that this funding will be acquired from pension funds and banks, etc. However, it is highly questionable whether any private funding institution would be interested to invest in a concern like a revived SAA. This then by default leaves the GEPF as a funding vehicle to be expected to pour more retirement savings into Harith. Obviously much more than R3,5 bn will eventually be required.

Political pressure is probably mounting to force the PIC to invest in BEE projects that may not necessarily be viable, or where investments are being made in enterprises to again drain the GEPF fund by the misuse of pension money. In our view these so-called "legally corrupt" ventures are once again setting off the alarm bells.

What is more, it would be illegal if any investments on behalf of the pension fund are not made with the clear view and intention to enhance sustainability and the growth of the Pension Fund. If unnecessary losses occur because of wilful and/or negligent conduct on the part of those making or approving such investments, then they need to be held fully accountable in their personal capacity. They need to then pay back the money. It is high time that this happens.

AMAGP is calling on the PIC and the GEPF to not even consider any calls for investments into ventures like the SAA or any other bankrupt or mismanaged SOE.

Adamus P Stemmet
Spokesman AMAGP

Comment

The 'government's' vanity project is going to cause even greater questions and dissension as it progresses. And it is crystal clear the 'SAA' is definitely not being privatised. And the money questions are still being deftly avoided and delicately manoeuvred around.

Synopsis

Holomisa says UDM will go to court to challenge inclusion of Harith in SAA deal

fin24

Jan Cronje

United Democratic Movement (UDM) leader Bantu Holomisa says his party is readying to lodge a legal challenge against the announcement that Harith General Partners has been included in the consortium named as the preferred strategic equity partner for struggling national flag carrier SAA.

"We are challenging the involvement of one of the people – that is Harith – who was fingered in the report of the PIC commission of inquiry," said Holomisa on Monday afternoon.

The UDM leader said the upcoming challenge was not directed against the principle of a public-private partnership for SAA, but the involvement of Harith in the deal. "Harith was fingered by the Mpati commission, and to my recollection, they have not asked for a review of those findings." Bantu Holomisa

But Harith has hit back against the UDM leader, saying his threat of legal action is just the latest in a long line of unsubstantiated allegations. Harith noted that, in March of 2020, the North Gauteng High Court in Pretoria interdicted Holomisa and the UDM from making defamatory statements against Harith. The ruling was upheld on appeal.

"Despite these court losses, Holomisa continues to defame Harith with baseless claims, and we reserve our right to take further legal action in this regard," said the group in a statement.

The Commission of Inquiry into the PIC ruled in its final report that the GEPF and the PIC should jointly appoint an independent investigator to examine a fund run by Harith, called the Pan African Infrastructure Development Fund.

The report recommended that the investigator determine whether all the fund's monies had been properly accounted for and that there was no overcharging or any other malpractice. Its findings on Harith made up a small part of its 1 000-page report.

"What is concerning to us as the UDM is why, when you are choosing a strategic partner, you give it to this business which has already been fingered," said Holomisa, who accused the Department of Public Enterprises of not doing its homework when it announced its strategic equity partner.

'False allegations'

But Harith on Monday said the Commission had not made any findings of corruption against it. It also noted that its leadership had appeared before the inquiry to provide detailed testimony.

"Following publication of the commission's report, Harith welcomed the PIC Commission's finding of no corruption on behalf of Harith or its executives," it said. "This finding contradicted the false allegations of corruption made [by Holomisa], who produced no evidence to support the claims he made to the commission."

Comment

The Commission's findings certainly didn't reflect positively on Harith; the Commission ruled that the fund managed by Harith be investigated. I doubt that this has been done as no detail has been made available of any such. See how Harith evaded Holomisa's challenge by not replying to it but referring to other, unelated, matters.

Synopsis

SAA: PIC allegations are Harith's albatross

News24
Sarah Smit
20 Jun 2021

Harith General Partners, one half of the consortium that will take over SAA, has come under scrutiny since the announcement of the national carrier's new majority shareholder.

There have been questions about the private equity firm's ties to the PIC and allegations against its former chief executive, Tshepo Mahloele. Red flags have been raised over Mahloele's past business dealings, which allegedly financed the ANC, and Harith's involvement at another state entity, PetroSA.

Recently doubt has been cast on Harith's ability to raise the capital for the risky SAA venture.

Harith chief executive, Sipho Makhubela, says the firm is being asked to play by a different set of rules. "This is not the norm of how business is done," he said in an interview with the *Mail & Guardian* this week.

"What we are being asked, and how we are being treated, is like asking to forget how everything else gets done. In your case, if you are buying SAA, prove to us that you have got R3,5-billion in the bank."

The scrutiny, he surmises, may not be so acute if Harith was not a black-owned business. "Our credentials get asked at every given turn. We are not a business that came around yesterday," Makhubela said. "We have been around for over 15 years now. We've got a track record. We've got investments that are tangible."

Seeds of doubt

The firm's beginnings are laid bare in the PIC commission report. And, as UDM leader Bantu pointed out in a statement after the SAA announcement, the report does not paint Harith in a favourable light.

According to the report, the PIC initiated a process to establish the Pan African Infrastructure Development Fund [PAIDF]. The fund started operations in 2007 with commitments totalling $625mn from nine investors. The GEPF committed $250mn.

Mahloele was the head of corporate finance at the PIC and was appointed to lead the PAIDF's secretariat. In 2007, he was appointed as the chief executive of Harith, which was established to manage the PAIDF. Then Deputy Minister of Finance and PIC chairman, Jabu Moleketi, was appointed chairman of Harith.

The PIC Commission found that Harith charged "significantly high fees". Mahloele has denied any wrongdoing. The Commission recommended that the PIC and the GEPF appoint an independent investigator to look into the matter. The investigation has not been concluded.

In his statement, Holomisa, who testified at the Commission on the Harith allegations, asked if PIC funds had been leveraged to finance the SAA deal. The PIC denied this, saying that although it still owns 30% of Harith, it is not in any way involved in the acquisition.

False start

The SAA acquisition is itself awaiting finalisation. The Takatso consortium must still undertake a due diligence process. Makhubela said that, although he doesn't want to speak for government, he believes the announcement was made prior to the due diligence exercise for transparency.

But government's transparency about the SAA deal has also been questioned after it reportedly said it would not disclose the names of 30 shortlisted equity partners.

Controlling destiny

Despite Harith's qualms over being asked to put all its cards on the table, Makhubela said Harith has been involved in the infrastructure side of the aviation sector. The firm is a significant investor in Lanseria airport, northwest of Johannesburg, also invested in the Enfidha and Monastir airports in Tunisia.

Because of these investments, Harith is aware how periods of instability can jeopardise assets. Unrest in Tunisia, starting in 2010 as a result of the Arab Spring, left state-owned Tunisair reeling from the exodus of tourists. Harith had to exit this investment.

A decade later, Covid-19 hit the Lanseria airport. "When the aviation sector was hit, all of a sudden, we had Mango not flying, Kulula not flying … The airport got into a difficult spot," Makhubela said.

"So what became clear was that the airports are quite exposed. Iif one or two customers go down, they can take you down along with them. And that spawned a whole rethink, strategically, about how to insulate yourself." Buying an airline would allow Harith to "control its own destiny", he said.

Comment

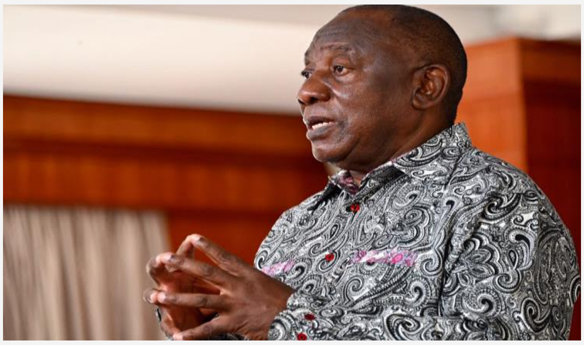
Makhubela adroitly sidesteps the issues by referring to Harith's activities, and inserts self-pity in every statement. It seems the GEPF contributed 40% of the PAIDF start-up [current value about R6,7bn] and also seems not to be able or willing to quantify or reveal the ROI on this contribution.

Synopsis

SAA sale is not yet a done deal, says Ramaphosa

President says that due diligence processes are under way

TimesLive
Amanda Khoza
Presidency reporter
22 June 2021



File photo. ***Image:*** *GCIS*

President Ramaphosa said on Tuesday that the deal between SAA and the Takatso consortium is not finalised. He said due diligence was being conducted at SAA and at the consortium. “As much as they may be a preferred partner, a deal has not been done,” said Ramaphosa.

Ramaphosa was speaking during a question-and-answer session in Cape Town after he announced the establishment of the National Ports Authority as an independent subsidiary of Transnet.

Ramaphosa was asked what made the government confident about selling a majority stake in SAA to the consortium. He responded: “Due diligence means you want to look at everything closely to see whether the various conditions and parameters you have set will indeed be fulfilled. There is no deal. They have passed a certain post. They are now in due diligence and, having been involved in businesses in the past, I know for a fact that [this] does not mean a done deal.”

He said due diligence by its nature meant probing more closely the company and the partner involved. During this, he said, “a whole number of things can be unravelled”, and that, in the end, “you need to choose whether to halt or to proceed with the deal”.

He said once the process has been conducted and the partner “shows us the money, because that is where the rubber hits the tar,” was when the deal will be deemed concluded.

Comment

First it is announced as a fact, then this sudden flurry to pacify the uproar. What is really happening behind the scenes?
The Fund has about R28bn invested in Transnet, an SOE. It is entirely possibly that we have Rbn in the National Ports Authority now too, apart from Transnet.
Why am I not reassured by his assurance?

Synopsis

Probe into PIC’s involvement with new SAA owners

The Star
By Itumeleng Mafisa
28 June 2021

The use of government workers in the controversial SAA sale is to be investigated by a task team comprising several public service unions. The Star understands that unions met last week to embark on a fact-finding mission on how the PIC became involved with Takatso consortium which owns a significant stake of the national carrier.

A spokesperson for the Public Servants Association (PSA), Reuben Maleka, said the task team was formed after unions failed to get a reasonable explanation from the GEPF on the PIC’s involvement with Takatso consortium. “We have agreed that the Public Service Bargaining Council would form a task team, together with the GEPF, to find out the process that involved Takatso, Harith and PIC. They cannot deny that PIC is going to be involved in Takatso,” Maleka said.

The task team, he added, would draw up its terms of reference this week. He said the task team (would) comprise various unions in the public sector. “We want results as soon as possible; the task team comprises unions and the employer. We formed the task team because we were not convinced of what the GEPF was saying,” Maleka said.

Public servants were concerned whether they would get returns on the investment into SAA, which has received numerous government bailouts, but continued to suffer financial losses. Maleka said government workers wanted to see responsible actions from the PIC in relation to public money.

“As the owners of the money, they would be upset that instead of the money being used to get them housing, it has been used to benefit a few.” Maleka said he was disturbed that the PIC had not contacted unions to explain the involvement of public servants’ pensions in the SAA deal.

Comment

The PSA is asking awkward questions about the GEPF/PIC involvement. I fear they aren’t going to get answers before the deal is done, if ever. Note the involvement of the GEPF in the task team.
The Star is one of Survé’s newspapers, so the report might not contain all the facts.

Synopsis

Decuplets story a hoax - Gauteng govt

Thabo Masebe
23 June 2021

Medical examination finds that Gosiame Sithole did not give birth to any babies recently

STATEMENT OF THE GAUTENG PROVINCIAL GOVERNMENT ON THE SO-CALLED "DECUPLETS"

23 June 2021

Following reports published by the Independent Media group about a Gauteng woman having given birth to decuplets on 7 June 2021, the Gauteng Provincial Government conducted a thorough check with all hospitals in the province to establish the veracity or otherwise of reports.

None of the hospitals in the province, public and private, had any record of such births at their facilities.

On 17 June 2021, the Pretoria News published a report based on a statement made by the Independent Media alleging that Gosiame Sithole gave birth to decuplets at the Steve Biko Academic Hospital, and that government was trying to cover up medical negligence.

These allegations are false, unsubstantiated and only serve to tarnish the good reputation of Steve Biko Academic Hospital and the Gauteng Provincial Government.

Social workers attached to the Gauteng Department of Social Development made contact with Ms Sithole to establish her whereabouts to determine how the Department could provide any assistance and care for her and her children. The social workers became concerned with Ms Sithole's state of health and arranged for her admission at Tembisa Hospital for observation.

Ms Sithole was admitted to Tembisa hospital on 18 June 2021, and various medical tests were conducted on her to determine her state of health. Initially, she was meant to be kept at the hospital for 72 hours. Upon completing their preliminary examination, her doctors recommended that she be kept at the hospital for a further 7 days for further observation, in accordance with the Mental Healthcare Act.

It has now been established by medical practitioners that Ms Sithole did not give birth to any babies in recent times. It has also been established that she was not pregnant in recent times.

The Gauteng Provincial Government will continue to give medical, psychological and social support to Ms Sithole and provide any counselling she might require.

The Gauteng Provincial Government is deeply concerned by the conduct of the Independent Media, particularly the Editor of the Pretoria News, Mr Piet Rampedi.

The Provincial government has instructed the State Attorney to institute legal action against Mr Rampedi and the Independent Group.

Issued by the Gauteng Provincial Government, 23 June 2021

Comment

Note the legal action, such action just in the case of such blatant falsehood. Let’s not be too excited about it, as such action can take a very long time to realise. Any finding would be appealed, and appealed again if it isn’t *favourable to Independent Media and Rampedi, who compiled the false report.*

Synopsis

Baby lies: Dissecting SA's biggest fake news story

Themediaonline
By Ed Herbst
24 June 2021I

"*Let us turn to Rampedi himself, which is very much what he would want. The so-called 'People's Editor' has turned the saga of the imaginary babies into a lengthy advertisement for himself and his virtues as a journalist, even as every new twist of the tale reveals him to be either ethically bankrupt, a gibbering idiot, deeply mentally ill, or some combination of all of the above." **Rebecca Davis,** Daily Maverick 16/6/2021*

"*Masebe said, if the media company belonged to the Press Council, it would have taken that route instead. However, because it does not, the Gauteng provincial government instructed the State Attorney to institute legal action against Rampedi and Independent Media.* "**Tembisa 10': Govt to sue Piet Rampedi, Independent Media,** News 24 23/6/2021

Barely three weeks after the South Gauteng High Court found that one of the Sekunjalo Independent Media newspapers, The Star, had defamed Maria Ramos by falsely accusing her of having 'fixed the rand', the Gauteng health department has said it is suing Iqbal Survé's newspaper company and 'Rogue Unit' reporter Piet Rampedi.

It will do so after the country witnessed a nadir in our journalism – the pursuit of media sensation through the cynically callous exploitation of a clearly vulnerable person.

What is now clear is that the photograph of Gosiame Sithole used with the article on 8 June when Piet Rampedi began his fake news 'Tembisa Ten' campaign, was fraudulent.

The Citizen broke the news that medical examinations conducted on the alleged mother of the 'Thembisa 10' revealed that she had not been pregnant recently.

On the previous day, 22 June, TimesLive and News 24 broke the news that Piet Rampedi had sent a letter to Sekunjalo Independent Media's editor-in-chief, Aneez Salie, apologising for his role in the 'Tembisa Ten' hoax which brought South African media into disrepute all over the world.

Survé's newspapers mendaciously accused the state's medical fraternity in Gauteng of the most abhorrent mental and physical abuse of Gosiame Sithole, shortly after she had allegedly given birth. We were told that she had been handcuffed, starved, neglected and "mentally tortured" all of which had left her "broken" and that the state's hospitals in that province were guilty of a "cover up of mammoth proportions".

Also on 22 June, home affairs minister Aaron Motsoaledi said:

"I may dare say that you are aware that the government is also being pushed to prove the birth of 10 babies, who were never born. I am 100% sure they were never born, but we are being asked to prove that they were. "It looks like it is becoming common practice for the media to send the country on a merry-go-round to prove things that do not exist."

Five days previously, on 18 June, the national health department issued a media statement saying it could find no evidence corroborating Rampedi's claim and challenged Survé's newspapers to provide proof:

"Given the magnitude of the allegations, we invite Independent Media, which has

insinuated wrongdoing on the part of health professionals and government, to assist Ms Sithole to pursue a complaint with the health ombudsman for the alleged mistreatment of the patient at any health facility."

There was no response from Sekunjalo Independent Media.

On 15 June, the supposed father, Tebogo Tsotetsi, issued a statement saying that, to the best of his knowledge, the 'Tembisa Ten' did not exist.

All the hospitals where Gosiame Sithole claims to have been treated for her pregnancy, Steve Biko Academic Hospital and the Mediclinic Medforum Hospital in Tshwane, denied having seen the babies.

Survé's online portal, IOL, claims that it provides 'News that Connects South Africans' yet, at the time of writing, two days after other media companies had made Rampedi's confession public, it has not informed its readers about it.

Neither has it informed them of the finding that Gosiame Sithole had not been pregnant recently thus giving the lie to the photograph of her with a hugely distended stomach published under Rampedi's byline in the Pretoria News on 8 June. IOL has also not informed its readers of the pending litigation by the Gauteng Department of Health to seek redress for the 'Tembisa Ten' defamatory falsehoods.

There was also no reference to these facts in the *Cape Times* or the *Cape Argus* on 22 June, 23 June and 24 June.

Hallmark of the propagandist

This withholding of information by the man who controls and dictates Sekunjalo Independent Media's news coverage is not surprising. Censorship by omission is the hallmark of the propagandist which is why the word 'omission' is deliberately excluded from the Sekunjalo Independent Media Press Code.

In telling contrast, omission is mentioned in the opening clause of the SA Press Council's Press Code.

The lawyers appointed by government to seek redress through the courts for the appalling and deliberate defamation of the Gauteng Health Department and its medical personnel need to take cognisance of the statements by Survé on his Twitter feed – IQBAL SURVÉ (@IqbalSurve)/Twitter

- 22 June: *There are stories that define your legacy as a media owner. The last few weeks has seen such a story emerge. I have full confidence in our journalists and editors. That decision to support them through difficult times such as now will define my legacy.*
- 18 June: *Independent will continue to fight for the rights of this mother. This abuse by the state can happen to anyone in the future if we don't stop it now.*
- 18 June: *It is a disgrace that other media houses are ignoring her fundamental rights in terms of our constitution and the terrible way in which this mother has been abused by government in health and social development.*

The defamation of Ramos by the editor of The Star, Safiso Mahlungu, and the defamation of the personnel in Gauteng while they were trying to cope with the Covid-19 pandemic by the attention-seeking Survé and the disgraced reporter Rampedi, poses a professional and ethical problem for Yogas Nair, the Sekunjalo Independent Media ombud.

When she was appointed in January she authored an article carried on the IOL website under the headline 'Accountability is sacrosanct'. If she was telling the truth, if she is sincere, she needs to tell us how this accountability is going to manifest itself in the context of defamatory statements by Sifso Mahlungu, Piet Rampedi and her employer.

This also poses a problem for Adri Senekal de Wet, editor of the Sekunjalo Independent Media Business Report financial supplement, who in April 2018 authored an article headlined 'Unethical and fake news should be criminalised'. Hopefully, when she puts her claimed commitment to ethical journalism into practice by laying a charge at her nearest police station, she will have a photographer present to record this laudable moment for posterity.

Sordid example

The South African National Editor's Forum, SANEF, has come under relentless attack by Sekunjalo Independent Media, but its stance on Rampedi's self-aggrandising reporting on Gosiame Sithole's fake pregnancy, arguably the most sordid example of fake news in South African newspaper history, has been vindicated:

"*This entire episode ranks as one of the lowest points in the history of South African journalism. The failure of Rampedi and Independent Media to do basic fact-checking and verify grandiose statements before publication has undermined and damaged the entire journalistic profession.*"

The justifiable decision by the Gauteng health department to seek legal redress is not the first example of a government department going public about the reprehensible journalism of Sekunjalo Independent Media.

In March last year the Department of Public Enterprises send out a cautionary note to all media organisations:

"The Ministry of Public Enterprises must caution the media about news coverage that can be expected in the Sunday Independent newspaper tomorrow, which appears to be part of an ongoing campaign by the newspaper and a group of its so-called 'investigative journalists' to again tarnish the reputations and work of good, honest public servants with baseless insinuation.

"Since the Sunday Independent and all titles of the Independent Media group have elected to end their membership of the South African National Editor's Forum and to no longer subject themselves to the national Press Code, or the authority of the Press Ombud, their news reporting can no longer be objectively challenged or adjudicated upon, other than before court. This has necessitated this cautionary note to all other media."

This warning was without precedent in South African newspaper history and it was an augury of the latest example of the way in which a once-respected newspaper company has had its reputation for ethical journalism trashed by Iqbal Survé.

It once again makes the point which has been repeatedly made since Survé followed the lead of the Guptas and withdrew his newspapers from the oversight role performed by the SA Press Council in 2016, when it was facing an unprecedented level of public odium.

Sekunjalo Independent Media will have no credibility for as long as it avoids public scrutiny through the Press Council. Let's leave the last word to the man widely regarded as South Africa's most disreputable journalist:

"SA, I am a credible and reliable journalist who has NEVER lied to you. So is Independent Media. We will not start today. We are dealing with something bigger here. A grand conspiracy. A cover up. Unprecedented stuff. REST ASSURED. TRUST US. WE WILL NEVER DISAPPOINT YOU. #Sithole //t.co/OQcSzQaH8q
~ Mr Putin (@pietrampedi) June 16, 2021

Comment

The Fund's loan to Survé to buy Independent Media turned out to be a media forum for Survé himself. Read the next article, albeit old, to realise the dire straits Independent Media is in. The repayment of the loan, granted by the PIC/GEPF to partly purchase the media company, is the subject of litigation, progress of said litigation being as transparent as the inside of a black cat on a dark night.

Synopsis

Wise investment or mad money: Independent Media's prospects

themediaonline
By Dirk de Vos
25 November 2014

The acquisition of the South African subsidiary of Independent News and Media (IMNSA), now known as Independent Media, last year by a Senkunjalo-led consortium has been the subject of a good deal of speculation, mostly in media circles. The antics of Dr Iqbal Survé, Independent Media's executive chairman, has done nothing to dampen the speculation. These have included some high profile firings, the departure of several respected and senior journalists, and the regular public spats with other media houses.

There is his rather batty Twitter account and, of course, the amount of doting coverage he gets in his own publications.

With so much going on around the person of Survé, the rather interesting question of the original purchase price, R2bn, and the way in which this has been funded has been lost. It is hard to get a grip on the new shareholding of Independent Media but it appears that the main shareholders are the Sekunjalo Independent Media consortium (SIM) with the GEPF, acting through its authorised representative the PIC, and two Chinese state owned companies. SIM itself is divided into two main empowerment groupings that include trade union investment companies, an assortment of black and women's business groupings, development trusts and the Umkhonto WeSizwe veteran's trust. Exactly which entities provided what type of funding is not clear.

The type of funding arrangements typical in many BEE consortia transactions is that the funder, in this case the PIC (using GEPF funds), funds the debt element, its own shareholding but also the largest portion of the BEE consortium's shareholding. The linked shareholding may well be a mechanism whereby the PIC in this instance has a call on the SIM shares as security for funding the purchase of these shares by SIM. It would not be unfair to say then that the GEPF is the source of most of the funding for the acquisition. Assuming that the Chinese investors are funding at their own risk, it would be surprising if the GEPF's total exposure is less than R1,5bn.

Put another way, the GEPF will bear most of the losses if this investment does not work out. Although whatever exposure the GEPF has to Independent Media is small in its total portfolio, it is still worth asking whether the Independent purchase can be justified on any commercial basis.

One must also take into account that it is not just the R2bn purchase price but the additional R1,2-billion due to be invested in the next six years. If we are to believe Survé, the Sekunjalo consortium will stump up R400 million with the balance of R800 million from two international banks.

There are several reasons for concern. At the outset, Survé is new to the media business and did/does not know much about how it works, on his own version. Nothing suggests that there has been any learning since then. The PIC is a large investor in both Naspers and holds as much as 21% of Times Media Group (TMG).

What is the state of Independent Media when it was acquired? It was not good. This much is clear from a detailed submission made by the Media Workers Association of South Africa (MWASA) to the National Treasury in 2011 on a Treasury discussion document entitled '*A review framework for cross-border direct investment in South Africa'*. It is a worthwhile read.

Since IMNSA became a full subsidiary, MWASA makes the credible calculation that the cumulative operating profits up to 2011 and available for repatriation to Ireland, have been in excess of R4-billion. During this time, the South African group was sucked dry by its Irish parent company. While it once employed over 5 000 people, there were less than 1 500 employees in 2011. Very little was invested and little in the way of new titles were launched (interestingly, the two titles that did get launched, the Cape based *Daily Voice* and the Zulu language *Isolezwe* have been star performers). The Sekunjalo-led consortium took control of a company depleted of its assets and capacity by its former failing and relentlessly cash hungry Irish parent.

Besides Independent Media itself, there are three other large media companies with substantial presence in print media. It is interesting to look at each of them.

Naspers, through its Media 24 division, owns 72 newspaper titles. This includes the *Daily Sun*, *Die Burger, Beeld, Volksblad, Son, and TheWitness*, as well as Sunday papers *Rapport*, *City Press*, *Sunday Sun and Sondag Son*.

Caxton with 103 titles, mostly community knock and drops, has the largest number of newspaper titles but it also owns the national daily *The Citizen.* Caxton's business model is different from other media houses because a large part of its revenues are from physical printing, including many titles from the Times Media Group and most of the Independent Media titles.

The Times Media Group publishes more than 20 national, regional and community newspapers, the largest title being *The Sunday Times*. Its stable includes *Sunday World*, *The Times*, *The Sowetan*, *Business Day*, *The Herald* and the *Daily Dispatch*.

What we do know is that newspaper circulation is under severe pressure with the latest Audited Bureau of Circulation showing a fall of 7,8%, but there were big falls in some of Independent's titles such as the *Pretoria News* (a fall of 28,3% from an already low base), the *Saturday Star* (a fall of 15,2%) and Johannesburg daily *The Star* (a fall of 16,9%). The longer term shows that, other than *Isolezwe*, the rest of the titles in the group are under severe pressure with declining circulation.

That means R2bn is a lot of money to spend on a business that is arguably in the worst position compared to its competitors. It is almost impossible to have any conviction that the money spent will render anything like a prudent investor's return. For now, one is left to speculate what the thinking behind this might have been. Perhaps someday in the future, the PIC will be called upon to provide us all with an answer. If Independent Media continues to lose circulation, that day could be sooner than we think.

Dirk de Vos runs a corporate finance and transaction advisory service, QED Solutions, out of Cape Town.

Comment

Dirk rightfully paints a gloomy picture of Independent Media. And the picture has darkened from gloomy to sundown without the moon or stars shining, since he wrote this article.
The Fund has an investment of R231bn in Naspers.

Synopsis

Ascendis Health is selling Farmalider

INCE|Community
28 June 2021
by The Finance Ghost

Just the other day, Ascendis Health released an update on its disposal processes for certain assets and the progress being made on the corporate restructure.

The company has now released an update on the proposed disposal of Farmalider, one of the assets in the business. Farmalider is a Spanish pharmaceutical company established in 1986 that manufactures more than 150 different products to treat the usual ailments.

A disease that Farmalider can't treat is a broken balance sheet, which is why Ascendis has to sell this company amongst others.

Importantly, the original arrangement with the creditors was that Farmalider would be included in the "Disposal Group" as defined in the announcement on 12 May, along with Remedica and Sun Wave Pharma. The opportunistic debt investors in Europe who mopped up all the creditors had successfully negotiated with Ascendis to receive the European businesses in the group as settlement of the debt.

While the debt restructure is still being implemented, the sale of Farmalider has progressed to the stage where the group has announced a proposed disposal of the business. The purchaser is MMC International Health Holding, S.L.U., a Spanish company with practically no details online.

As part of the deal, Ascendis will have indefinite and exclusive access to Farmalider's portfolio of products for 14 SADC countries (including South Africa) and 11 other African countries. This will take up to four years to be approved by the regulators in

South Africa, so Ascendis and its shareholders will have to be patient.

The price is just under €5mn and will be paid in cash. The profit after tax for the interim period to December 2020 was €1,1mn. To arrive at a P/E for the deal, we need to remember that Ascendis only holds 49% of Farmalider and that the profit after tax was for a six month period.

The minority stake has therefore been sold for a P/E of around 4,6x which isn't much to get excited about to be honest. It gets even worse if you consider that the stake was originally acquired for R210mn in 2015 and is now being sold for just R84mn.

Comment

The fund has about R370mn/8% share in Ascendis.

Synopsis

Steinhoff is still very risky

INCE|Community
28 June 2021
by The Finance Ghost

You know a business has been through pain and agony when the strategic focus areas look like this:

1. Achieve a creditors arrangement (completed in August 2019).
2. Manage litigation risk (in progress).
3. Restructure the group to reduce debt and financing costs (in progress).

The pain isn't over. As at 31 March 2021, current liabilities exceed current assets and total liabilities exceed total assets. Clearly, the going concern risk is far from over.

The stumbling block

The problem is that Steinhoff can't practically fix the balance sheet until a litigation settlement proposal is achieved, so that is where the management team has spent its time during the recent reporting period. The necessary legal proceedings commenced in the Netherlands and South Africa in February 2021.

The provision for the settlement has grown from €882mn to over €1,03bn in the space of a year. The lawyers are the real winners here, with a provision of €28m for their fees.

So, even if we ignore the dicey balance sheet for a moment, the immediate risk lies in the litigation settlement. There is litigation in multiple jurisdictions and one of the possible outcomes is still a liquidation of Steinhoff. The mitigating factor here is that most parties are likely to be better off under a settlement rather than a liquidation.

The next stumbling block

Operationally at least, things are looking up. Revenue from continuing operations for the six months to March 2021 increased 4%. On a constant currency basis, i.e. in the local currencies in which the businesses operate, revenue growth at each business was as follows: Pepco Group +9%, Pepkor Africa +8%, Greenlit Brands +28% and Mattress Firm +28%.

EBITDA was up 7% and operating profit plus the share of associate (Mattress Firm) came in at €342mn vs. a loss of €690mn in the comparable period.

Unfortunately, finance costs of €597m took the company into another loss-making position, as the balance sheet simply isn't sustainable. The debt in the operating companies decreased from €1,6bn to €1,4bn thanks to improved trading, but gross debt at group level grew from €9,9bn to €10,4bn as the interest accrued exceeded the debt repaid. Group net debt at 31 March 2021 was €9,8bn.

Another important achievement for the capital structure was a R2,2bn bond issue for Pepkor Africa, which replaced shorter-term debt. Moody's also rated Mattress Firm as having a positive outlook rating, which is further good news.

Steinhoff's share price has more than doubled year-to-date. The 52-week range is 68 cents to 293 cents per share. That's a wild ride.

Comment

Our shares in Steinhoff aren't going anywhere before the settlement. However, investments are done with long term ROI in mind, and the dividends should continue, albeit much less. Steinhoff remains a nett loss to the Fund, both in terms of value lost and loss in dividends. The settlement might possibly be finalised by the end of next year, if that soon. Let's wait and see.

Synopsis

Caxton impacts the Mpact share price

1 July 2021
INCE|Community
The Finance Ghost

Caxton has made it clear that it wants to further increase this shareholding in Mpact, although the mechanism through which this has come to light is incredibly odd. Caxton and CTP Publishers and Printers, a media and packaging company with a market cap of R3,2bn, seems to agree. Caxton currently holds around 32% in Mpact

Mpact is worth R3,8bn, which means any transaction between the two companies would take the form of a merger. In such situations, the companies would have discussions behind closed doors and then present a potential deal to the market.

This would take the form of a scheme of arrangement, which needs 75% approval by shareholders to go through. The alternative is a hostile takeover, which is unusual.

In this case, we have a strange situation where Mpact found out about a potential move via a letter from the Competition Commission. The letter confirms that Caxton notified the Commission that it plans to increase its current shareholding in Mpact of around 32%, which would likely result in it acquiring "control" over Mpact under the Competition Act.

"Control" in that context is defined as a 35% holding. The really important point is that this triggers something called a "mandatory offer", through which Caxton would need to make an offer to all other shareholders on similar terms to the price at which the transaction to take the holding over 35% was concluded.

Caxton has asked the Competition Commission to weigh in on the matter before Caxton triggers a mandatory offer. At this stage, the Commission hasn't even determined whether Caxton will be permitted to file a separate merger notification for this.

Mpact was caught unawares, so its board clearly cannot comment on whether this deal could make sense for shareholders. At this stage, we don't even know what the deal looks like or at what price an offer may be made.

Then there's the small matter of how Caxton plans to fund a mandatory offer. 65% of Mpact at the current share price is a R2,5bn cheque. At 31 December 2020, Caxton had R1,8bn in cash and cash equivalents. Caxton doesn't have any long-term debt on the balance sheet, so its bankers will be rubbing their hands with glee at this news.

Mpact and Caxton closed 9,3% and 4,1% higher respectively.

Comment

We have about R570mn invested in Mpact. Depending on the offer, whenever and if it happens, the Fund's shareholding may increase in value. Too soon to say as all three parties, Caxton, Mpact and the Competition Commission, don't really know yet.

Synopsis

SASOL disposing of its Mozambique investment

InceConnect [DealMakers]
2 July 2021
By Marylou Greig

Sasol had previously (in May) agreed to dispose of a 30% stake in the Republic of Mozambique Pipeline Investments Company (Rompco) for an initial payment of R4,145bn to a consortium of black energy investors, the Reatile Group and the Ideas Fund (managed by African Infrastructure Investment Managers). The deal was subject to pre-emptive rights by its other shareholders, state-owned CMG (Companhia Moçambicana de Gasoduto) and iGas (South African Gas and Development Company). This week these shareholders exercised their pre-emptive rights to increase their stakes, each by a further 15%. Sasol will retain a 20% stake. The Rompco pipeline supplies gas to five offtake points in Mozambique and is the primary supply channel for natural gas into South Africa.

Comment

Our interest in Sasol is about R38bn. Sasol is slowly returning to better value after its share price kept declining over the past five years. Selling off its non-core business makes sense and seems to be working.

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 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 read items saved under "Announcements" 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". There are also registration forms in English and Afrikaans that you can print, complete and return to us under "Files" on the Facebook page.

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

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