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 4 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 NOTICE. PLEASE READ
## OR READ AGAIN IF YOU HAVE ALREADY

Please take a while again to really consider what the all-volunteer AMAGP is all about and is actually and continuously achieving. We need you to inform and motivate all the Fund members you know to join the AMAGP, to strengthen our voice when promoting the sustainability of your pension. We need many many more AMAGP members, not just on the Facebook page. Keep in mind the Fund has about 1 600 000 members, of which about 400 000 are pensioners and the other about 1 200 000 are still working and contributing members. No, AMAGP isn't a trade union and has no membership fees: read the very first sentence at the top of this page please.

**The Editor's Word**

The GEPF online function is up and running but not working properly yet. Check your detail and let the GPAA know if it isn't correct.

A 3,2% increase in pension payments for GEPF wef 1 April 2021. Visit the GEPF website for more information.

It seems as if a window for applications for early retirement opened recently; in terms of Section 16(6) of the Public Servants Act 1994. Think carefully before applying, check the difference in pension between retiring early.

Absa has evidently cut ties with 24 companies directly or indirectly controlled by Sekunjalo, according to amaBhungane. Absa is alleged to have sent letters to all clients that were directly or indirectly controlled by Sekunjalo in August 2020, giving them 60 days notice that Absa was terminating its services to them. More news when there is clarity.

Starting with the AMAGP press release about the SCOF meeting where Survé/Sekujelo was afforded the advantage of hours of conspiracy theories, image polishing and self-excusing. Followed by AYO wanting parliament to investigate these conspiracy against it!

Anthea Jefferey gives an excellent view of the 'government' running out of other people's money, namely our tax money. Which is why AMAGP.

Our debtor AYO has acquired another company with our funds, using words such as *'leading edge', 'dominant player' and 'commanding position … across Africa'.*

Treasury is in discussion with banks about establishing a special purpose vehicle for Eskom's debt. This should be interesting to see if it happens and where this vehicle will have residence, probably outside SA.

We have several billions invested in Smile, which is in discussion with its Saudi partner to prevent liquidation. Smile is an Africa-focused telecom company.

The there is an excellent article by Johan Alberts about the contribution of pensioners to SA's economy.

Lastly, think about who owns a newspaper or media house, and who then really determines editorial policy; or what the newspaper or media actually report and how it is reported.

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**TO: THE AMAGP TRAILBLAZERS**

Adamus Stemmet, James Galvin , M S du Toit, Neels van Tonder, Albert van Driel, Hercules du Plessis and others...

THEY HAD THE COURAGE TO ASK THE FIRST QUESTIONS ABOUT THE GEPF'S INVESTMENTS IN 2016

From Christo van Dyk

*Synopsis*

## AMAGP - reaction and comments to the SCOF meeting on 17 March 2021

ISSUED ON BEHALF OF THE ASSOCIATION FOR MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS (AMAGP)

Cape Town
19 March 2021

**MEETING OF STANDING COMMITTEE ON FINANCE (SCOF) 17 MARCH 2021**

Was this performance by Independent Media and AYO at SCOF necessary? Advisable?

The Association for Monitoring and Advocacy of Government Pensions (AMAGP) exists to protect the interests of current and future civil service pensioners. This association is apolitical and does not wish to be involved in political matters. It is, however, a matter of concern if it appears that the Minister of Finance is involving himself in matters concerning GEPF pensioners in a manner which might lead to an incorrect impression being created - as we explain in this media release.

According to media reports, Finance Minister Tito Mboweni suggested in December last year that Dr Iqbal Survé's companies be invited to meet the parliamentary Standing Committee on Finance (SCOF) to discuss the disputes between his companies and the Public Investment Corporation (PIC).

He was reported as saying:

> "I think that maybe this committee should invite the chair of AYO and Sekunjalo … to have a conversation on how these arrangements were made. But I think it would be very wrong of us to tarnish the reputation of the whole of AYO or Sekunjalo organisation based on this. I think it would be unfair…"

AMAGP then warned that this was wrong in principle and perhaps unwise in law because the disputes between the Survé-associated companies and the PIC are the subject of ongoing litigation – the PIC is seeking the liquidation of Sekunjalo Independent Media in an effort to recover about R1,5 Bn and wants to recoup the R4,3 billion rand investment in AYO.

We were of the opinion that politicians should steer clear of matters concerning court cases especially if the cause of action falls within their portfolio. We are still of the same opinion bearing in mind that Mr Mboweni - as Minister of Finance - is in overall charge of the PIC, a party in the litigation. The Minister is also the responsible Minister for the GEPF on whose behalf the investments in Sekunjalo Independent Media and AYO Technologies were made, which now forms the basis of the current and continuing litigation. Whatever the outcome of the court cases, the matter will eventually and inevitably land on the Minister's table in one form or the other.

It would therefore appear that, by suggesting this invitation, the Minister was trying to sit on two chairs simultaneously. Listening to the representatives of Sekunjalo and AYO at the meeting of SCOF it would appear that they grasped this opportunity to propagate new conspiracy theories while singing their own praises.

Furthermore, they utilised the opportunity to continually stress the fact that the invitation had come from the Finance Minister, something that is causing concern among government employees and civil service pensioners.

The reactions of the PIC and Treasury at the SCOF meeting were telling.

Both wisely did not contribute much to the debate - the PIC's Mr Abel Sithole said: "I would like to say to the committee… there have been a number of factual assertions we are not able to respond to at this time."

National Treasury Chief Director Unathi Ngwenya said: "We appreciate the information shared with the committee. A lot of it, its new how it is conveyed in this perspective and we will relay this to our principals for… consideration. Thanks,"

In fact, except for new conspiracy theories, Dr Survé and his executives conveyed nothing new and did not respond at all the Mpati Commission's concerns, which was, after all, the reason the meeting was called.

Do they now fall into the trap of regarding these conspiracy theories to be facts?

Regarding the Sekunjalo Independent Media's constant claims that the Mpati Commission exonerated Dr Survé and his companies, the Commission's final report made available to the public a year ago, inter alia made the following recommendations to the PIC in the context of his companies:

> 67. The Sekunjalo Group investments showed a marked disregard for PIC policy and standard operating procedures.
> 68. Proper governance was absent or poor, and risk identification processes were downplayed by looking for risk mitigants to make sure the deals were approved.
> 69. Due diligence reports highlighting issues around independence of Board members, policies to be implemented, etc, were not followed up by the PIC to ensure

implementation post the deal being approved and monies having flowed.

70. The "close relationship" between Dr Matjila and Dr Survé created top down pressures that the deal teams experienced to get the requisite approvals.

71. Board members within the Sekunjalo Group of companies are not independent. Some board members are related to Dr Survé, are long-serving employees, long-time friends or are non-executive directors on other Sekunjalo Group company boards and dominate the board seats in those companies. Independent non- executive directors are in the minority on the boards of AEEI and Ayo.

72. In the light of the above, the Commission recommends that the PIC must conduct a forensic review of all the processes involved in all transactions entered into with the Sekunjalo Group and ensure that the PIC obtains company registration numbers of every entity in the Sekunjalo Group to be able to conduct a forensic investigation as to the flow of monies out of and into the Group.

73. It is further recommended that the PIC must ensure that all pre- and post-conditions for all investments made, not just those in the Sekunjalo Group, have been fully met and implemented, and that effective processes and systems are in place to properly monitor investments post disbursement.

74. Steps must be taken to recover all monies with interest due to the PIC, especially where personal or other sureties was a precondition to approval of the investment.

75. The PIC must also determine the future role, if any, of the PIC in all of the transactions with the Sekunjalo Group, to protect the interests of the PIC and its client; and review all aspects of the transactions entered into with the Sekunjalo Group to determine whether any laws or regulations have been broken.

76. It is also recommended that the PIC reviews its internal processes, including its standard operating procedures, together with the DoA, to determine responsibility and culpability, and to consider whether there are grounds for disciplinary, criminal and/or civil legal action against any PIC employees or Board members, current or previous.

77. The Commission recommends that the Regulatory and Other Authorities should consider whether any laws and/or regulations have been broken by either the PIC and/or the Sekunjalo Group; determine what legal steps, if any, should be taken to address any such violations; and assess whether the movement of funds between accounts, as indicated above, was intended to mislead/defraud investors and/or regulators.

CONCLUSION

We wish to emphasise that we have no interest in the politics of the matter or whether Dr Survé and his employees are or are not people of integrity.

What AMAGP is interested in is the huge losses our pension fund is suffering.

As members of the GEPF whose pension money has and is being squandered by Dr Iqbal Survé and the companies linked to him, we perceive the sympathies of Minister Tito Mboweni to lie with Sekunjalo Independent Media and AYO and not with the current and future pensioners whose interests he is mandated to represent.

What is equally disturbing is the fact that the Board of Trustees of the GEPF, who are entrusted with the guardianship of our pension funds, was not invited - even as observers – to the SCOF meeting in parliament on 17 March.

This needs to be explained.

Adamus P Stemmet
Spokesman AMAGP

*Comment*

*It is fascinating to realise that a prominent politician, no less than the Minister of Finance, clearly favours Survé/Sekunjalo/AYO to the extent of inviting him/them to an exclusive meeting with SCOF where they were allowed to profusely reiterate why they shouldn't return our squandered billions and aired brand new conspiracy theories absolving themselves from all blame. All this while they are involved in protracted litigation to return said billions. Surely this must have legal repercussions?*

Further Comment

*BizNews carried the above press release verbatim with the following introduction:*

## Mboweni favours AYO, not protecting pensions

BizNews
24 March 2021
by Melani Nathan

*The Association for Monitoring and Advocacy of Government Pensions has released a statement, raising concerns about the lack of separation between the Finance Ministry and privately owned AYO Technologies and Sekunjalo. Finance Minister Tito Mboweni previously suggested that the parliamentary Standing Committee on Finance invite Iqbal Surve to address the ongoing disputes between his companies and the Public Investment Corporation before the committee. Sekenjalo owns 62% of African Equity Empowerment Investments, which in turn owns 49% of AYO Technology. In 2017 the Public Investment Corporation invested R4,3bn in AYO. A PIC commission of enquiry later found that then CEO Dan Matjila showed gross negligence in allowing the investment, as the value of AYO's assets had been inflated by around 45 times its true worth. The PIC which manages the Government Employee Pension Fund has taken legal action to recoup its investment and AYO is opposing. The case is ongoing.*

*Synopsis*

## Sekunjalo subsidiary Ayo wants parliament to launch some investigations

Moneyweb
By Ann Crotty
18 March 2021

. Image: GCIS

Sekunjalo Group subsidiary Ayo has asked the Parliamentary Standing Committee on Finance (SCOF) to investigate the JSE, the Companies and Intellectual Properties Commission, the Financial Sector Conduct Authority, unnamed banking institutions, the Public Investment Corporation (PIC) and unnamed officials at National Treasury.

The request was part of a lengthy presentation by Sekunjalo that was described by one MP as being riddled with conspiracy and fantasy.

Information and communication technology group Ayo, which is part of Sekunjalo and was listed on the JSE in December 2017 with a R4,3bn investment from the PIC, told members of parliament on Wednesday that the named organisations had all played "a hidden hand in the cancellation of contracts, banking facilities and support by customers and service providers to Ayo". It was for this reason, said Ayo, that it wanted SCOF to investigate them.

Ayo made the request during a parliamentary portfolio committee hearing intended to get response from various affected parties to the recommendations made by the Mpati Commission of Inquiry.

In addition to Sekunjalo, which also controls the Independent Media Group following the PIC-funded acquisition in 2013, the Committee heard from Matome Maponya Investment Holdings (MMI). MMI had secured a 54% stake in poultry producer Daybreak Farms in 2015 when the PIC provided R1,2bn funding to rescue the "distressed asset".

**EFF calls for clarity, and responses**

Floyd Shivambu, deputy president and chief whip of the EFF, told the meeting that both Maponya and Sekunjalo had failed to address the matters at hand and had instead focused on "talking politics behind the problems". He suggested that a template be drafted clarifying the issues that had to be addressed and that the parties return within a week with their response to those issues.

"We need to know how much did the PIC invest with Maponya and, with regard to Ayo, what were the conditions of the loans and equity that was provided and are those loans being serviced," said Shivambu.

The ANC's Noxolo Abraham queried why Sekunjalo had suggested that the breakdown in the relationship of trust with the PIC was due to Independent Media's exposure of wrongdoing, in particular in relation to PPE procurement corruption. "PPE is a recent scandal, there has been a cumulative breakdown of trust for some time," said Abraham.

She added: "We need to avoid conspiracy theories unrelated to the Mpati Commission." She also described Sekunjalo's claim that the South African News Editors Forum (Sanef) had ulterior motives in its dealings with Sekunjalo as sounding conspiratorial.

**Distraction**

The DA's Geordin Hill-Lewis described the lengthy presentation led by Sekunjalo chair Iqbal Survé as "a tissue of conspiracies and fantasy" and said that not once did Survé attempt to respond to the findings and recommendations of the Mpati Commission.

"You use conspiracies and allegations of racism to explain away everything but it doesn't work," said Hill-Lewis. He said he agreed that SA should have a diversity of media views but that the Independent was failing – not because of some conspiracy, but because it had become "utterly irrelevant".

"The reason your media company is failing is because your readers are deserting you," Hill-Lewis said to Survé.

Hill-Lewis wanted to know what stage the PIC's various court actions against Sekunjalo are at, and whether the country's largest fund manager intends relaunching the preservation-of-assets order against Sekunjalo. When Moneyweb later questioned the PIC on this matter, a spokesperson replied: "We're attending to this query."

*Comment*

*Moneyweb's report provides more information on what was said at the SCOF meeting. It confirms the self-excusing nature of Sekunjalo's briefing while using the stale rhetoric of racism, conspiracies, and obfuscation[to make something less clear and harder to understand, especially intentionally]. It seems nothing was achieved except adding to the of Survé/Sekunjalo conspiracies theories to sidestep responsibility.*

*Synopsis*

## 'Running out of other people's money'

Daily Friend
By Anthea Jeffery
11 March 2021

'The problem with socialism', as British prime minister Margaret Thatcher memorably said, 'is that you eventually run out of other people's money.' The truth of this pithy observation is increasingly being brought home to South Africans – as a clutch of media reports from the past week reveal.

The Zondo commission of inquiry into state capture has been unable to pay the salaries of its investigators and lawyers for the past five months. Parliament is short of R500mn to pay employee salaries and will have to embark on retrenchments. The UIF cannot afford to maintain its Temporary Employer/Employee Relief Scheme (TERS) – under which it has paid out some R58bn in Covid-19 lockdown relief – beyond mid-March.

The South African Post Office, which expects to show a R2,1bn loss for the 2020/21 financial year, owes some R640mn to its suppliers, many of whom were last paid in August 2020. State arms maker Denel has lost R4,4bn over the past three years and has been ordered by the Johannesburg labour court to pay outstanding salaries amounting to some R12,7m.

The National Student Financial Aid Scheme confronts a major funding shortfall and needs universities to delay their first-year registration processes for two weeks while the National Treasury tries to find more money. And the South African Police Service has lost some eight million items of forensic evidence collected from crime scenes because a computer service provider was not adequately paid.

That the government is running out of money is also crystal clear from the 2021/22 budget. Even social grants are now to shrink in real terms over the next three years, because the government cannot afford inflation-related increases. Spending on education, healthcare, housing, policing, and the public sector wage bill will also be lower in real terms.

Reduced spending has triggered a predictable outcry from the Left. However, in the absence of the growth-focused reforms that would offer by far the best solution, cutting the state's costs is vital to stave off the growing risk of a sovereign debt default – the final stage in the process that Thatcher describes.

Given its aversion to reform, the government is trying to find new ways to extract more resources from individuals and the private sector. However, taxes cannot easily be increased, as the tax base is already both narrow and shrinking.

**Heaviest burden**

In 2013 some 5,9 million people earned enough to be assessed for tax, but by 2019 that number had fallen to 4,3 million. Most of those assessed for tax in 2019 paid relatively little, moreover. By far the heaviest burden thus fell on a small group of some 890 000 individuals, who together paid 73% of the R530bn in personal income tax collected that year. Much the same pattern is evident for corporate income tax as well.

South Africa's tax as a proportion of GDP is also very high. That proportion stood at around 20% some two decades ago. But the economy has stagnated in recent years, whereas the tax take has continued to increase and now stands at nearly 30% of GDP.

Though new taxes on wealth and land might nevertheless be introduced in time, the government's main focus for now is on seeking to increase its control over the country's large pot of pension and other savings. Pension savings currently amount to some R4 trillion, while the country's banks have roughly R6,5tn in assets. In addition, the life insurance and unit trust industries manage assets valued at R3,2tn and R2,7tn respectively.

These large numbers explain why the SACP/ANC alliance has long been intent, as the SACP puts it, on 'mobilising…the immense resources…controlled by…private capital' into serving the needs of its national democratic revolution (NDR).

Strong opposition to the introduction of prescribed assets for pension funds has nevertheless caused the alliance to draw back, at least for the present. Proposed amendments to Regulation 28 under the Pension Funds Act were gazetted for comment in late February. These draft regulations do not compel pension funds to invest in government infrastructure projects, but rather aim to 'make it easier' for them to do so, as the Treasury puts it. The proposed changes will, however, oblige pension funds to provide a full record of their investments in infrastructure, so as to 'enable much better data and measurement'. This suggests that, if the voluntary investments so disclosed are deemed insufficient, this may in time be used to justify compulsion.

**In the firing line**

Moreover, it is not only pension funds that are in the firing line. The SACP/ANC has long wanted to increase its control over other financial institutions as well, especially over the banks and other entities that currently manage assets valued at some R12,4tn, as earlier outlined.

This desire for increased state control is a key rationale for the Expropriation Bill of 2020 (the Bill). Contrary to what the government and most other commentators persist in asserting, this Bill is not merely or even mainly a land reform measure, as the property it covers is expressly 'not limited to land'.

Particularly important is the Bill's definition of 'expropriation' as meaning the 'compulsory acquisition' of property by the state. At this point in the NDR's implementation, the government is unlikely to take ownership of private banks and other financial institutions for little or no compensation. What it wants instead is the capacity to compel them to sustain the revolution by investing in government and SOE bonds for nil or minimal returns.

Under the generally accepted definition of expropriation, pension savers and other investors should be able to claim compensation for the losses resulting from such indirect or 'regulatory' expropriations.

But the Bill's narrow definition is intended to preclude this and to empower the government to direct large swathes of private capital to NDR purposes without paying any compensation.

The Bill's sweeping provisions on land expropriation are important to the NDR as well. The Bill will make it cheap and easy for the state to expropriate land of all kinds, along with the improvements on it. This will further empower the revolutionary alliance, while severely weakening the property rights vital to the market economy.

The Bill will also undermine the rule of law by encouraging land invasions and the hijacking of buildings. Owners who have lost 'control' of their assets through illegal actions of this kind will be deemed to have 'abandoned' them. Under the Bill, this may suffice to justify the payment of 'nil' compensation on the subsequent expropriation of those assets.

This wording in the Bill seems calculated to generate a repeat of events in Venezuela. There the law was amended to allow the expropriation of 'idle' and insufficiently 'productive' land, and invasions were often targeted at successful farms to hamper operations, reduce productivity, and open the way to expropriation.

Expropriation without compensation (EWC) is, of course, the ultimate tax on homes, farms, factories, mines, and other premises – plus pension and other savings. Yet most of the commentators who have endorsed the Bill and/or praised the budget have carefully sidestepped this issue. South Africans, however, deserve to know that EWC will effectively raise the tax rate, on assets so taken into state ownership or control, to no less than 100%.

**Siphon off savings**

The stratagems being used to augment the already heavy tax take and siphon off savings and other resources for NDR implementation underscore a growing pattern of citizen abuse. Such abuse is evident, as the IRR has pointed out, when the government enables large-scale corruption, tolerates outright looting, lies about its actions and intentions, stigmatises and threatens its 'class' enemies, and refuses to draw back from a destructive ideology known to have brought penury and premature death to tens of millions of people.

Aided by the lengthy Covid-19 lockdown, NDR implementation over the past 27 years has generated a profound crisis and left the state scrambling for sufficient money. However, deep deficits of the kind now evident can also help to trigger change. They can limit the flow of resources into the government's patronage machine and thus weaken the SACP/ANC alliance. They can also help to spark resistance, prompt the moderate majority to stand more closely together – and hasten the political realignment needed to stop citizen abuse and turn the country around.

*Comment*

*Very clear and to the point, brutally so. The outdated and unworkable NDR has always been part of the ANC. Undoubtedly it wil remain so albeit remaining in the background. We will be naïve to believe the EWC won't include the financial sector in South Africa in its widest sense. Unless, of course, if we relentlessly reject and resist the 'government's' attempts to expropriate our savings for its[their] own ends.*

*Synopsis*

## AYO Technology solutions acquires Kathea Communications

AYO CEO Howard Plaatjes. Photo supplied.

IOL
By Dieketseng Maleke
17 March 2021

ICT investment group AYO today announced that it acquired the share capital and outstanding shareholder claims in Kathea Communications for a total purchase consideration of R90mn.

Kathea Communications chief executive Peter Cowen said: "AYO already has good exposure to the communication and collaboration space with a track record of providing good support to their investments, and so I am very pleased to be able to combine our highly regarded excellence in this space with AYO's well-funded strategic ambitions."

According to the statement, Kathea is best known for its communication, collaboration, audiovisual, and workspace technology brands, such as Jabra, Polycom, Plantronics, CTouch, Logitech and Yealink, among others. The group also said: "The acquisition now gives AYO the leading edge in the still increasing and evolving remote working space, as well as an early advantage for future innovations in 'smart' living.

The statement also states that Kathea complements AYO's existing interests in Headset Solutions. "The combination of the two will make the company the dominant player in the market for value-added telecommunications equipment and solutions as well as customer electronics.

AYO chief executive Howard Plaatjes said he was delighted with the smooth finalisation of the transaction. "The conclusion of this acquisition puts AYO in a commanding position in the fast-growing unified communications sector not only in South Africa but across Africa. This acquisition also plays to our strategy of investing in the types of disruptive technologies that are advancing life, business, and economics on the continent."

*Comment*

*I would hesitate to believe everything said about this acquisition given the history of AYO. I doubt the 'leading edge', 'dominant player' and 'commanding position … across Africa' AYO mentions. It is, after all, our money that AYO used to acquire Kathea.*

*Synopsis*

## Treasury weighing up Eskom debt options

BizNews
24 March 2021
by Editor
By Antony Sguazzin and Loni Prinsloo
With assistance from Roxanne Henderson
Bloomberg

South Africa's National Treasury is considering whether it would be better to move a chunk of Eskom Holdings SOC Ltd R464bn debt into a special-purpose vehicle [SPV] or have the state take over responsibility for it directly, people familiar with the situation said.

While banks have led discussions for the last few weeks over the creation of a so-called SPV that would take over at least R100bn of Eskom's debt, that debt would almost certainly have to be guaranteed by the government.

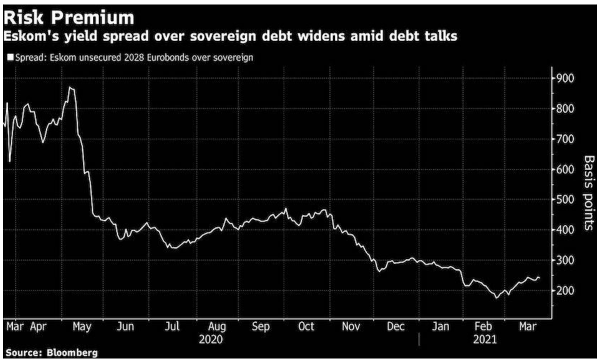
Under the SPV arrangement, the debt Eskom retains and any new debt it contracts would be paid off first as a priority, while that held in the SPV, which could have tenure of 10 years or more, would be last in line and would therefore likely need to be guaranteed by the state to win investor support, something the National Treasury will need to decide on.

**Fiscal risk**

While either option would strengthen Eskom's balance sheet, both risk imperilling South Africa's credit ratings by further boosting public debt. That makes the stance of major rating companies on any Eskom debt deal a factor in the government's deliberations. Moody's Investors Service already considers Eskom debt guaranteed by the government as sovereign debt.

The creation of the SPV is just "a complicated way of getting to the same result as moving it onto the sovereign," said Jones Gondo, a credit analyst at Nedbank.

If swapping Eskom debt for debt issued by the SPV were deemed voluntary, it wouldn't be regarded as an involuntary change in control which would trigger a default. The SPV may be managed by the Public Investment Corp.




Eskom is not considering any default on its outstanding debt and remains in "constant discussions with the relevant stakeholders" to find a sustainable balance-sheet solution, the utility said in response to Bloomberg's emailed questions. The National Treasury directed inquiries to Eskom.

Yields on the utility's unsecured 2028 dollar bonds have climbed 51 basis points this month to 6,88%, widening the spread over sovereign debt to about 45 basis points.

"Ultimately there is only one option and we are homing in on that: the sovereign taking the risk," said Peter Attard Montalto, the London-based head of capital-markets research at Intellidex U.K. Ltd.

*Comment*

*It is disturbing that the 'banks' are leading discussions to create an SPV. The 'banks' aren't exactly open about what is going on; we should be rightly concerned about where our money is going to go with the SPV, as the previously known one is still in limbo in Mauritius.*

*Synopsis*

## PIC, Saudis in last ditch talks over Smile's plan

To avoid possible liquidation.

Moneyweb
By Loni Prinsloo and Dinesh Nair, Bloomberg
25 March 2021

Image: Bloomberg

South Africa's PIC and Saudi investors are in last ditch talks to avoid a potential liquidation of Africa-focused telecom operator Smile Telecoms Holdings. The PIC, which owns a minority stake and is a creditor to Smile, must reach an agreement by the end of Wednesday over an outstanding put option with the Al Nahla group, the largest shareholder, according to people familiar with the matter.

If the two investors fail to reach a deal, the company could be forced into liquidation and lenders including a group of African banks could suffer losses on the bulk of about $250mn loans.

Smile Telecoms launched a restructuring plan in the U.K. last month. Al Nahla led a proposal to inject more than $50mn cash in the company provided PIC extended the terms of an option to sell its stake to other shareholders for $45 million. The payment on the put option is due on 24 March. Without an agreement on the put option, the overhaul could fail.

"Smile Telecoms has embarked on a restructure plan, which the PIC supports subject to certain terms and conditions," a PIC spokesperson said on Tuesday. "PIC continues to engage other shareholders in Smile Telecoms to find ways of preserving value for PIC clients."

A representative for Smile declined to comment. Al Nahla didn't respond to calls and emails seeking comment.

Founded in 2007, Smile Telecoms provides broadband services in Nigeria, Uganda, Tanzania and the Democratic Republic of Congo. PIC participated in a funding round in 2015 as the company raised equity and debt.

Last month, Smile announced that its two co-founders Irene Charnley and Mohammed

Wajih Sharbatly would step down from its board as it appointed restructuring specialists.


*Comment*

*The Fund has R543bn invested in Smiles through the PIC. Shown as an impairment two years ago. No further news yet.*

*Synopsis*

## Pensioners' contribution to the economy of SA cannot be ignored

Politicsweb
Johann Alberts |
28 March 2021

Johann Alberts says if pension funds go under as a result of bad decisions it will create hardship in SA.

The draft amendment to Regulation 28 under the Pension Act has been published for comment. Its purpose is ostensibly to make it is easier for pension funds to investment in infrastructure. However, one has to ask if the government and public realise what important role pensioners play in the economy of the country and that their pension funds cannot simply be sacrificed to fund infrastructure projects that are not viable.

Therefore, allow me to give the reader a few pointers to think about.

First let me clarify the following: The Government Employees Pension Fund (GEPF), with assets about half of the total pension industry in South Africa, does not fall under the jurisdiction of Regulation 28, and by its own act is not bound by it. However, it has opted to voluntarily follow the provisions of this regulation.

The money in the GEPF is NOT the government's money. It is the money of the pensioners and serving members who "saved" this money in the form of monthly contributions to the Pension Fund with the hope and trust that one day when they are retired, they won't have sleepless nights about their financial future. The GEPF on its website under the heading "The GEPF invests *responsibly*" states the following:

"The primary role of the GEPF is to *protect the wealth of our members and pensioners* by safeguarding their retirement benefits through proper administration and prudent investment." The questions can now be asked: *"Is amending Regulation 28 in order to enable pension funds to invest in infrastructure responsible?"* and, *"Is investing in infrastructure protecting the wealth of the members and pensioners by safeguarding their retirement benefits?"*

To be very honest I don't think so. What must be taken note of is that the civil service pensioners have no problem if the Pension Fund invests in infrastructure. What they have a problem with is investing in infrastructure with no clear indication that the Fund will realise any significant return on its investment.

A few examples of risky investments include the following: The register of losses of the Association for the Monitoring and Advocacy of Government Pensions (AMAGP), as submitted to the Mpati Commission, indicates that at least 10% of GEPF funds has been lost due to imprudent investments, BBBEE (empowerment projects), and Isibaya (unlisted projects). This figure has grown lately due to the addition of liquidity problems at SOE, e.g. Denel and Landbank where the GEPF also has bonds. Consequently, it means that losses of more than R 180bn (10%) have been recorded.

In the GEPF 2019/20 Annual Report, the GEPF indicated that 34% of GEPF assets are invested in State resources, of which about 19% in Sovereign Bonds, the remainder in SOE and Local Councils. These figures exceed the suggested 5% in the General Pension Law by 29%.

This brings me to the Public Investment Corporation. On its website it states "The Public Investment Corporation SOC Limited (PIC) is an asset management firm *wholly owned by the government of the Republic of South Africa."* It is a financial services provider in terms of the Financial Advisory and Intermediary Services Act, which allows it to invest funds on behalf of its members. The PIC manages the GEPF, UIF, Compensation Commissioners, Political Office Bearers Fund and the Associated Institutions Pension Fund.

According to the PIC Annual Reports, the GEPF historically and to date has contributed a minimum of 90% to the funds on behalf of which the PIC invests. According to the GEPF Investment Policy Statement there exists a special relationship between the PIC and the GEPF.

A mandate has been given to the PIC to act as the Fund's asset manager over a substantial portion of the Fund's assets. Without the contribution of the GEPF, the PIC would likely cease to function in its present capacity. (Moleko, N. 2019. *Pension fund reform towards development of National Economy: A South African case study.* Dissertation presented for the degree of Doctor of Philosophy (PhD) in Development Finance in the Faculty of Economic and Management Sciences at Stellenbosch University, 128 – 130).

*It is a well-known fact that the government is looking at the GEPF (and probably other pension funds as well) to invest (read: bail out) in bankrupt SOE and thus is under the false impression that, because the PIC is wholly owned by the government, the government also 'owns' the money in the GEPF – which is utter nonsense as we all know.*

It needs to be emphasised that the money in the GEPF *belongs to the pensioners and the serving members* and is managed on their behalf by the Board of Trustees. Any investment by the GEPF should, therefore, be responsible and protect the Fund from losing money. Gambling with the financial future of the serving members and pensioners cannot be allowed.

I will now provide some figures to emphasise the importance of South Africa's pensioners to the country's economy. *For the purpose of this article only the contribution of members of the GEPF is indicated.* In the GEPF 2019/2020 annual report it is stated that the GEPF had 480 615 pensioners at 20 September 2020.

If about 480 000 pensioners of the GEPF on average spend only R 10 000 per month on necessities (municipal accounts, food, fuel, etc.) they contribute about R 4,8 billion every month to the economy. If that figure is multiplied by 12 the pensioners contribute about R 57bn annually to the economy.

If the pensioners spend R 15 000 per month, they contribute about R 86bn annually to the economy and if they spend R 20 000 per month, they contribute about R115bn annually to the economy. With some hesitation I would say that the contribution of the GEPF pensioners to the economy may even exceed the figures mentioned.

However, according to a report by the Financial Services Board (FSB) in 2015, the pension fund sector's total assets under management contribute a staggering R4tn to the South African economy, which validates my claim that the pensioners of South Africa contribute hugely to SA's economy. The pensioners' voice of concern about their financial future can, therefore, not be ignored.

The government should not throw out the baby with the bath water. The pensioners of South Africa contribute hugely to the economy of the country. If pension funds go under as a result of bad decisions by the GEPF, PIC and the government, it will create hardship in South Africa that this country will probably never recover from. Rather than 'gambling' with the pensioners' money the government should embrace the pensioners and ensure that all South African pensioners' money is safe from corruption and bad investments.

A very valid question is the following: If the government is allowed to amend Regulation 28 of the Pension Act, what will stop it from amending any other act (e.g. the Expropriation Act) that will allow government access to people's money in their private bank accounts? Is this perhaps the ultimate goal?

Lastly, I am of the opinion that, in case of the GEPF, the PIC should be done away with and the Board of Trustees of the GEPF should include a number of South Africa's best economists in an advisory capacity.

*Dr Johann Alberts is a former school principal and member of the GEPF.*

Comment

*It just goes to show that we all can contribute to keeping our Fund viable, Johan Alberts is one of ours. We need more articles and letters to the media to keep highlighting the*

*value of our Fund and that it be keep away from avaricious fingers, looting, fraud, that is so common in 'government'.*
*Note the* Political Office Bearers Fund *[at all levels of government] and the* Associated Institutions Pension Fund *[employees in various institutions closely associated with government such as the Legal Aid Board, SA Diamond Board, universities, scientific boards, research councils, among others] both are paid out of our monthly taxes and aren't concerned about poor investment decisions by pension funds at all.*

*Synopsis*

## So, who does own Daily Maverick?

Daily Friend
By **Ed Herbst**
27 March 2021

"*The Oppenheimers have been directly responsible for the destruction of black families and black men in particular, benefiting extraordinarily from apartheid and they, too, have even owned media.*
*Now they have emerged as funders of the Daily Maverick and CR17. Are we then surprised that the narrative of this publication is anti-black? Are we surprised that they are supporting a narrative that is anti-transformation and anti-liberation?"*
**Ayanda Mdluli** *IOL*19/2/2019

"*Media outlets such as Daily Maverick, funded by the Oppenheimers and other well-placed businessmen and families; so-called media investigative units like amaBhungane, are funded primarily by overseas backers who themselves have certain political interests."*
**Iqbal Survé: SA media in the post-Mandela era** *IOL* 13/2/2020

Who owns Daily Maverick?
This was a question posed in a comment beneath a recent article I posted on this website. According to Wikipedia it is 'run by an independent private company' and Alan Knott-Craig is cited on the *Daily Maverick* website as a founding shareholder along with Branko Brkic.

The question needs to be more sharply focused – who determines editorial policy?

In my 53 years as a reporter I have seen two exposés which had a seismic impact on the South African political system.

The first was Muldergate, the info scandal, and as cameraman working for the SABC television news parliamentary team, I filmed BJ Vorster leaving Tuynhuis for the last time.

The second was Guptaleaks and, for me, there is a telling sentence on page 164 of Anton Harber's stellar book on recent media events, *So, for the Record – Behind the Headlines in an Era of State Capture*:

> *Brkic agreed to partner with News24, an act of exceptional generosity. 'This story belonged to the whole country. Nobody could keep it for themselves' he said***.**

That tells me that Branko Brkic is his own man and that he is calling the shots.

What I care about is that the Fourth Estate in this country should be afforded respect when it has been shown to have justifiably earned it. What I care about is the wellbeing of the people who work in this sector, a sector which has seen employment halve in the past decade. As a means of comparison: Sekunjalo Independent Media (SIM) and its subsidiary, the state-subsidised African News Agency, has in the past few months lost two exceptional reporters.

Emsie Ferreira, one of the best political reporters in the country has left ANA to join the *Mail & Guardian.* Sheree Beega, one of the best environmental reporters in the country, has also joined this newspaper from the Survé-owned *Saturday Star*

As a manifestly deliberate policy, Iqbal Survé ripped the intellectual heart out of the *Cape Times* when the team which had produced a front-page Madiba obituary rated by *Time* as one of the best in the world was either axed or had their lives deliberately made such a misery that they resigned. This happened
a) because they were ethical journalists, and
b) because they lacked the required and obligatory obsequious sycophancy.

Two members of that team, Janet Heard and Tony Weaver, now work for *Daily Maverick*. The doyen of South African foreign affairs correspondents, Peter Fabricius, also now writes for *Daily Maverick* and is also a former SIM reporter.

Two decades ago, as the senior court reporter for SABC TV News in Cape Town, I had as one of my colleagues Estelle Ellis who I held in high esteem and who was then reporting for the *Cape Argus.* She subsequently moved to *The Herald* in Port Elizabeth where her reporting was, by any measure, outstanding.

She now writes for *Daily Maverick* and her coverage of the Eastern Cape is equalled only by the coverage of the *Daily Dispatch* which is edited by Chiara Carter. Carter is yet another former Survé employee.

So, while Branko Brkic is creating employment and building the most potent South African news team that I have seen in the past half century, SIM and ANA are haemorrhaging talent.

**Without precedent**

The number of senior journalists of colour who have been fired for political reasons or who have transformed themselves out of the employ of the man who claims to be the transformation champion in the local print media sector is without precedent in South African newspaper history.

As one of the anchor quotes on this article indicates, SIM journalist Ayanda Mdluli accuses the Oppenheimers of unspeakable deeds and makes the evidence-free claim that *Daily Maverick* is 'anti-black'. He provides no proof of that but has no qualms about working for a newspaper company that is virulently anti-white and is proud of it.

Had Mdluli, an imbongi of note, been an ethical journalist, he would have mentioned the fact that both Nelson Mandela and Thabo Mbeki paid fulsome tribute to Harry Oppenheimer when he died and that sworn testimony before the TRC makes a matter of record the fact that he never interfered in the editorial policy of his newspapers. I know that because I worked for one of his newspapers, the *Daily News*, in the mid-1970s.

Ironically Mdluli was made editor of this newspaper in October last year after pumping out four articles in four days praising his employer and attacking professional colleagues such as Alide Dasnois and Ferial Haffajee.

In stark contrast to Harry Oppenheimer's policy of not dictating to his editors, former employees of Survé such as Siphiwe Nodwele have testified under oath before the Mpati commission that he exercises iron-fisted control over the editorial content of his newspapers.

I am encouraged by the fact that *Daily Maverick* remains a member of the SA Press Council, unlike SIM newspapers, which brazenly lie, sometimes for months on end, as was the case when Helen Zille was falsely accused of employing a 'spook with a grabber'.

And when they are not lying to their readers, SIM newspapers censor by omission as was the case when Survé and his senior executives appeared before parliament's SCOF a week ago. Survé's newspapers deliberately omitted to mention that, across the board political parties criticised the evidence-free Sekunjalo and AYO testimony of a massive plot against them as 'conspiracy theories'.

Mdluli and Survé attack *Daily Maverick* for being allegedly funded by the Oppenheimers and 'overseas backers' with 'certain political interests'. As propagandists they withhold from their dwindling audience the fact that one fifth of SIM is owned by Chinese companies, and that Iqbal Survê does not hesitate to censor news which China wants suppressed. At the same time Survé constantly promotes, through his newspapers, his 'overseas backers' with 'certain political interests'.

In fact, no other South African newspaper company owner so regularly and so vociferously aggrandises an 'overseas backer' with 'certain political interests' than Survé. The hypocrisy of his attack on *Daily Maverick* and amaBhungane in this context is as obvious as it is nauseating.

The Oppenheimers are known for funding worthy causes which promote public welfare and Mdluli will have noted that, unlike his employer, they have contributed billions of

Rands to the Covid-19 Solidarity Fund and affected industries.

If they are also funding *Daily Maverick* – and no evidence has been provided in support of that claim – then they have my gratitude.

*Comment*

*Take note of the restrained language, free of rhetoric and glib excuses, the factually based content. Link this article to the SCOF and Sekuyalo/AYO articles above and realise what you see as news isn't necessarily news or even real. Always look for the facts the news is based on.*

*Keep in mind that no news service exists without funding, including Daily Maverick. And the funders appoint the editor, who determines editorial policy.*

## THE GEPF WATCHDOG/WAGHOND FACEBOOK PAGE

This 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 50 000 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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