Association for Monitoring and Advocacy of Government Pensions (AMAGP)

NPO Registration No: 198-822

SEMPER VIGILANS

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

www.AMAGP.co.za

GEPF Watchdog - Waghond

GEPF Forum

GEPF your investment, your future

NEWSLETTER NO 1 of 2023

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

The Government Employees Pension Fund (GEPF) is Africa's largest pension fund. We have more than 1.2 million active members, in excess of 450 000 pensioners and beneficiaries, and assets worth more than R1.61 trillion. GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Our core business, which is governed by the Government Employees Pension Law (or GEP Law), as amended, is to manage and administer pensions and other benefits for government employees in South Africa. https://www.GEPF.gov.za/ dd 29 December 2022.

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

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

The Editor's Word

The rumour about the GEPF insolvency is just that. Read the message by the AMAGP Chairman. One has to wonder what those who started it had in mind.

The ANC's annual conference has come and gone, with many policy issues resulting. However, it doesn't seem as if policy was the loser in the deliberations.

Daybreak Farms, wholly owned the PIC, has suspended its CEO, Matshela Seshibe, over procurement-related issues. Hmmm. Take note, the PIC already had an audit report in their possession in January 2022. They saw it fit not to disclose it to a Parliamentary committee during June 2022. Fortunately, the Sunday Times on 2 October 2022 revealed the whole matter.

Read with attention any increase in social grants, pension amendments and similar payments from the 'government' in the time leading up to the elections in 2024. An increase in pensions for 2014 might not be too farfetched either.

Now for news from the media

I didn't know helium was such a sought after product. Now we know, Renergen might be a very good investment.

TongaatHulett, a big name in the sugar industry, has had serious problems 2019 and has been in business rescue since July 2022. Including huge fraud allegedly by the previous management. Steinhoff in another format? Let's hope good things result in the business rescue, not just for our investment, but for the sugar communities serving TongaatHulett too.

Ayo is busy with retrenchment, restructuring, cost-cutting, usually symptoms dear reader. Do some research if you please.

The ANC wants to move Eskom from the Department of Public Enterprises to the Department of Energy. If this happens, the funding, resources, people, etc will probably not move with Eskom allowing another empire to be established. Just moving Eskom around seems to be for political reasons.

We have another view about moving SOE between departments. It creates the impression of something happening without anything happening. An enlightening article from the Daily Maverick, albeit a bit lengthy. Eminently readable.

The Minister of Defence has proposed amendments to military veterans' pensions regulations and benefits. All this is paid from the GEPF, it behoves us to take note of these proposals as they seem to favour only certain veterans, according to the UDM's Bantu Holomisa.

An article about Britain's deteriorating national health service and the 'government's' intention of a national health insurance, swallowing up all medical and health schemes in South Africa. Comparing the costs will grab your attention and, hopefully, open your eyes.

Our investment in African Bank paid the first dividend.

NUUSNEWSNUUS

Boodskap van AMAGP Voorsitter Albert van Driel.

Insolvensie van die GEPF

Die AMAGP Bestuur het 3 dae gelede kennis geneem van sodanige aantygings wat in Genl Holomisa se brief aan Min van Finansies et al vermeld was.

Bestuur kommunikeer met die outeur (in Skotland). Daar is tans nie voldoende geloofwaardige Feite/dat wat enigsins tot die moontlike insolvensie van die GEPF dui nie.

Derhalwe word sodanige aantygings as roekeloos en onverantwoordelik beskou. AMAGP lede en ondersteuners het geen rede om paniekbevange te wees nie. Bestuur sal sy lede op hoogte hou oor verdere navrae in vermelde verband.

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Insolvency of the GEPF

Message by AMAGP Chairperson Albert van Driel.

AMAGP Management 3 days ago took cognisance of such allegations mentioned in Gen Holomisa's letter to Min of Finance et al.

Management is currently communicating with the author (in Scotland). At present, there are not sufficiently reliable facts/data that in any way suggest the insolvency of the GEPF.

The allegations are therefore deemed reckless and irresponsible. AMAGP members and supporters have no reason to become panic stricken. Management will keep its members informed regarding further enquiries in this regard.

Comment

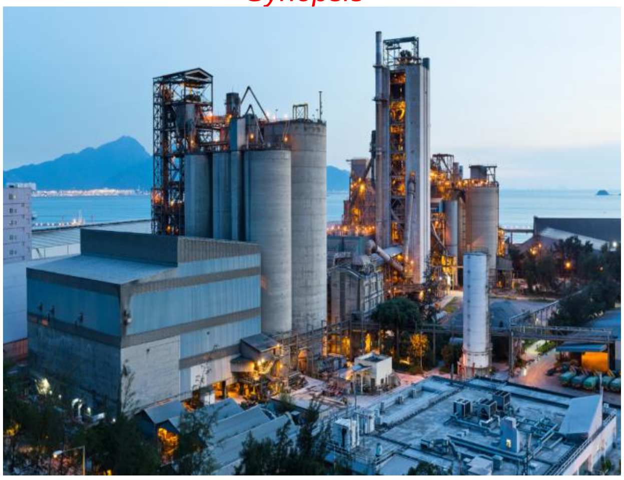
The source of these allegations is unknown. However, we all know how easy it is for misinformation to be spread maliciously in the social media.

The PIC has categorically refuted these allegations. The allegations are reputedly that some kind of Nedbank instance has been involved in bad business practice internationally, resulting in huge legal claims.

We are invested in Nedbank, which used to belong to Old Mutual, and in Old Mutual, both of which are limited liability companies. Meaning the liability of investors is limited to their shareholding only. Meaning any kind of legal action implying huge amounts is only in the mind of the original compiler of the allegations.

Of course, the allegation declines to detail the legal action, or the bank in particular, so it can't be verified. Isn't social media amazing?!

Synopsis



This article was first published on MyBroadband

The R8 investment that could be worth R1,7 trillion — Big plans for South Africa's first helium plant in 2023

BizNews
By Hanno Labuschagne
4 January 2023

South Africa could soon become the world's eighth country to produce highly sought-after helium. That is if plans for Renergen's Virginia Gas Project, the country's first and only on-shore petroleum production facility, can get back on track in the coming months.

Renergen believes that the world's biggest helium reserve lies under a 187 000-hectare piece of land in the Free State.

Helium is estimated to be the second-most abundant element in the universe, but it is much less common on Earth. The gas cannot be synthesised but must be extracted from natural gas wells.

Its properties, such as its low boiling point, low density, low solubility, and high thermal conductivity and inertness, make it useful for several applications such as semiconductors and fibre optic cable manufacturing, treatment of respiratory conditions, and rocket launching operations.

The company's directors initially set their sights on producing liquified natural gas (LNG) when they purchased the gas rights for the land in 2012 for a measly $1, worth around R8 at the time.

But in October 2021, Renergen announced they discovered an incredibly high concentration of helium on the site, with a reserve of the gas they estimated could be as large as 9,75 billion cubic metres. More conservative estimates put the reserve at around 920 million cubic metres, but that would still be a substantial find.

That would make it bigger than all the known reserves in the United States, which is currently the world's largest helium producer. It would also mean their initial investment of R8 could be worth over $100bn (roughly R1,7trn)

The first phase of the Virginia Gas Project was financed by the United States government and local investments from Mazi and Sanlam. Construction at the site began in 2019 and it started producing LNG for commercial use in October 2022. Production currently stands at 30 tonnes per day, which Renergen aims to increase to 50 daily tonnes in 2023.

Renergen's main customers for LNG are Ardagh Glass Packaging (previously Consol) and Ceramic Industries, a division of Italtile. It has also been talking to fleet owners about converting their heavy-duty trucks to partially run on the gas. Tetra 4, Renergen's subsidiary that runs the mine, already uses four such trucks.

But one particular obstacle that Renergen faced was the failure of a conduction oil system 10 hours before the plant would have produced its first liquid helium. Renergen said the component was incorrectly installed, leading to inconsistent conduction oil heating.

To prevent damage, Tetra 4 management decided to turn the plant off and correct the installation. "There was a significant amount of expectation, both internally and externally, and the failure by a system which wasn't even part of the plant was truly unfortunate in that it delayed helium production," Marani said.

"It wasn't all bad however, and we have made significant progress on the finalisation of Phase 2 while also drilling and making some significant gas strikes which gives additional comfort that our understanding of the geological model is improving significantly."

Stefano Marani, Renergen CEO Marani, said that liquid helium production was "close". The world's largest industrial gas company, Linde Group, will initially be Renergen's sole customer for helium. Among Linde Group's many subsidiaries are South African chemical industry company Afrox.

But Marani has explained that all of the roughly 300-350kg of helium they will initially produce daily every day be exported. Marani said the funding prospects heading into 2023 were "very strong". Funders include the Department of Energy's Central Energy Fund, which is taking up a 10% stake in Tetra 4 for R1bn.

Upon completion, Renergen aims for the plant to produce 5 000kg of helium per day, over 600 000 tonnes of LNG per day and to house a 60MW gas-to-power plant.

Comment

We have about R247mn in Renergen, R349mn in Consol, R1,232bn in Mazi, about R23bn in Sanlam, R291mn in Italtile. Our investments are varied but see how loosely they are related in this case. Who is invested in who.
This investment looks like a long term good one. It started pricing recently.

Synopsis

Sweet turns sour for pensioners

Today's TrusTee
December 2022/February 2023
By Phakamisa Ndzamela

At least R100mn in retirement savings remains trapped in Africa's largest sugar producer, Tongaat-Hulett, with the company now in business rescue. Since 20 July 2022, the company's shares have been suspended from trading on the JSE, locking-in pensioners, whose money was invested in Tongaat.

This caps a miserable few years for Tongaat, which traces its history back 130 years to the days of Sir JL Hulett & Sons and the Tongaat Sugar Company Limited. The avalanche of bad news includes a landscape-altering R12bn fraud, second only to Steinhoff in size, riots in Kwazulu-Natal that cost it R158mn, and an immense R11,7bn in debt that it's been battling to eradicate.

As things stand, it's unclear whether Tongaat will survive. And if it doesn't, the bad news is that as ordinary shareholders, pensioners are far back in the queue of creditors prioritised to recover their money in the business rescue process.

But as this risk rises, there is a conspicuous lack of noise about what this potential loss could mean for retirees; instead, the discussion has largely centred around the thousands of jobs that stand to be lost if the business can't be saved, and how much the banks stand to lose in their loans to Tongaat.

So which retirement funds are the most at risk?

Today's Trustee has established the list is led by the GEPF and the Metal Industries Benefit Funds Administrators (MIBFA).

At last count, the PIC had equal to a 16% stake in Tongaat-Hulett, according to the 2021 annual report. Based on the price of R4,04 when the sugar company was suspended from trading, this puts the value of that stake at R88mn.

Interestingly, the PIC had been building up its stake in Tongaat, expanding its holding from 14,4% in 2017 to 16%. This implies that it ploughed more money into Tongaat, even after the revelations of governance problems and fraud emerged in 2018.

Asked about its decision to invest in Tongaat by Today's Trustee, the PIC said it was "disappointed" about what happened. "The PIC is particularly concerned about the impact which the business rescue process may have on the investments of its clients, the company's workforce, the risk of job losses and the downstream effects on sugar cane growers and other suppliers and producers in the sugar cane industry," it stated.

But, the PIC said, it was committed to finding solutions to the problem. Which is just as well, since there are as many as 500 000 people whose livelihoods rest on Tongaat, when you consider the 14 500 cane growers that sell their products to the company, the staff, and communities built up around the mills.

Getting out early would have helped

As for the large institutional asset managers, many of them at some point held shares in Tongaat. Some got out just in time; others didn't. Sanlam Investments is one of those remains trapped.

Sanlam told Today's Trustee that it believed the sugar company's assets "remain valuable, and under the right circumstances, the true value should emerge." Nonetheless, Sanlam said that if money isn't recovered, the exposure is minimal, less than 1% of its specific equity funds, and this impact will be cushioned to an ever greater extent for retirement funds. "This is a small amount in the context of the size of funds that we manage," it said.

Meryl Pick, a portfolio manager with Old Mutual Investment Group (OMIG),, who was an analyst on Tongaat before it sold out, said the analysis led to them taking a decision to sell before the stock was suspended. Pick revealed that as far back as 2018, OMIG was worried about the global excess supply of sugar and uncertainty over demand. This, she predicted, would have an impact on the sugar price, with a recovery only expected in 2021.

"Further concerns were added to our already negative view in April 2019, when Tongaat-Hulett provided clarity on the 'review' of its accounts." she said.

Things got a whole lot more serious in May 2019 when Tongaat told shareholders it was negotiating with lenders to waive debt covenants, and potentially pause repayments.

Asset management group Ninety One said the Tongaat-Hulett saga underscored "the importance of continuously questioning … management's credibility".

While it believed a "workable solution" might be found, things changed in 2021, when its analysis showed that a "rights issue was necessary to recapitalise the company" and "debt was likely to remain uncomfortably high".

Deteriorating fundamentals

By August, PSG Asset Management held 7,78% of the sugar producer, valued at about R40mn. Anet Ahern, CEO of PSG Asset Management, said the money manager had a record of finding undervalued investments, but not all its views have played out as intended.

"Despite the impact of the Tongaat write-down and extremely difficult market conditions, our funds have delivered strong performances … This again illustrates that in portfolio management, it is not about the performance of any single holding, but the ability of the overall portfolio to deliver in line with client needs," Ahern said.

These are just some of the early lessons that the asset managers have learnt from one of the most sensational corporate collapses in recent times. Now it's holding thumbs that the pension funds that are stuck in Tongaat can get out with as little damage as possible.

Comment

We have about R 224mn invested in TongaatHulett according to the 2022 GEPF AR.
The signs were clear when the PIC invested additionally. The premise was the impact on the communities surrounding TongaatHulett, which will be huge if TongaatHulett goes down. In this case a laudable premise, however, the impact on the GEPF might not be so laudable. How do we decide what is right in this case?
It seems the PIC has a penchant for investing in deteriorating companies.

Synopsis

Ayo to start retrenchment talks amid cost-cutting

BusinessLive
10 January 2023
Denene Erasmus

Software and technology group Ayo Technology Solutions, which is indirectly controlled by Independent Media owner Iqbal Survé, announced on Tuesday it will start retrenchment talks as part of the company's "ongoing restructuring process" and cost-cutting exercise.

The company said in a statement that the Section 189A process, which will start with formal consultations with affected employees, is in adherence with its "seven-point strategic plan to ensure the sustainability of the business" as announced to investors in April 2021. A focus of this plan, which was initiated in response to the closure of its banking facilities, was to reduce costs and transform the company into an information technology investment holding company.

"To that end, the board met ... and resolved to target to significantly reduce operational costs in the 2023 and 2024 financial years, through a combination of terminating operational vacancies and the reduction of operational costs," Ayo said.

The company's accounting practices came under scrutiny after a controversial investment in Ayo by the PIC, one of several investments probed in the Mpati commission of inquiry into the PIC.

The inquiry's report, published in 2020, found irregularities related to its R4,3bn investment in Ayo. The inquiry found that the PIC's subscription for 99,8 million Ayo shares at R43 each was grossly overvalued.

Based on findings in the report, in December 2022 the JSE censured and fined the company R1,5m for not publicly disclosing money that was moved between related companies.

The company is involved in litigation with several parties, including banks and the PIC.

Comment

We have about R698mn invested in Ayo according to the 2022 GEPF AR.
The is the company the PIC invested at R43 a share when it opened, it fell to about R5 by a year later and remained trading at that price range or lower since!
Let's see where the restructuring is going. Retrenchment, restructuring, cost-cutting usually are symptoms worth noting.

Synopsis

Nothing will change if ANC moves Eskom to energy department, opposition says

TimesLive
11 January 2023
Sinesipho Schrieber

While the ANC remains the governing party, South Africans will continue to be plagued with living in the dark due to problems at Eskom. That is according to opposition political parties reacting to a potential move by the state-owned power utility to the department of energy and mineral resources.

That sparked conversation that the ANC was seeking to move Eskom from the Department of Public Enterprises to the department led by Mineral Resources and Energy Minister Gwede Mantashe. EFF spokesperson Leigh-Ann Mathys, said despite the change in departments, South Africans would continue to suffer from load-shedding.

"Nothing will change. We have an ANC problem. It does not matter which minister we have or what department Eskom is under, we will continue to suffer. Our solution to the rolling blackouts is to get rid of the ANC," Mathys said.

She said Eskom was not the only state-owned entity with a problem, adding they were "deliberately sabotaged so they can be privatised".

DA MP Ghaleb Cachalia said the move could be disastrous and the party would fight it "tooth and nail". "There is a clear and present danger that if this happens, Eskom will never be fully unbundled, as is necessary. Private investment will be pushed to the back burner and under an enhanced version of the status quo, corruption and load-shedding will flourish again," Cachalia said.

"The move also has potentially significant financial implications, which we are busy unravelling." He said the potential move to the ANC national chair's department was for political gain "to keep President Cyril Ramaphosa in power for another term".

In the ANC's January 8 speech, Ramaphosa said solving the power crisis was part of the ruling party's goals. "Government should secure additional power in the short term by leveraging surplus capacity from existing generators and procuring additional power on an emergency basis," he said.

"The ANC will lead a campaign against illegal connections to eliminate load reduction, which is placing an added burden on communities, and a call on all South Africans to join energy-saving measures to alleviate stress on the national grid."

Comment

Several political views, all more or less agreeing. One of the solutions to company problems is to reorganise, which won't solve problems if the problems aren't addressed.

Synopsis

Moving SOE from Public Enterprises will fast track their demise

Daily Maverick
By Wayne Duvenage
12 Jan 2023

President Cyril Ramaphosa's recent announcement that the Department of Public Enterprises (DPE) will be closed down and SOE moved to different ministries within government, shows a clear lack of foresight and poor strategic advice. Such a move will most likely lead to a quicker demise of these failing entities. More worrying will be the greater decay and ruin of the infrastructure on which many of the SOE services are provided.

The DPE was set up officially in 1999 to accelerate the restructuring, professionalisation, good governance and management of SOE. The DPE took over from the Office of Public Enterprises (OEP) which was established in 1994. The decision was the right one to take, since there was a definite need for a specialised department to drive success within SOE.

However, the vast majority of the SOE under the control of the DPE have not been successful and many have dismally failed, largely due to the implementation of ill-advised strategies, political meddling, ineptitude from cadre deployment and bad governance.

The overall SOE strategy driven by the ruling party has been a haphazard and confusing one, with some SOE being incorporated into the DPE, while others (such as PRASA, SANRAL, SABC and SA Post Office and others) remained under the control of their respective government departments.

The history and purpose of the development of SOE needs to be understood when taking decisions about the future of DPE. Without the infrastructure of railroads, paved roads, powerlines, telephone lines, harbours, airports and more, the economic development of any country is extremely limited. Over the decades, the state's ability to raise finance using a combination of taxes, borrowings and public-private partnerships, made the much-needed infrastructure for a developing economy possible. However, there have always been two components to SOE, the first being the responsibility for the infrastructure development and maintenance and the second being the provision of the services that operate on top of that infrastructure.

In earlier years, the business sector was either not permitted or not ready to participate in providing services on the state's infrastructure. Accordingly, the services were provided by the state, e.g. Transnet, SA Airways, Eskom, SABC Television and Radio, Telkom etc. Over time, the world changed and with deregulation, the private sector moved in to outperform the state and dominated in areas such as the airline industry, telecommunications, postal and freight logistics and others.

It makes financial sense to involve or allow the private sector to take over and deliver efficient services in place of the state, so long as the government of the day knows where and when to let go. And this is where our problem in South Africa lies. For instance, the private sector does a far better job at flying, maintaining and servicing the aircraft and its customers, when compared to state-run airlines, which is why almost every country has abolished their state-run airline policies or introduced significant private equity partnerships to manage these entities.

The same has happened with digital and mobile telecommunications, which saw the fixed-line telephone networks initially set up and managed by governments worldwide, collapse within a couple of decades. Had Telkom not moved quickly to a new predominantly private equity model, it would not exist today. The SABC and the SA Post Office (both of which have social service mandates to fulfil), currently find themselves struggling to survive and losing customers to the private sector every year. The list of similar examples is long.

The time is long overdue for our government to restructure its SOE into separate entities that manage the services offered under a repurposed DP[S]E, (the Department of Public Services Entities), while the infrastructure on which the services operate, should be managed by the respective government departments. These government departments should focus on enabling those who provide the services (be they state or privately owned), within a regulatory environment that ensures healthy competition, high safety standards, strong anti-exploitation laws and robust oversight.

The world has moved on from governments owning huge, complex businesses that compete with the private sector, especially if the state acts as both the referee and a player, often resulting in the abuse of authority or large-scale bail-outs of these failing state businesses, with taxpayers' money.

Many private companies die because of vanity and egotistical mindsets that can't let go of unsound strategies in a changing world, which is a problem that also exists in government when it comes to SOE. The difference, however, is that in the private sector, the shareholders stop throwing good money after bad and businesses are allowed to close down or be sold off, whereas government has an endless supply of taxpayer's cash to bail their failed businesses out.

Our government is seemingly unable to face the facts of their SOE failures and are generally incapable of managing agile and competitive businesses. Their refusal to let go of failed SOE becomes a burden for taxpayers, which is generally attributed to two factors: the first being the suitability for these SOEs to meet cronyism and corrupt agendas, or the second, a combination of skewed ideologies, egos and poor leadership (aka the inability to change).

Of course, the counterargument is that business is not squeaky clean and they too fail and abuse their positions. The difference is that when businesses fail, they don't come at a cost to the national fiscus. In addition, if the private sector is ever allowed to abuse its dominance and exploit the consumer, markets or its employees, this is generally due to the state's inability to ensure and oversee effective safety, anti-competitive and anti-abuse laws and regulations.

In closing, the ruling party's plan to move SOE out of the DPE and into their respective functional departments, requires far more strategic thinking and input from industry experts and others, specifically as to their purpose and functions to the State and society. Where and when the private sector can provide better, cheaper, faster and safer services, the State should merely enable and oversee healthy competition, safety and a non-exploitative business trading environment. That way, more jobs are created and more taxes are collected, with fewer state funds wasted on inefficient or failing SOE.

Comment

Dear reader, what does this have to do with the GEPF? Well, we are invested in several SOE,

any change in their status influences the ROI on our investment. Not that we can expect ROI from SOE.
Also, the ANC's decisions or intentions after their annual conference don't necessarily realise in action. Saying one thing and it happening in 'government' normally takes anywhere from 'soon' to 'later' to 'never' as the reality of implementing what the ANC wants and what is possible are often incompatible.

Synopsis

TBVC defence forces' members feeling as if they are third class citizens – Bantu Holomisa

Politicsweb
Bantu Holomisa
13 January 2023

UDM President responds to military veterans' pensions regulations and benefits as proposed by Minister of Defence

Addressing military veterans on the controversial pension regulations and other pension related issues at the Transkei Defence Force Military Veterans Association

Ladies and gentlemen

Thank u for inviting me to clarify the military veterans' pensions regulations and benefits as proposed by the Minister of Defence. South Africa and the South African National Defence Force (SANDF) as we know it today, is a product of a negotiation.

We arrived at the gates of political freedom with, militarily speaking, there being no winner or conqueror. Although we are thankful for the blessing of not having a full-fledged civil war, we are mindful that all is not well in the current dispensation.

As we all know, the SANDF comprises of the former South African Defence Force, the members of the former Non-Statutory Forces and the members of the former TBVC countries' forces. Yet this integration has always been fraught with difficulties, with an "us versus them" mentality, with the TBVC forces' members feeling as if they are third class citizens.

Most recently there are contentious draft Proposed Regulations seeking to regulate pension benefit of the Military Veterans. These new regulations bring a few thoughts to the fore:

1. The members of the former Non-Statutory Forces, namely, ex-MK and by extension, ex-APLA, are a superior breed of Military Veterans within the greater community of veterans and are elevated through legislative processes to assume a special dispensation of pension above any other members from other formations. This is sugar-coated under the guise of Military Veterans, instead of supposedly "Liberation Struggle Veterans".

Any notion propagated and advanced in the name of Military Veterans in the South African setting should, by legislative framework, include all members of military formations irrespective of their previous political background. Therefore, these proposed regulations are wrongly premised in terms of legal framework and should be dismissed with the contempt they deserve.

2. It glaringly is this "us versus them" mentality with the statutory forces completely being left out, which is against the spirit of integration, the Military Veterans Act and it is completely unconstitutional.

In dealing with these pensions, we must also recognise that those in the ANC military wing are not speaking the same language. Some want R4mn each and have held ministers of state hostage. Some people have claimed their children were killed by their superiors in the military camps in exile.

All is therefore not well in their internal debate. The solution might be to suspend this amendment and instead iron out these problems from within and stick to the Veterans Act that talks about one SANDF.

If these regulations are to be forced down, its constitutionality must be tested, because this is a violation of the agreement that was reached during the negotiations.

Problem civil servants' pensions

Another issue that needs scrutiny is the pension moneys of government workers that were invested through the Public Investment Corporation (PIC), which came into being in 2005 through its own act and Mr Brian Molefe its first CEO.

There have been a lot of complaints that former employees and pensioners have not been getting their dues, pensions are calculated incorrectly and in some cases are calculated from 1996 instead of their employment date in the 1970s. In the process, we had read, pension moneys were being embezzled through corruption.

The UDM wrote to the President about this very matter, and we were vindicated with the institution of the Mpati Commission.

Allow me to, at this time, explain how the GEPF worked in terms of the TBVC states:

GEPF is a defined benefit pension fund that was established in May 1996 when various public sector funds were consolidated. Their core business, which is governed by the GEP Law, as amended, is to manage and administer pensions and other benefits for government employees in South Africa.

Historically, TBVC states pensions were invested in various investment houses like Old Mutual, Sanlam etc. The consolidation then meant that the national democratic government assumed the management of the public sector employees' pensions as a whole with the exception of those of provinces which to date are still managed at provincial level.

The challenge this consolidation never addressed, is how the unclaimed benefits would be handled, predominantly the unclaimed benefits were those of the TBVC states. This phenomenon, to date, continues unaddressed as the PIC together with the GEPF have failed to give asset managers led by individuals from former TBVC states, to manage these unclaimed benefits.

Accordingly, the call we would be making to GEPF and the PIC, is the disclosure of how many asset managers led by former TBVC states citizens have been mandated to manage PIC managed assets which include unclaimed benefits.

The PIC and GEPF need to explain to the nation how former TBVC states are benefiting from the new consolidated model of government pensions, in absence of such explanation it is easy to conclude that the TBVC states got a raw deal along with their former citizens to benefit the new ruling elite.

The investment monopoly that the PIC has in terms of the GEPF is unhealthy. The adage of carrying all your eggs in one basket has never been truer and the dangers of what is possible, given the Steinhoff debacle, should be warning enough.

The Mpati Commission, after scrutiny of my submission, took a serious look at the PIC's so-called unlisted investments. These are nothing better than loans granted to an elite group of people under the guise of black economic empowerment. These "loans" are poorly serviced; if at all.

The whole idea of the Pan African Infrastructure Development Fund (PAIDF) was hatched with former President Thabo Mbeki. When I asked in the Mpati Commission that they should do an in loco inspection of the assets of this initiative, there was no answer. No wonder the Mpati Commission had strong words for Harith General Partners.

In September 2022 a very astute person wrote to the Business Day, asking in a letter "Why does PIC not act against loss-making investments?". Saying that the "fund manager is allowed to continue playing Monopoly with pension money with no accountability'.

The PIC has been used as a piggy bank to build a whole new middle class off the backs of workers.

Both the Mpati and the Zondo Commissions have pointed to the corruption and government is dragging its feet in implementing the findings of both these commissions. With the Mpati Commission, specifically, retired Constitutional Court Judge Mokgoro was set to further investigate, and monies had to be paid back. We are still waiting for progress on these scores.

There are myriad of bodies, associations and individuals who are fighting the good fight in the name of government pensioners, and I am certain this is a fight we cannot relinquish as it affects people's rights.

The time might be ripe for all these bodies and individuals to converge under one roof and map out a way forward to the Constitutional Court.

Thank you very much, I am ready to field any questions of clarity.
Issued by Bantu Holomisa, UDM President, 13 January 2023

Comment

The matter of pensions will remain contentious, in this case military veterans. It is interesting that such proposals appear 35 years after 'integration' to form the SANDF. Of course, ask yourself what comprises a military veteran in the context of South Africa.
A nice side swipe at the PAIDF, where the unlisted investments are, most of them under or non-performing.
Further of interest – note these and other proposals in the run up to national elections in 2024.

Synopsis

Why emulating Britain's NHS is a bad idea

BizNews
By Ivo Vegter
20 January 2023

The broad-stroke aims of the National Health Insurance (NHI) Bill, on which the Parliamentary Portfolio Committee on Health recently concluded clause-by-clause deliberations, appear laudable.

It aims to provide a comprehensive healthcare service to all South Africans, free at the point of delivery and based on clinical need and not ability to pay.

The Constitution guarantees everyone the right to have access to healthcare services, and says no one may be refused emergency medical treatment. The NHI Bill goes significantly further, guaranteeing everyone not just access, but to substantive healthcare services, not just in emergencies, but for most medical needs.

In principle, universal healthcare is a noble objective, of course. Nobody wants to see anyone denied medical care simply because they cannot afford it. The question is whether the NHI Bill, as contemplated, will deliver this. The health minister, Joe Phaahla, brushed aside concerns and objections raised in the portfolio committee hearings, and offered no answers about how the NHI would be funded, how it would be phased in, and how this would affect private medical care.

Junket

He did, however, indicate that he would soon jet to the UK to learn how to implement the NHI along the lines of that country's National Health Service (NHS).

It seems rather late in the day for the Health Ministry to inform itself about how to implement a scheme first conceived in 2010 and written up as a Bill in 2018. Phaahla did not say who would pay for this fact-finding mission, and whether or by what process his new discoveries would be subsumed into the NHI Bill.

It doesn't take a junket to the UK to learn some salient points from the NHS, however.

Perhaps the key lesson is that the budget for the NHS exceeds £180mn per year, to serve a population of 68 million. Scaled to South Africa's population of 61 million, that works out to R3,4*trn*, and the NHS isn't even the most expensive universal healthcare system in Europe. To put that in perspective, based on the latest quarterly GDP data, South Africa's annual GDP is around R4,6trn.

Although Phaahla's funding proposals range from vague to non-existent, the intention appears to be to devote no more than 8,5% of GDP – the amount government spends on public healthcare at present, plus the lesser amount private individuals pay towards medical aids – to the NHI. That adds up to about R395bn, which is less than one eighth of what the UK spends on its NHS.

It is foolhardy to try to build a national healthcare system in a developing country with limited resources like South Africa, by modelling it on a far more costly system in the rich world and which is visibly failing.

Decline

Despite the staggering cost of the NHS, it is beset with problems. Its performance has been in steady decline for years.

In November 2022, the NHS managed to admit, transfer or discharge only 68,9% of accident and emergency (A&E) patients within the target of four hours. This is the lowest reported performance since data collection began. Patients are dying in ambulances queuing at A&E doors.

In the largest, full-service A&E departments, this figure is even lower, at a mere 54,5%, also the lowest ever recorded. In October, over 40 000 patients had to wait over 12 hours between being admitted and a bed becoming available. Some patients have had to wait over 40 hours for an ambulance.

As at September 2022, more than 10% of the UK's entire population – 7,1 million people – were waiting for routine hospital treatments. That is the highest number since records began. Of those, 400 000 have been waiting for more than a year, and more than 2 000 for over two years, despite a targeted maximum waiting time of 18 weeks, which in itself is absurdly long.

Crisis

Matthew Taylor, the chief executive of the NHS Confederation, representing the healthcare system in England, Wales and Northern Ireland, was quoted in *The Guardian* in August 2022 saying the NHS is "in its worst state in living memory".

As a sole buyer of pharmaceutical products, as envisaged by NHI, the NHS is also routinely getting scammed. Despite the view that a single large buyer has the power to negotiate better prices, the NHS has been overpaying for some drugs by as much as 700%, because there is no process for price discovery in a monopsony market, and collusion among suppliers need not be explicit for them to raise prices way above what a competitive market would offer.

Most recent data suggests that patient satisfaction has fallen to 36%, the lowest level in 25 years, and more patients are now dissatisfied than satisfied with the NHS service they received.

Model

The NHS would be an instructive model to study if one wanted to know why a government monopoly on healthcare, as the NHI hopes to achieve, is a poor idea.

It will reduce the standard of healthcare to the lowest common denominator for all. It will increase the burden on the state, not decrease it. It will exacerbate rationing and end up denying people the medical care they need by placing them on endless waiting lists.

Even in rich countries, with high bureaucratic capacity, government-funded universal healthcare systems are in crisis. The belief that South Africa can perform any better, with a fraction of the resources, is delusional.

Trying to provide healthcare to people who do not need it, because they can afford their own private healthcare, is a fool's errand. Let's hope the Minister pays attention. The UK is considering moves towards a mixed, decentralised system out of necessity. SA is hell bent on centralising healthcare, which would be a disaster for all.

Comment

The article is clear and easy to understand. It paints a gloomy picture of the future of NHS as an example for SA and a possible NHI in SA.

What isn't said is even more important. If NHI swallows up all the medical schemes in SA, it still won't be sufficient to supply basic health care for the population. NHS costs 8 times what the 'government' is currently spending on health care, with NHI intending free health care for most of our more than 60 million population.

Where will 'government' look for the rest of the funding? Probably a conservative of about R4bn/year, increasing every year. The GEPF already has billions invested in various medical schemes and institutions. The negative implication on ROI is terrifying to contemplate.

Junket: a trip made by an official at public expense. Merriam-Wwebster
Monopsony: a market condition in which there is only one buyer.

Synopsis

African Bank pays out R100m in dividends

BL Premium
20 January 2023
Garth Theunissen

African Bank Holdings, the group that was resurrected from the ashes of its former parent African Bank Investments (Abil) after its near collapse in 2014, has paid out its maiden dividend.

The group, which houses the new African Bank lending unit and also sells credit life insurance and funeral policies, paid its inaugural gross dividend of 20c per ordinary share to its shareholders. With issued share capital of 500 million ordinary shares on the date of the dividend declaration, the total ordinary shareholder payout amounts to R100mn.

"This inaugural dividend illustrates the group's continued commitment to adding value to its shareholders, in line with the Bank's evident growth trajectory and journey to its public offering in 2025," said African Bank CEO Kennedy Bungane.

African Bank Holdings is 50% owned by the SA Reserve Bank, with the GEPF holding 25%. A consortium of SA's five largest banks holds the remaining 25% on a pro-rata basis: FirstRand (7%), Standard Bank (6%), Absa Trading and Investment (5%), Nedbank (4%), Investec (2%) and Capitec (1%).

The group's shareholding structure is a result of the Bank's decision to place the lending unit of its predecessor, Abil, under curatorship in August 2014. Under the Bank-led curatorship, the old African Bank was split into a good and bad bank with the country's largest lenders agreeing to underwrite a R10bn capital-raising exercise to start its revival.

The new African Bank housed the loans deemed viable while bad debts remained in the old African Bank, which now operates as Residual Debt Services (RDS). The new, healthy bank started operating in April 2016 as African Bank Holdings, which also houses insurance businesses and is diversifying into business banking after the purchase of Grindrod Bank in 2022.

It is also integrating Ubank, which was operating under curatorship, in a deal that became effective in November 2022 and gives it 4,7 million additional accounts in mostly rural and mining communities.

"With our recent acquisition of Grindrod Bank as well as UBank, the bank is well-positioned to continue providing value to our shareholders and have impact with consumers and the market," said Bungane.

African Bank Holdings is implementing its "Excelerate25" strategy, which will involve it seeking a listing by 2025. That will allow the Reserve Bank to offload its 50% shareholding in the group.

The Bank has said it is seeking an "orderly exit" from African Bank Holdings to remedy a triple conflict, in which it is the group's largest shareholder as well as its industry regulator and lender of last resort.

As part of African Bank Holdings' listing strategy, it wants to more than double retail customer numbers to 3,5 million while targeting 100 000 small and medium-sized enterprises business clients by 2025.

Comment

We have about R334mn in African Bank and R13,7mn in Grindrod bank. It seems the investment is, at last, paying dividends, seeing we invested in 2016 already.

THE GEPF WATCHDOG / WAGHOND FACEBOOK PAGE

Welcome to our 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.

We are the owners of the GEPF, and we have the right to expect 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!

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

Our Facebook and AMAGP are together more than 58 000 members and continually growing, but this isn't enough. The continued growth confirms the ever increasing concern pension fund members and pensioners have about the future of their pensions.

As a member of the 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.

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

This page will only have any value for you if you join the AMAGP. Note there are no membership fees. You don't have to do any work for the AMAGP if you do not wish to do so – BUT your membership will add one more voice to AMAGP convince the government our pensions remain ours, not theirs to misuse.