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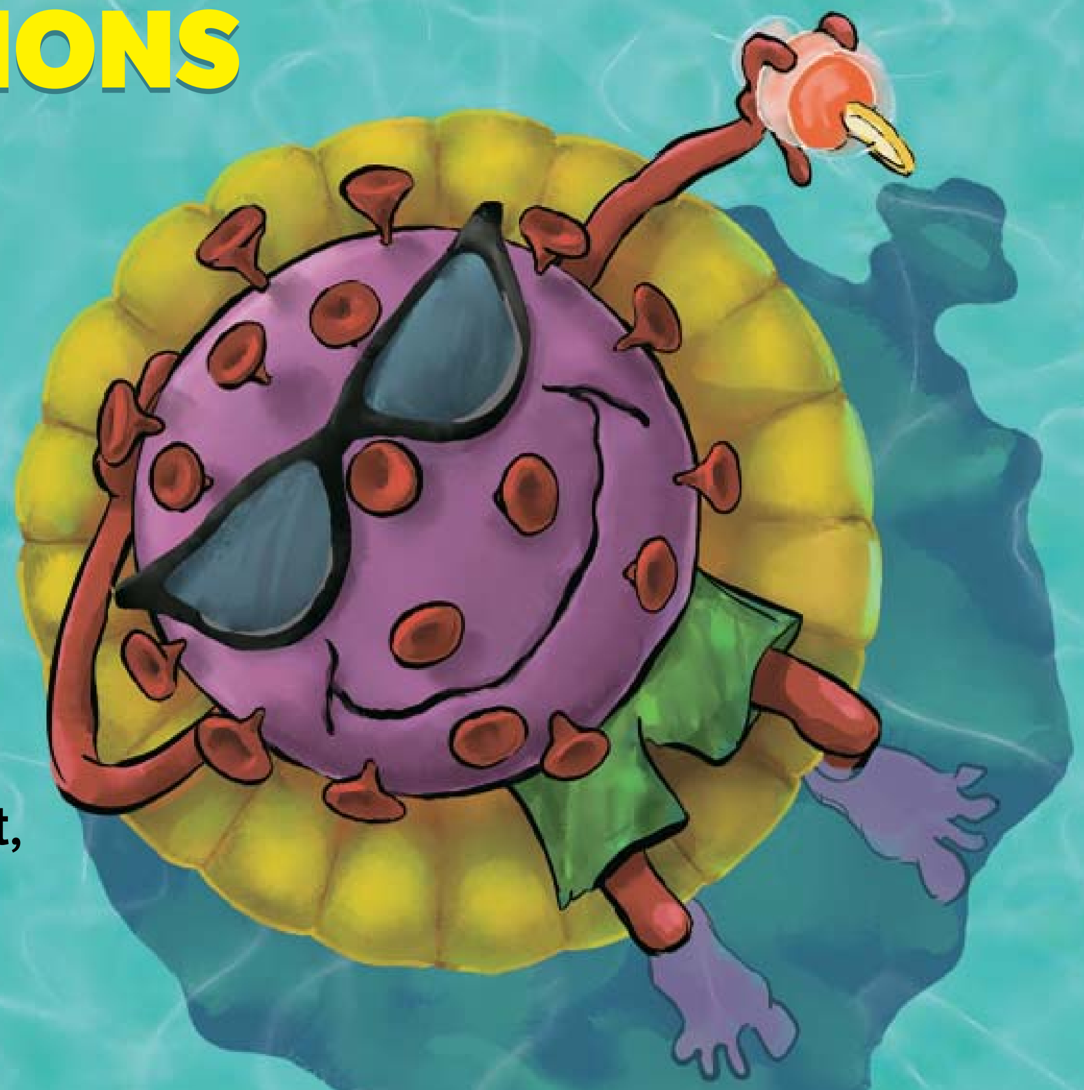
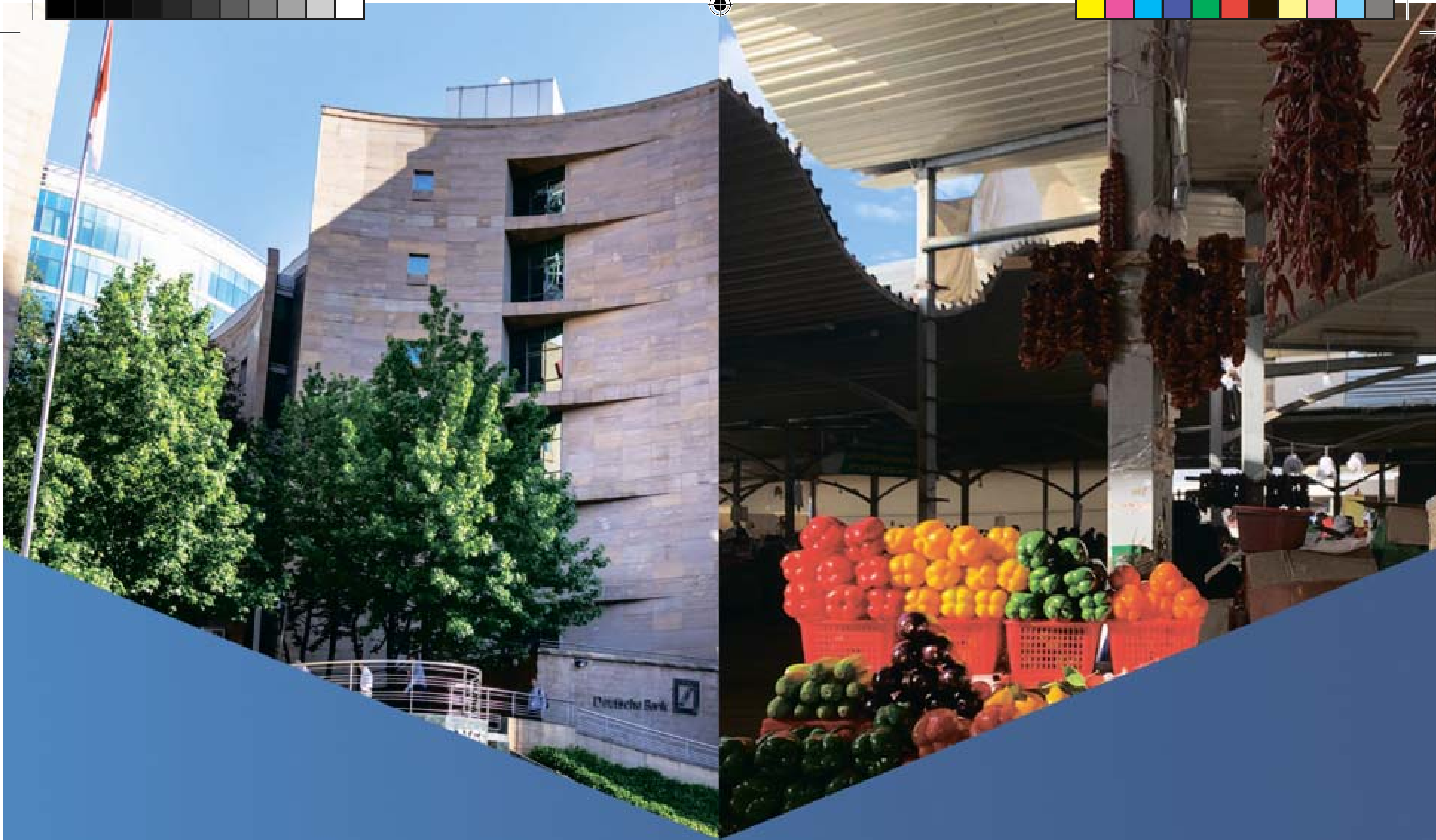
Because we don't jab on weekends, SA is ...

1.3m VACCINATIONS BEHIND

By Nic Spaull



Good thing **Covid,** like our vaccine rollout, takes *weekends off*



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THE PROBLEM IS ANC IMPUNITY — NOT ZUMA

There isn't much on which you can agree with Jacob Zuma, but he was spot-on this weekend when he said: "The government does not know how to govern and how to handle the law." He was right – but not in the way he imagined.

Rather, the way Zuma's supporters massed at Nkandla, while his own party, the ANC, remained silent, rendered President Cyril Ramaphosa's lockdown regulations worthless.

How can the ANC claim any sort of moral high ground when people are being locked up for carrying alcohol in their cars, yet Zuma, the narcissist-in-chief, flagrantly abuses lockdown rules, tacitly sanctions their violation by others and sneers at the nation, maskless?

It was as eloquent a statement as could ever be made about how the rules are meant for the powerless, while there's a far more accommodating set of standards for the elite. This was underscored when Lindiwe Sisulu arrived at Nkandla, and told the world that the ANC's national executive committee had been deployed to make sure "everything is in order". She claimed there'd been "no defiance" of lockdown rules, when the truth was clear for all to see.

Sisulu then attacked a radio presenter when called out for the party's complicity in creating the Zuma monster. Yet this is someone who fancies herself "presidential material". It suggests Sisulu is almost as deluded as Zuma's son Duduzane, who seems to think that having good looks, a few rally slogans and ostentatious wealth qualifies you to be a presidential candidate.

Then again, in the ANC today, it just might.

As the governing party pandered to Zuma's paranoid delusions over the weekend, the third wave of the pandemic wrought havoc. As South Africans, obeying the curfew, stayed home, images from Nkandla of hundreds of unmasked ANC members, some firing guns into the air, beamed onto their screens.

Despite what Sisulu says, it was a clear breach of the lockdown rules – and it was difficult to shake the memory that police have killed 10 South Africans, and arrested hundreds of thousands, for not following those same rules.

Those 10 people died because of what President Cyril Ramaphosa euphemistically described as "overenthusiasm on the part of the police".

Yet, police minister Bheki Cele said, the police had intentionally restrained themselves from acting at Nkandla to prevent the killing "of women and children". It illustrates not just Cele's hypocrisy, but that of his entire self-serving party.

As if this wasn't enough of an insult, a health department memo leaked this week indicating that ministers, deputy ministers, MECs and political office staff were going to be fast-tracked for Covid vaccines. It provoked a storm, not least because the reason SA's vaccination rollout is so far behind is the ineptitude of (and looting by) the same bureaucrats who believe they're entitled to special treatment.

As a result, the health department withdrew that circular – but the damage had been done.

If there was one message that was constantly reinforced this week, it is that those in power are more equal than everyone else.

This was why Zuma could sneeringly show the country's apex court the middle finger, believing he is untouchable.

The ANC – a party that deputy secretary-general Jessie Duarte said this week "loves and respects" Zuma as an elder – has repeatedly allowed the former president to brazenly stomp all over the country, the constitution and the law.

This week, more than any other, showed that it is the ANC, not Zuma, that is the problem. He is a creation of ANC impunity, nothing more. x

HIGHER PAY, LOW VALUE

It may vindicate the cynics, but there's little to cheer about in the fact that the state has failed to hold the line on public sector wage increases.

This week, it emerged that the government has caved in, and has agreed to offer a wage increase of 1.5% and a monthly R1,000 cash allowance to civil servants. It might not sound like much – until you consider that it will cost taxpayers an extra R18bn. For the lowest-paid public servants, this increase will result in an 11.7% wage rise.

This is disturbing for a number of reasons. First, besides debt, the public sector wage bill is one of the fastest-growing line items in the government's budget – but neither is to the benefit of the productive economy, where funding for infrastructure and growth is starved to placate the demand for higher salaries.

That it will go to SA's 1.2-million full-time public servants – 684,313 of whom were on "leave" during the level 3 lockdown last year – is just as disturbing. Many of these officials are part of a municipal apparatus that has comprehensively failed the country, as the auditor-general's report makes clear. South Africans, in other words, aren't getting value for their salaries, yet we are paying more. It is an untenable equation that bodes ill for SA's ability to unleash the growth needed to assist everyone – not just those in the state's employ. x

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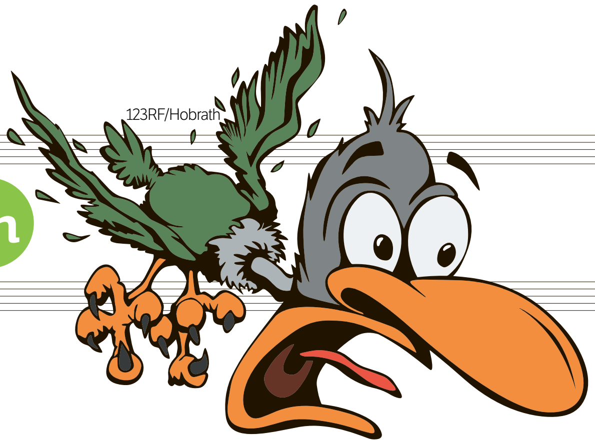
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VULTURES IN HEADLIGHTS

A new ruling torpedoes Steinhoff's 'settlement offer'. But the vulture investors, who bought in after the fraud, may lose their windfall

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In the soap opera that is the fraud-ridden retailer Steinhoff, there are some roles you'd want to play, and roles you'd run a thousand miles to avoid. No-one today wants to be CEO Markus Jooste, for example, the man accused of being the mastermind behind the fraud which led to profit being inflated by R106bn over a decade.

Nor would you choose to be his successor as CEO, the steely corporate lawyer Louis du Preez, who has the unenviable task of cleaning up the mess and trying to make sure the retailer doesn't drown in debt.

On the other hand, you wouldn't mind being one of the squadron of lawyers making a mint off the battle to wring "damages" out of Steinhoff for the fraud. Linklaters, for one, scored R83m last year. It's almost hard to hear yourself think in Stellenbosch, amid the mental calculations of legal eagles estimating their mean time to yacht purchase.

However, the role you'd *really* want, the Oscar winner, would be that of the "distressed debt funds" (or "vulture investors", as some dub them) which, early on, bought the legal claims against Steinhoff from some of the world's largest banks, and now stand to make more than R37bn.

It dates back to 2017 when, after the revelations of fraud, the banks that had lent billions to Steinhoff – including JPMorgan, Bank of America and Commerzbank – cut their losses and sold their claims at steep discounts to these funds, which fancied they'd be able to collect this debt. Within months, these funds had arm-wrestled Steinhoff into a sweet deal, in which they provided cash to keep the retailer alive, but would get 100c for every dollar they were owed, plus 10% (in euros). Steinhoff had no choice.

By contrast, Steinhoff's other claimants, including the pension funds and other investors, were offered between 5% and 29% of the $10bn they claimed under a "settlement" proposed by Du Preez to end the legal wrangling.

But after a remarkable judgment last week, all bets on the "settlement" going through are off. "The court ruling is far-reaching: it means, paradoxically, that liquidation is closer than ever, but so is a new settlement deal which makes everyone happy," says one lawyer involved in the process.

Judge Lee Bozalek ruled in the Western Cape High Court that the agreement that Steinhoff struck with those lenders in 2019 must be scrapped. In 2014, the banks first lent Steinhoff €465m through a convertible bond, and in 2019, this debt arrangement was "restructured", to allow Steinhoff to borrow more. Today, Steinhoff owes them €1.58bn. But Bozalek ruled that the lending agreement is "in breach" of section 45 of the Companies Act, which governs how firms can provide financial assistance, and is therefore "void".

'I expect Steinhoff will go back to the drawing board and table a new proposal in the next few weeks'

It was a technical ruling, but the upshot wasn't: it meant "distressed debt" funders, who'd expected the full repayment of €1.58bn, plus interest, can't be sure they'll get it.

These lenders have options. They're unlikely to punt for liquidation (as they'd recover less), but could sit tight to see if Du Preez appeals against the ruling, or they could reach an "agreement" to accept less than the full 100%.

And, if they go for *that* last option, it would give Du Preez a free hand to offer more money to other legal claimants, including asset managers Allan Gray and Coronation (who invested people's pensions in Steinhoff, but have only been offered 5% of their claim).

This, would be a fairer option – but then, *fairness* has never been much of a guiding principle in high finance.

Braam van Huysteen, the founder of Tekkie Town who has a R1.85bn claim against Steinhoff (for which he's been offered 5%), says: "If we reduce the payment to these financial creditors, who came in opportunistically after the collapse, it would mean more money for everyone else."

Bernard Mostert, Van Huysteen's partner in Tekkie Town, says Bozalek's ruling is fatal to the settlement. "Steinhoff needs to go back to the drawing board. I expect it will table a new proposal in the next few weeks," he says.

Steinhoff, he says, is unlikely to appeal the ruling as it would "compromise its timeframe for the settlement".

Steinhoff, as usual, is saying as little as possible. On Monday it said the deal with the financial creditors was now "void", and it was "considering the implications".

The point is, no-one knows what this means – which is why Steinhoff's share price got (another) beating on the JSE on Monday, falling 16.3% to R1.68. (That needs context: the price is down 97% over the past five years from R90, even though it has "recovered" 60% over the past year.)

Much now rests on whether these "financial creditors" will be willing to accept a lower amount. It'll be a tough ask: overseas hedge funds haven't made billions by indulging in sentiment, or displaying an aptitude for compromise.

Even the identity of the 50 or so funds is murky, though it seems these include the Boston-based hedge fund Baupost, London-based Farallon Capital Management, the Connecticut hedge fund Silver Point Capital, US asset manager Davidson Kempner, and various New York funds including Sculptor Capital Management, Centerbridge Partners and York Capital Management.

As Mostert put it: "A lot of these vulture investors entered into [this] knowing full well that this was the result of fraud, so they could have foreseen this. Anyway, how fair would it be for SA entrepreneurs, who have lost their life's work, and smaller investors, to see so much of Steinhoff's remaining assets flow to New York and London?"

Steinhoff is at an inflection point. As much as liquidation is closer, it's a golden opportunity for Du Preez to squeeze some extra cash out for the smaller investors, which would ensure the "legal settlement" succeeds. If he can do that, it'll not only ensure Steinhoff's future, it's more than anyone would have expected when it crashed four years ago.

IS CELE DANCING TO ZUMA'S TUNE?

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Cele's move seemed to be a 'defence mechanism' to shield him should he fail to ensure that Zuma was arrested

Bheki Cele is playing politics. The letter from the state attorney addressed to acting chief justice Raymond Zondo and indicating that Cele would not arrest Jacob Zuma in line with an order from the court to do so by Wednesday, was a veiled attempt to stall the incarceration of the former president.

The letter, Cele said in a TV interview with Newzroom Afrika, was written and sent on his instructions.

"We were only seeking a clarification (from the court) .... we have no issue at all to not honour the court but we wanted to be clarified so that we understand whether we do this at the end of the (court) process," he told the broadcaster.

Last week Zuma was sentenced to 15 months' jail by the Constitutional Court. Because it is the apex court there is no room for appeal. But over the weekend he lodged an application to rescind the decision (which *is* provided for in law). The ConCourt agreed to hear the application on July 12.

Meanwhile, Zuma's lawyers applied to the high court in Pietermaritzburg for a stay of his sentence, pending the ConCourt hearing on Monday. Zuma was found guilty of contempt of court for failing to abide by an earlier ruling compelling him to appear before the Zondo commission. But not only did Zuma chose not to file opposing papers in the contempt proceedings brought against him, he also shunned an offer from the court to say what punishment would be appropriate — arguing that he wouldn't take part in processes that are "biased" against him. Last weekend, after the sentence was handed down, Zuma folded, and he has now resumed being a participant in the court process as he seeks to stay out of jail.

Cele (as minister of police) and the national police commissioner were ordered to arrest Zuma if he failed to present himself to the Westville correctional facility within five days of the ruling being delivered — by Sunday. Cele had three days to arrest Zuma.

His spokesperson told Business Day on Sunday that Cele had received a legal opinion which said the ruling remained in force, despite the ConCourt agreeing to hear the rescission application. But in the TV interview Cele seemed confused by the court processes, while being grilled on the letter's contents. Cele told Newzroom Afrika that police would still arrest Zuma on Wednesday, if they did not hear anything to the contrary from the ConCourt and if the high court dismissed the application to stay the sentence.

Cele's letter emerged after a meeting of the ANC's special national executive committee in which a report from the ANC in KwaZulu-Natal was presented. The report mooted the possibility of "alternatives" to jail for Zuma. It was rejected. The committee said it supported the rule of law.

Given this context, Cele's letter seemed to be a bid for a back-door political solution, even as the ANC declares its support for the rule of law. Lawson Naidoo, executive director of the Council for the Advancement of the SA Constitution, is joining the rescission process next week as a friend of the court. He said Cele's move seemed to be a "political defence mechanism" intended to shield Cele from accountability should he fail to ensure the arrest of Zuma.

Insiders expressed confusion over Cele's move. but state attorney Johan van Schalkwyk conceded, in an interview with 702 Talk Radio's Clement Manyathela, that "political considerations" were preventing Cele from acting on the arrest order.

A failure to arrest Zuma would make a mockery of SA's constitutional order.

A key question is whether Cele has the blessing of Cyril Ramaphosa in attempting to avoid making the arrest, and whether the president has sanctioned this attempt to neuter the constitution. x

good week

In the face of mass intimidation from a rogue thug and his allies, Constitutional Court **Justice Sisi Khampepe** delivered a seismic judgment last week, ruling that former president Jacob Zuma was in contempt of court and sentenced him to 15 months in prison. Khampepe also hit back at attempts by Zuma to "corrode" the court's legitimacy, with a far-reaching defence of the rule of law. Whether the ANC is prepared to advise Zuma to respect the law is another question entirely. x

bad week

The Twitter account of Ekurhuleni mayor of disinformation **Mzwandile Masina** has, for some time, been something of a generator of fake news. This week he tweeted that Mugg & Bean would shut its doors permanently, a claim the restaurant chain denied. Masina infamously tweeted that he would resign if Cyril Ramaphosa were elected president of the ANC. He also used his Twitter account to claim that his office had found the 10 babies, in spite of denials from other parts of the government. Now who does he remind you of? x

letters

DA leaders have lost their way

Your article on the DA, "Why Can't the DA Capitalise on a Broken ANC?" (*Cover Story*, June 10-16), has it right. That party's leadership has lost its way and retreated into a cosy, self-congratulatory clique of whites whose only strength is that they are broadly honest, except about themselves.

Surely the objective of a political party is to obtain votes to win elections so that it can implement its political objectives through control of the country's government? This seems to have escaped the DA, which has been more focused on trying to win back its Afrikaner, Indian and coloured voters, largely without success.

The voting population in SA is black. The DA's only appeal to the electoral majority is that it offers hope of an honest government. Never mind that its internal processes involve accusing members it struggles to get along with of unsubstantiated dishonesty, or instituting disciplinary charges in one form or another.

If the DA really wants to be the next government of our beautiful country, it should form a committee that includes Mbali Ntuli and other people of colour, as well as a few whites. It should hold private, in-depth discussions with the many black people who have left the party – Lindiwe Mazibuko, Herman Mashaba, Mmusi Maimane and others – and seriously consider their advice. They know what it means to be black and will have an infinitely better understanding of what the DA should be doing to oust the ANC as the governing party.

The absurdities of the DA's stance on race – or nonracialism, as Helen Zille and many others insist in the face of reality – must go out the window. Honesty and efficiency in government are not enough to attract the majority of voters; to win, a party must have slogans they can relate to and people of their own in leadership positions too.

Robert Stone Linden

Appointment was a healthy move

Acting health minister Mmamoloko Kubayi-Ngubane GCIS

I read with interest your profile of Mmamoloko Kubayi-Ngubane (*Fox*, June 24-30).

Criticism levelled against President Cyril Ramaphosa for appointing her as acting minister of health is misguided. One doesn't have to be a medical doctor to discharge the duties of health minister efficiently. Qualifications are more relevant in technical jobs; being a minister requires a broad understanding of relevant aspects of public policy and socio-economic dynamics.

The minister's job is to create an environment that allows medical doctors and other health practitioners to deal with sicknesses effectively.

In any case, under the two ministers who are medical doctors – Aaron Motsoaledi and Zweli Mkhize – the health-care system was sicker than the patients.

Trevor Manuel (an engineer) was a brilliant finance minister, Pravin Gordhan (a pharmacist) was the best SA Revenue Service commissioner, Ralph Mupita (an engineer) became an excellent CFO for MTN, and Prof Johannes Cronjé, who holds a doctoral degree in Afrikaans, became one of the leading IT technologists in this country.

Besides having a rising star in Kubayi-Ngubane, Ramaphosa has been on a good wicket in the past few weeks.

Criticism regarding the potential acquisition of majority shareholding in SAA by the Takatso consortium is unwarranted: this acquisition holds great promise for the future of the national carrier. If Telkom had not been partially privatised, it would have died in the hurly-burly of telecom sector competition. Instead, it is sustainable, employing thousands of people.

Though these moves are belated, the fight against corruption, the restructuring of Eskom, the raising of the self-generation cap to 100MW and the allocation of high-demand spectrum will all go a long way towards strengthening Ramaphosa's change programme.

Rabelani Dagada Joburg

Scrap the cabinet

Given the merry-go-round that exists in our government, together with the appointment of ineffectual candidates (inner-circle cadres), surely it is time to rethink the existence of "ministers" and maybe administer the last rites to this concept? It is, after all, so horribly colonial and gives a new slant to the word "honourable".

I would think it's easier to make directors-general and deputy directors-general more accountable than any minister, with onerous five-year contracts. Most importantly, their positions would not be dependent on their friendships with ruling party bosses.

Your article on the vaccine issues, "What's Holding Up the Vaccine Rollout?" (*Features*, June 24-30), proves the benefit of dealing with people who are experts in their fields and are not out to score political points when they're not grandstanding in fedoras or painting their nails during government meetings.

Imagine the savings to the fiscus if this idea could be a reality?

Tony Ball Gillitts

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THERE'S NO HEALING WITHOUT FEVER

@justicemalala

It's hot in the kitchen: you can see Jacob Zuma's desperation in the number of straws he is clutching at

AFP/Emmanuel Croset

The scenes outside former president Jacob Zuma's Nkandla home last week were depressing. Every thinking South African must have felt a tug of sadness to see hundreds of adult men and women succumb to the manipulation of a cult leader and put themselves in danger of contracting the coronavirus.

It is galling to see people who lived through the devastating killings of the 1980s and 1990s in that province threaten to "kill and die for uBaba". Even more depressing is the fact that the time and energy wasted on Zuma could have been productively spent getting rid of the dictator next door, King Mswati.

Yet, after my initial despair at the rank stupidity on display, I am feeling quite good about this. If there is anything that the antics outside Nkandla tell us about Zuma's decades-long fight against accountability, it is that the long arm of the law is getting uncomfortably close. It's very hot in the kitchen now. You can see his desperation reflected in the number of straws he is clutching at.

Zuma is telling one bald-faced lie after another. In one example, he dramatically walked out of the Zondo commission earlier this year with members of his legal team in tow after his counsel said, live on camera, that they were "excusing" themselves. Zuma now claims he was just popping out to take his medication. You know you are desperate when you lie so blatantly. All those lawyers walking out with him were also going to take their medication?

He claims that sending him to jail at his age would be tantamount to a Covid death sentence. Yet he failed to make this argument to the Constitutional Court when he first had the opportunity, leading judge Sisi Khampepe to declare last week: "It is unbecoming and irresponsible of a person in Mr Zuma's position to wilfully undermine the law in this way. Mr Zuma had every right and opportunity to defend his rights, but he chose, time and time again, to publicly reject and vilify the judiciary entirely."

Zuma claims he is being subjected to apartheid-style detention without trial. Yet he didn't want his trial. He was asked at least three times to appear or give input and responded with a flat "no".

It is not only Zuma who realises he is engulfed by fire. Those around him are in similarly desperate mode. His ally, suspended ANC secretary-general Ace Magashule, on Sunday incited party members to disregard their leaders' instructions and "listen only to us". Of course, it is worth keeping in mind that Magashule is facing 21 fraud and corruption charges in connection with a Free State asbestos eradication tender. That's just one case. Others are being lined up.

"They want to finish the ANC," Magashule said at the Nkandla rally. "They want to disband every branch and they want to remove comrades. But when they disband you as a branch you must still be a branch. When they expel you, you must still be a member of the ANC. You must not go anywhere."

All these wild pronouncements were made at just one super-spreader event at the weekend.

Amid the noise that Zuma has created and the anxiety that he triggers among South Africans, we tend to forget that these are what are generally referred to as "the last kicks of a dying horse". None of us should have expected the road to cleansing our country of the corruption of the Zuma years to be easy.

It was always going to be a combination of progress and setbacks. Crucially, there was always going to be pushback from those who engineered and participated in state capture. Zuma and his accomplices in the capture of the state have everything to lose and they will fight back with everything they have. At such times it is crucial to remember that the rule of law is being reasserted. It was never going to be plain sailing.

This week's events are just turbulence on the long journey towards fixing this country. We are on track. ✖

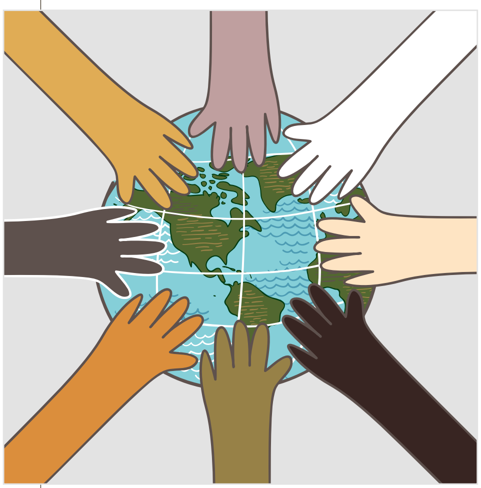
None of us should have expected the road to cleansing our country of the corruption of the Zuma years to be easy

MORE BALANCE, LESS BOASTING

@TBakerDavies
@JustShareSA

The emphasis on environmental, social and governance issues has led to an explosion of reporting — but little clarity

Reading corporate reports has always been a somewhat soul-destroying business. But the pressure on companies to demonstrate their environmental, social and governance (ESG) credentials is giving rise to longer and increasingly fragmented corporate disclosures that fail to provide a balanced account of impacts, and which are saturated in self-congratulatory platitudes.



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The key to integrated reporting, for which SA is supposedly famed, is surely in the name. "Integrated" means "with various parts or aspects linked or co-ordinated". Its synonyms include "consolidated", "merged", "fused" and "coherent".

The International Integrated Reporting Framework (IIRF) is underpinned by seven guiding principles, including "connectivity of information" and "conciseness", which most corporate reports fail to achieve.

For example, in addition to their extremely long integrated reports:

- Exxaro released a separate 13-page "Climate Change Report", a 28-page "Climate Change Response Strategy Report" and a 184-page ESG report;
- Standard Bank released a separate ESG report (108 pages), a "Governance and Remuneration Report" (119 pages), a "Report to Society" (120 pages), a "Risk and Capital Management Report" (124 pages) and a 54-page "Transformation Report"; and
- Old Mutual released a separate "Corporate Governance Report" (37 pages), a "King IV Report" (21 pages), a "Remuneration Report" (45 pages), a "Responsible Business Impact Report" (17 pages), a "Tax Transparency Report" (13 pages) and a 31-page "Responsible Investment Report".

Much of the information in the integrated reports is repeated in the separate reports, often verbatim. But not all of it is, forcing you to read everything if you don't want to miss anything. Sometimes, different reports contain different information about the same issue: Pick n Pay's integrated, sustainable living and CDP (carbon disclosure) reports, for example, each provide different figures for the company's greenhouse gas emissions in the same year.

As to the IIRF principle of "reliability and completeness", while there is valuable data and information in these reports and a few references to negative impacts, most favour quantity over quality, and virtue-signalling over relevance and honesty.

Most companies favour quantity over quality, and virtue-signalling over relevance and honesty

Every company rates itself as having managed the pandemic in an "exemplary fashion", being "absolutely committed to tackling climate change" and "caring deeply about inequality", among many other highly impressive claims that are often quite obviously not the whole story.

But misrepresentations don't seem to be challenged very often by the armies of ESG analysts that most asset managers tell you they employ. Whenever Just Share points out a serious misrepresentation in a company's reports, it is clear from the response that we are the first to do so.

One example of many: Pick n Pay states in its reports that six of its 14 directors have "relevant climate change experience". None of these directors' biographies in the company's reports refers to any such experience, and a thorough internet search didn't reveal anything to support these claims either. When Just Share asked about this at Pick n Pay's AGM, chair Gareth Ackerman didn't even try to defend the claim, saying this was "a very good point, and if we are going to make a claim like that, we should be able to justify it". Um, you think?

Global consultancy McKinsey's "Social Responsibility Report 2020" is a 113-page missive on how the company has "delivered on its purpose to help create positive, enduring change in the world". No doubt it's done some of that, but it has also played a not insignificant role in some enduring negative changes, such as state capture (for which it has apologised and repaid hundreds of millions of rands) and the opioid epidemic in the US (it has agreed to pay $573m to resolve claims related to its work with OxyContin manufacturer Purdue Pharma). But not a word of this is mentioned in any of its last three such reports.

Striking a balance

Of course companies should be able to showcase the value they create and the good they do. But the focus on ESG has escalated dramatically because of the negative impact of our economic system on people and the environment. The purpose of integrated reporting is to help stakeholders understand both sides of the story. If companies pretend they've already got everything covered, we will never be able to create the kind of sustainable future they all say they care so much about. x

Davies is director of Just Share

Another hurdle: Charlotte Maxeke hospital
Freddy Mavunda

HEALTH CARE

Thieves with no shame

Copper piping worth R30m was looted from Charlotte Maxeke hospital while it stood empty after the fire in April

Katharine Child childk@businesslive.co.za

● Charlotte Maxeke hospital in Joburg, which was closed after being gutted by fire in April, has now been looted of copper piping worth R30m.

This emerged last week as pressure from health activists, doctors and professors forced the Gauteng health department to open the radiology department to address the backlog of cancer patients needing treatment.

A source close to the hospital, who does not want to be identified, tells the FM the theft of the piping means that some parts of the hospital are without hot water. “Replacing the pipes is an added cost on top of all the other expenses in reopening the hospital,” the source says. “It is another hurdle.”

During the phased reopening staff also discovered that televisions in the paediatric oncology wards, used to entertain sick children, had been stolen, as had a microwave oven used by staff. All the areas where thefts occurred were being guarded by security staff, several sources say.

This looting is yet another episode in the mismanagement of the hospital’s infrastructure, which was highlighted when the fire broke out on April 16 and emergency personnel discovered that the fire hydrants were not working. The issue, it seems, was that metal couplings had been stolen from the hydrants, rendering them useless.

The 700-bed hospital is a major radiation treatment centre for cancer patients from Gauteng and nearby provinces. Before the fire, it accommodated as many as 150 Covid patients in ordinary wards and a 21-bed ICU run by “intensivists”. Usually anaesthetists or pulmonologists, these are specialists who specialise again in the treatment of ICU patients.

Bureaucratic disagreements between the Gauteng government and the City of Joburg meant that even structurally sound parts of the hospital remained closed for two months after the fire. For example, it took the Gauteng department of infrastructure more than a month to appoint contractors to assess the damage and draw up a plan to fix the buildings, according to Business Day.

Last week, beside the radiology department, a ward for newborn babies was reopened, as were part of the neonatal ICU and some maternity wards.

The adult ICUs, however, have been unable to open — which is a significant setback as Gauteng hospitals buckle under pressure from the third wave of Covid.

Last year, medical staff raised funds to upgrade a high-care ward — oxygen equipment and ventilators were donated by the Roy McAlpine Foundation, while 10 beds were added to the 28-bed unit.

The hospital also has a ward to treat patients with suspected Covid, a high-care cardiac ward and ICU facilities for non-Covid patients.

Kwara Kekana, spokesperson for the Gauteng health department, tells the FM efforts to replace the stolen pipes are “at an advanced stage”. She declined to say when the latest theft occurred, describing crime as a long-standing problem.

“The hospital has experienced theft of several high-risk items, including the copper pipes and toilet flush pipes, over the years. A decision was taken to replace flush pipes with plastic, which has no resale value,” she says.

Kekana says the hospital removed computers and other equipment after the blaze. “The security team and assets management are investigating and reconciling their records on such equipment.”

The hospital has experienced theft of high-risk items, including copper pipes over the years

Kwara Kekana

Until this is complete and the hospital knows what might have been stolen, if anything, it is too early to talk about disciplinary action against security staff, she says.

Health activists Section27 and cancer patient group Cancer Alliance welcomed the instruction by Gauteng premier David Makhura to reopen the hospital in phases, pointing out that there was already a waiting list of 1,000 cancer patients needing radiation.

“These delays have [worsened] pre-existing backlogs in radiation oncology care. [The hospital] is the largest provider of radiation oncology in the country, and the only public hospital in Johannesburg to offer these treatments,” they said.

“Because of the continued red tape and impediments to opening, this backlog has grown — putting more and more cancer patients’ lives at risk.”

Salome Meyer from the Cancer Alliance says it is unlikely the hospital will ever clear the backlog — which dates from before the fire — because of staff and equipment shortages. x

ANOTHER WEEK

AFP via Getty Images/Yasuyoshi Chiba

A TOUCHING WELCOME People sitting on a bus try to touch the hands of soldiers of the Tigray Defence Force on a truck as they arrive in Mekele, the capital of Tigray region, Ethiopia. Tigray fighters returned to Mekele following eight months of conflict, while government soldiers retreated and the Ethiopian government of Abiy Ahmed declared a ceasefire

BY THE NUMBERS

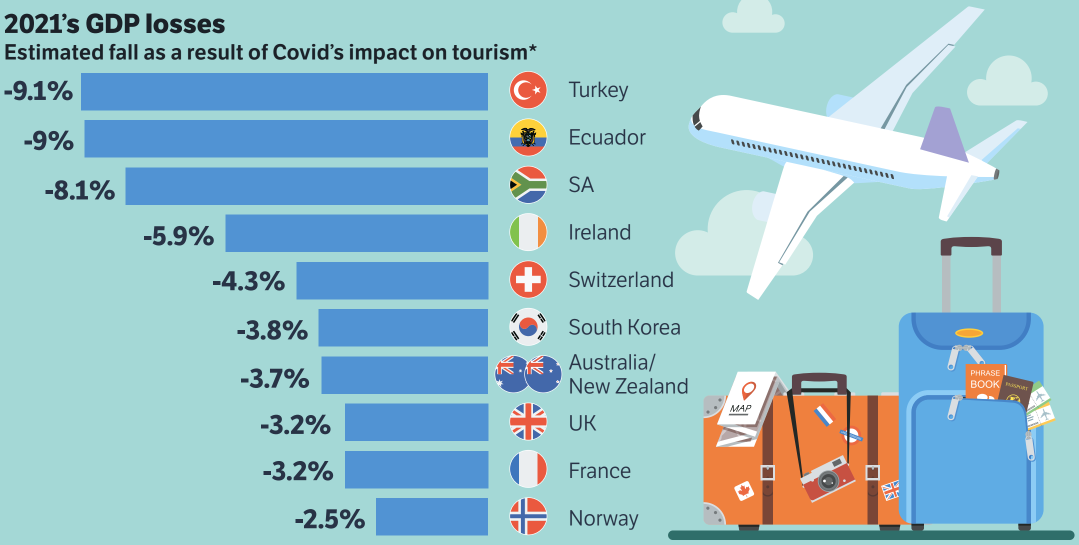
TOURISM: 2021 WILL BE A GRIM YEAR

75% is the expected reduction in international tourist arrivals worldwide in 2021, based on the most pessimistic forecast made in a new UN report. It is modelled on Covid’s impact on tourism during 2020, but factors in slow vaccination rates in the developing world

$948bn is the expected drop in tourist receipts, which will cause a loss of $2.4-trillion in real GDP. SA is one of the countries likely to be hardest hit

2021’s GDP losses

Estimated fall as a result of Covid’s impact on tourism*



*Declines set to be partly offset by fiscal stimulation measures

Source: UN World Tourism Organisation, Statista

"I have consistently maintained that I will vaccinate when my age group population is opened. This is the stance [of] many of my colleagues. The circular has been withdrawn."

Acting health minister Mmamoloko Kubayi-Ngubane, after the government backtracked on plans that would have allowed politicians to jump the Covid vaccine queue

TRENDING

Sunny cucumbers and other useless plans

123RF/finpoints

Fixing the crumbling city of Joburg will take more than pie-in-the-sky development strategies

Paul Ash

● In the Grand Academy of Lagado, in the city of Balnibarbi, Lemuel Gulliver, the eponymous hero-traveller in *Gulliver's Travels*, finds a scientist trying to extract sunbeams from cucumbers.

The idea was that the sun's rays could be reverse-engineered out of the cucumbers and packed into hermetically sealed vials which would later be opened to warm the air in winter.

"He told me he did not doubt in eight years more, that he should be able to supply the governor's gardens with sunshine at a reasonable rate, but he complained that his stock was low," Gulliver said.

The idea looked good on paper, a bit like Joburg's Growth & Development Strategy 2040 looks good on paper.

Unfortunately, however, cucumbers – like money to fix Joburg's water supply, or replace the fire doors at Charlotte Maxeke Hospital, or repair the city's grounded SAPS helicopters – were in short supply.

Eight more years, then, to find more cucumbers, or more money, kicking the can down the road while hoping that the next time you try to squeeze sunshine out of a vegetable it will actually work.

Meanwhile Charlotte Maxeke Hospital remains mostly closed, its 100 empty ICU beds out of reach of desperate medics looking for beds for severely ill Covid patients whose families would prefer that their loved ones did not perish in hospital corridors.

Meanwhile, Rahima Moosa Hospital relies on water from emergency boreholes drilled in haste because the city's water supply failed.

And the city's commuter rail network lies, literally, in ruins, stripped, pillaged and destroyed by thieves while no-one lifted a finger to stop it.

Saying "we need to ..." and "we must ..." is as useful to this Covid-battered city as a sun-struck cucumber. Fix it already. ✖

DINNER PARTY INTEL...

The topics you have to be able to discuss this week

1. Helping hands for Mozambique

Rwanda has plans to deploy troops to help Mozambique fight an insurgency in its northern Cabo Delgado province that has left more than 2,900 people dead, Bloomberg reports.

Mozambican president Filipe Nyusi visited Rwanda in April, at about the time a Southern African Development Community (Sadc) summit about the insurgency was postponed. Sadc, which doesn't count Rwanda among its 16 member states, also plans to deploy its standby force to the region.

Conflict in the country has halted investment. A consortium led by TotalEnergies recently stalled a $20bn natural gas project because of it.

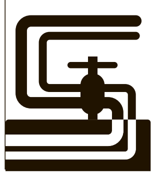
2. Funds draw the line

Norway's largest pension fund, KLP, will no longer invest in 16 companies, including Alstom and Motorola, because of their links to Israeli settlements in the occupied West Bank, Reuters reports. Along with a number of other countries, Norway considers the settlements a breach of international law. A 2020 UN report found that 112 companies have operations linked to the West Bank. The companies help facilitate Israel's presence and therefore risk being complicit in breaches of international law, and KLP's ethical guidelines, it said.

The move follows a decision by Norway's sovereign wealth fund in May to exclude two companies linked to construction and real estate in the Palestinian territories.

3. Pay up, oil firm tells US

TC Energy Corp, the Canadian company behind the Keystone XL pipeline project, will seek more than $15bn in damages from the US government, which it has accused of violating free trade obligations when it revoked the permit for the project. US president Joe Biden pulled the plug on the project on his first day in the White House, ending more a decade of controversy and marking a win for environmentalists.



The project would have carried oil from the tar sands of Canada to the US.

fox

DIAMONDS & DOGS BY JAMIE CARR

Crookes Brothers

Weathering the storms

DIAMOND

Being dependent on the vicissitudes of the weather to make a living can bring on an existential gloom, bringing to mind PG Wodehouse's theory that "it is never difficult to distinguish between a Scotsman with a grievance and a ray of sunshine".

Farming comes with a raft of challenges outside the scope of a corporate boardroom, as viewers of Amazon Prime's excellent *Clarkson's Farm* will have seen, where not even the purchase of Lamborghini's shiniest tractor can prevent the weather from throwing spanners into the works.

Crookes Brothers' results show that not even the wiliest of professionals are immune, with the company taking a R36m hit from a hailstorm that wiped out its banana crop at the Nicoskamp farm in Mpumalanga, destroying an astonishing 4,500t of fruit and ruining the quality of what was salvaged. The group's property business suffered from lockdowns and the closure of the deeds office delaying the transfer process, and its Crocworld tourism facility took a hit from pandemic restrictions.

Overall, however, the company sailed through the period in excellent health.

Operating profit for the year was up by 73% on the back of a decent performance from its sugar cane business, a return to profitability in its macadamia and deciduous fruit businesses, and a big drop in the group's effective tax rate. Crookes Brothers will sell its underperforming operations and invest in operations where value can be realised. While it acknowledges the impact of the pandemic, it expects to keep growing. x

Farming comes with a raft of challenges outside the scope of a normal corporate boardroom

Trustco

Looking to diamonds

DOG

With a land mass of 825,615 square kilometres and a population of just over 2.5-million, you might have thought that Namibia was the ideal place to practise a spot of social distancing.

However, Trustco's results announcement started by spelling out the impact of Covid on the country's economy, driving it to the worst recession since independence.

GDP fell by 8% in 2020 and a further 6.5% in the first quarter of 2021, as the country reacted slowly to the pandemic — which is now well into its third wave — and Trustco's results suffered accordingly.

The group's losses widened from N$70m in the previous year to a precarious N$253m, though it points out that a significant portion of the loss was due to foreign exchange losses. Its resources segment is focused on the underground development of Meya Mining, its diamond mine in Sierra Leone, and it is expecting the first underground production to be available for sale and thus contributing to revenue this month.

The plan is for production to ramp up to 10,000 carats a month by the first quarter of 2022, then to 30,000 carats a month, which should make a significant difference to this division's contribution to group revenue.

In the financial services division, Trustco's student loan book advanced a further N$95m and is performing well, and its banking division also returned to profitability.

Trustco is involved in a legal spat in the English commercial court that saw a US$21.3m judgment against the company, against which it is appealing, with a hearing in March 2022. x

HOT PROPERTY

THE WOW HOUSE

WHERE: **Dainfern Golf Estate, Joburg**
PRICE: **R7.25m**
WHO: **Pam Golding Properties**
Ideally positioned with stunning fairway views, this large family home has five en suite bedrooms, all with outdoor access, a generously proportioned kitchen and multiple living spaces that flow to an outdoor entertainment area and pool. Additional features include American shutters, underfloor heating, a fitted bar, home study, three garages and staff accommodation.

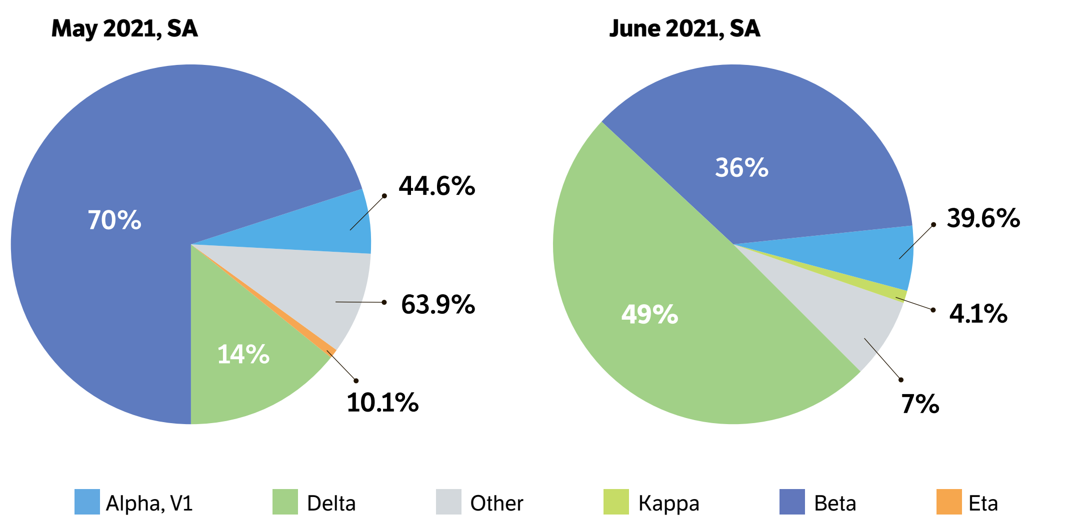
WHERE: **eMdloti, KwaZulu-Natal**
PRICE: **R10m**
WHO: **Pam Golding Properties**
Nestled between palm and milkwood trees, this newly renovated home is situated in a boomed-off section at the far end of North Beach Road. The beachfront double-storey has 630m² under roof with five bedrooms, an office and open-plan living areas that lead to a courtyard with a built-in braai area and sea views. The downstairs area is being run as a B&B.

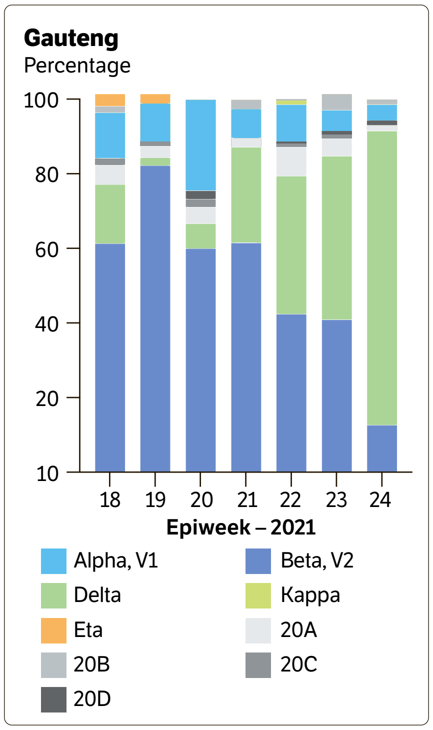
BY THE NUMBERS

DELTA OUTPACES BETA

The National Institute of Communicable Diseases (NICD) has released a report on the work of the Network for Genomics Surveillance on the Delta variant in SA

Genomic data for May 2021 shows that in all 9 provinces, 70% of 739 genomes were the Beta variant, with Delta at 14%.
By June, 603 genomes sequenced in 5 provinces show the prevalence of the Delta variant increased to 49%, with Beta at 36%





Gauteng is the epicentre of the third wave, accounting for 65% of new cases recorded each day. Of the 266 Gauteng genomes sequenced from May 2021, 66% was the Beta variant. By June, the frequency of the Delta variant increased to 46%, with 37% of genomes of the Beta variant

Sources: NICD, Financial Times

GIMME **Apple AirTag** | **Cool factor ★★★★ /5** | **Usability ★★★★★ /5** | **Value for money ★★★★/5**

The search is over

● Bluetooth trackers – to help locate the remote hiding deep in the belly of the couch – are not new, but when Apple released its AirTag this year, more people took notice of these nifty little gadgets.

I've owned two alternatives – the Tile and Chipolo – but the AirTag is the most appealing.

Apple is good at building its ecosystem of linked devices and apps. The AirTag works with the Find My app, which also tracks AirPods, MacBooks, Apple Watches and iPhones. It can also be accessed using iCloud, which is useful when you want to track a stolen device.

Once you open the AirTag, it activates seamlessly and pairs with the Find My app. Each AirTag is assigned a custom description or emoji. I've attached it to my keys as I misplace them constantly. To locate them, I can either ping them or use directions to find them.

The AirTag pairs on any device running iOS/iPadOS 14.5 or later. It has accessibility features for the visually impaired; it works with VoiceOver to read out instructions.

You can attach an AirTag to keys, wallets, luggage, running shoes, pet collars or handbags. But in typical Apple fashion, these trackers do not have a built-in key chain hole, so you'd have to fork out extra for an accessory.

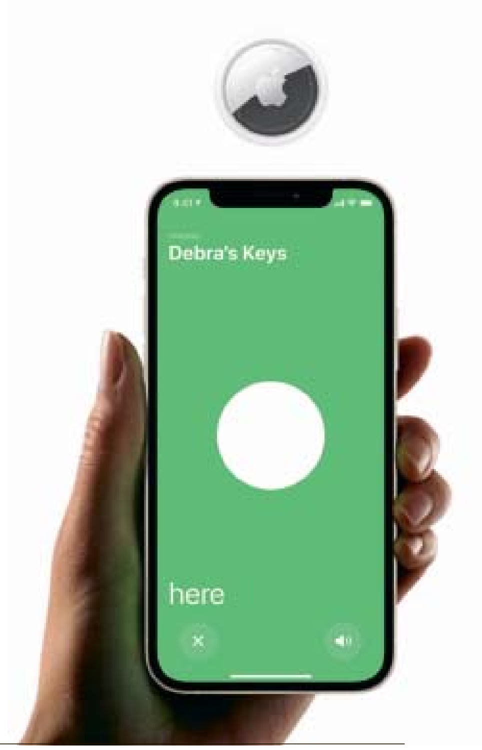
There are delays with shipments of Apple's leather keyring attachments. They have not yet reached SA and pre-orders are on a backlog, which means customers have to pay a little more for third-party accessories.

The AirTag can only be paired to an iPhone, but Android handsets can scan a lost tag to access the owner's contact details. (Similarly, Samsung's Galaxy SmartTag only works with Galaxy devices.)

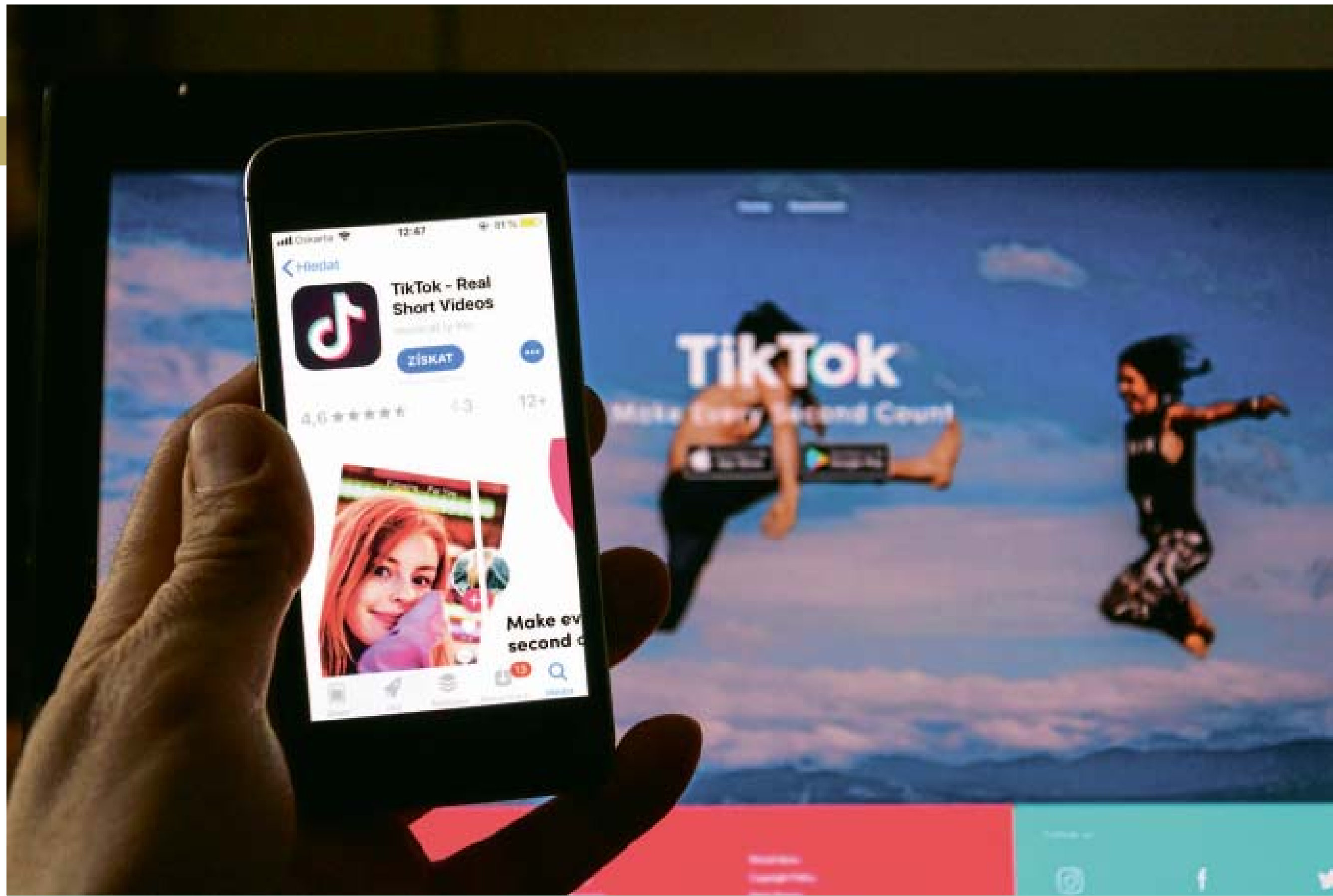
In June Apple updated the AirTag to address stalking issues. It will ping for between eight and 24 hours if separated from its owner, instead of the initial three-day window at launch.

Apple is playing to its strengths with the AirTag. It's a slick product that appeals to anyone tied to its ecosystem. It costs R499 for one tag or R1,899 for a pack of four. ✖

Nafisa Akabor



fox DIGITAL



Ideas to toy with: marketers take TikTok seriously

Social media use and advertising are changing, and the platform, once popular mostly with the young, is using this to its advantage

Nafisa Akabor

The world's fastest-growing social network, TikTok, has taken SA by storm.

New research confirms that it is expanding faster in this country than any other such platform – and not just among teenagers.

The number of local TikTok users had increased from 5-million to 9-million by the end of 2020, according to the "SA Social Media Landscape Report 2021", released last week by World Wide Worx and Ornico.

The app is used to make videos – dancing, comedy or educational items, for example – that are between 15 seconds and a minute long.

TikTok's strongest growth over the course of the lockdown has been among black South Africans. Its proportion of black users increased from 44% to 61%.

Interestingly, the platform gained more older users too. The proportion of users aged between 25 and 34 rose from 26% to 39%, while the share of people aged 35 to 44 grew from 26% to 35%.

There was a huge increase in brands making use of paid social media influencers on TikTok, the report says.

TikTok for Business recently entered the SA market, to capitalise on its growth in the same way Facebook and Instagram have monetised their large networks.

Scott Thwaites, head of emerging markets at TikTok, tells the FM that brands that have had the most success on the platform from regions outside SA have embraced creativity.

"They are able to start trends, connect communities, bring awareness about critical public service initiatives and [assess] the impact of their campaigns," says Thwaites.

"On no other platform do users become so engaged and inspired by a marketing campaign that they create their own version of it."

The online advertising market is changing in ways that will benefit TikTok.

Google and Apple have altered their cookie policies to prevent third parties from tracking user activity with the intention of personalising ads. The recent release of iOS 14.5 comes with Apple's new anti-app tracking feature that makes users opt in explicitly if they want to be tracked, and early stats from the Flurry Analytics platform show that 96% of US consumers opted out. Only 12% opted in globally.

Google has taken a different approach; it will target groups of people with similar interests instead of tracking individuals.

When you throw ad blockers into the mix, it's clear the online ad industry will have to find new ways to reach audiences as privacy takes centre stage.

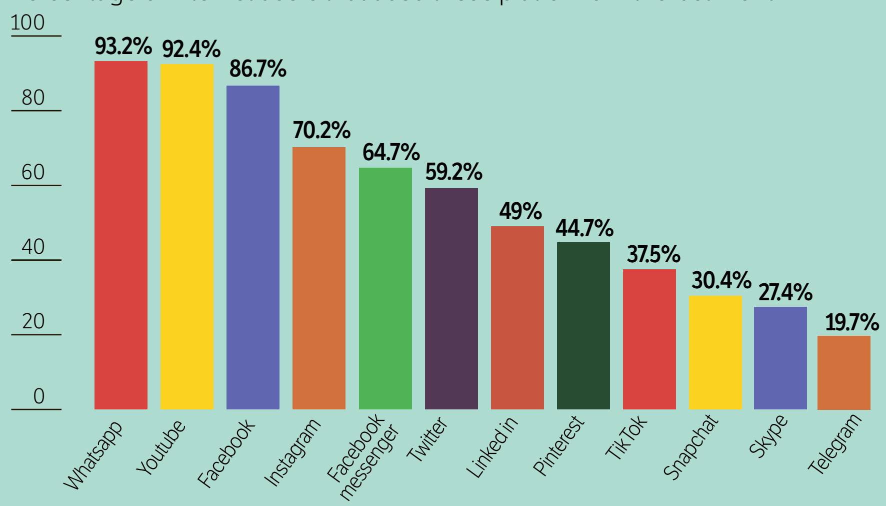
This is where Thwaites says TikTok can fill the gaps.

Wavemaker SA performance lead Lerato Modisakeng says TikTok has expanded its reach among audiences outside the Generation Z cohort – those aged from six to 24.

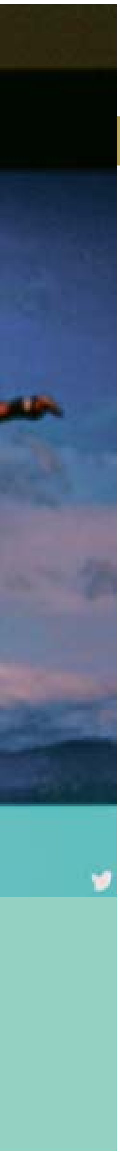
"TikTok's algorithm, as well as its video-first and audio-on approach to content, is changing the way audiences engage with

MOST USED SOCIAL MEDIA PLATFORMS

Percentage of internet users that used these platforms in the last month



Source: SA Social Media Landscape Report 2021



123RF/josefkubes

social platforms," says Modisakeng. "When it comes to time spent on mobile, TikTok might be eating into the shares of Instagram and Facebook, and it's seeing users shifting to it from YouTube."

Wavemaker has implemented various campaigns for clients on TikTok in SA.

"It's crucial for marketers to understand that TikTok is unlike other platforms," the company says. Brands can't simply repurpose their material. Instead, they need to engage with TikTok users in creative and different ways.

Consumers themselves have also changed their expectations. Thwaites says they have high expectations of brands, especially when it comes to social, environmental and political issues.

"The rise of conscious consumerism, and the pandemic, acted as catalysts for the shift to purpose-led marketing and authentic storytelling," he says.

Now that TikTok for Business is in SA, advertisers will be able to use the network in different ways, says Thwaites. This includes full-screen takeovers when users open the app and in-feed ads.

Other options include partnerships with content creators and influencers.

Chad Jones, 26, joined TikTok in April 2020 and has amassed a following of more than 456,000. He has paid partnerships with more than 30 brands.

He tells the FM: "I did not join TikTok to make money; it was not something I ever considered."

While he prefers not to disclose the amount he has made, he calls it a "fun side hustle".

But, he adds, "I am seriously thinking about making it a primary income source. I seem to get the most engagement when posting between 6pm and 8pm. I work at a full-time job, and luckily this timing works well for me."

He says that about 83% of his followers are from SA. "Building a following and seeing the happiness and joy in entertaining people is awesome," he says.

"I spend most of my time on TikTok and one other social media platform." ✖

PATTERN RECOGNITION BY TOBY SHAPSHAK

@shapshak

Cold War 2.0: set in cyberspace

The latest hack involves a network supplier you've never heard of — whose weak security was targeted to reach bigger fish

Miami was in the news for all the wrong reasons last week. First that tragic collapse of a condo and then, on Sunday, it was revealed that a little-known Miami company, Kaseya, had been hacked.

It makes software to help manage other people's networks and hackers gained access to these networks, where it installed ransomware. This is a similar modus operandi to the SolarWinds hack last December that allowed Russian hackers access to US agencies and about 100 companies, albeit without the ransomware.

Kaseya's hack is as audacious. "Someone was willing, determined, and had the resources to build this attack chain, and it's not a trivial chain to build," said Frank Breedijk, of the Dutch Institute for Vulnerability Disclosure, which had detected and alerted Kaseya to the vulnerability.

"You have to know what you're doing to make an attack like this work," Breedijk told Bloomberg. REvil – the Russian hacking group responsible – has reportedly demanded $70m in bitcoin to decrypt the locked-out systems.

The same group is also thought to have blackmailed US meatpacking giant JBS SA following a ransomware attack in May. This comes just months after the Colonial Pipeline hack, which threatened fuel supplies in the US.

Nobelium, the group behind the SolarWinds attack, according to the US, is also Russian, part of the Federal Security Service. It resurfaced last month with an additional hacking attempt using a Microsoft worker's computer and gained access into three accounts.

Even the social network created by an adviser to former US president Donald Trump, a Twitter clone called Gettr, was hacked last weekend.

If you notice a distinctly superpower-themed trend, it's because the third world war, as science-fiction writers predicted, will be fought online.

Welcome to Cold War 2.0 – set in cyberspace. In this battlefield, why (if you're Russia) invade your neighbour (Ukraine) when you can wreak havoc by hacking its power grid?

The elite troops in this new Cold War are not special forces or fighter pilots. They are geeks with exceptional hacking skills, powerful computers and fast internet. The gangs they work for are so sophisticated that some have offices and pay taxes, cybersecurity guru Eugene Kaspersky told me.

The elite troops are geeks with exceptional hacking skills, powerful computers and fast internet

State-backed hackers – of which China, North Korea and Iran have teams – have been involved in other significant hacks. Such warfare is an evolution of the guerrilla tactics that have defined so many modern battles, where a smaller force can act more nimbly against a bigger army.

Here, hackers have plenty of time to poke for holes in a target's armour as well as that of its network suppliers with weaker security. And there is the added bonus of being able to infiltrate commercial networks which may have corporate secrets to steal.

Welcome to Cold War 2.0. ✖

Shapshak is publisher of Stuff magazine (stuff.co.za) and Scrolla.Africa

fox

COVID VACCINES

Skewed priorities

Garth Theunissen
theunisseng@businesslive.co.za

Rollout: Police commissioner Khehla Sitole gets vaccinated
Alaister Russell

The government should stop administering second doses of Pfizer's Covid vaccine and instead channel them to high-risk groups, Wits University vaccinologist Prof Shabir Madhi argues.

Experts have urged the government to speed up the rollout of vaccines, not only to help save lives but also to help save livelihoods in an economy that has been ravaged by the pandemic.

SA is in the grip of a devastating third wave of Covid. It has resulted in a record 26,485 new cases being reported on July 3, with total deaths climbing to 61,507.

With administered vaccines totalling just more than 3-million out of a population of 59.62-million – a little over 5% – the surge in infections is threatening to undermine a tentative economic recovery at a time when the government has imposed another set of restrictions in an attempt to curb the pandemic.

SA is on level 4 lockdown: alcohol sales are banned and gyms, casinos, restaurants, theatres and cinemas are closed.

By contrast, much of the rest of the world is forging ahead with vaccinations, with global inoculation (first doses) having topped 3.16-billion, or about 40% of the globe's 7.9-billion people. If SA's economy is ever to mount a sustainable recovery, the country's best bet is to improve its vaccine rollout drastically.

Madhi, who was part of the ministerial advisory committee on combating the pandemic before being controversially axed last year, says the government needs to stop administering second doses of the Pfizer vaccine altogether.

> A vaccinologist says the first shot of Pfizer's vaccine provides sufficient protection to warrant a decision to pause second doses

Madhi's contention is that the first shot of the Pfizer vaccine provides more than 90% protection against the virus and the second dose increases that to only about 96%. He feels it would be better to channel second doses to the unvaccinated.

He also has some choice words about the rollout programme.

"[The government] needs to stop pretending that the electronic vaccination data system is working, when clearly it is a limiting step to people coming forward to be vaccinated," he tells the FM.

Rather, he said, it should remove obstacles to high-risk groups being vaccinated – which includes limitations on where vaccines can be administered.

Madhi points out that more people were vaccinated daily, after the private sector began administering jabs.

"However, it is unclear if anyone eligible can be vaccinated or if [the private facilities] are still limited to medical aid members. Unfortunately, not enough people are coming forward [for shots], so there needs to be more mobilisation and advocacy," he says.

With SA's economy still years away from repairing the damage caused by 2020's disastrous 7% slump in GDP – the steepest decline in a century – economists say the only way to restore some semblance of normality will be to ramp up vaccinations.

"We should be doing absolutely everything we can to get everyone vaccinated," says Nedbank chief economist Nicky Weimar.

"Confidence needs to return, and that's going to happen only when a significant portion of the population is vaccinated."

Vaccination will also be key to getting SA's tourism sector back up and running, as foreign visitors are unlikely to visit unless a significant portion of the local population has been immunised. While Weimar says the economy is likely to keep stumbling forward until then, its true potential will be unlocked only when vaccination is more widespread.

That is underscored by SA's national savings rate, which increased significantly, from 14.2% in the fourth quarter of 2020 to 18% in the first quarter of 2021, according to the Reserve Bank's June 2021 "Quarterly Bulletin". The figure was driven largely by corporates and households, which together were able to more than offset the lack of saving by the government.

While the national savings rate is higher now than before the pandemic, Weimar says households and businesses are building up a financial buffer against hard times. Turning their savings into productive investment is going to require a significant confidence boost.

"There's no point in savings if [the money] just sits there – you need to have it channelled towards spending and productive investment," she says.

Investec chief economist Annabel Bishop agrees, saying the increased national savings rate is due to consumers getting "a big wake-up call" due to the impact of the pandemic and lockdown restrictions.

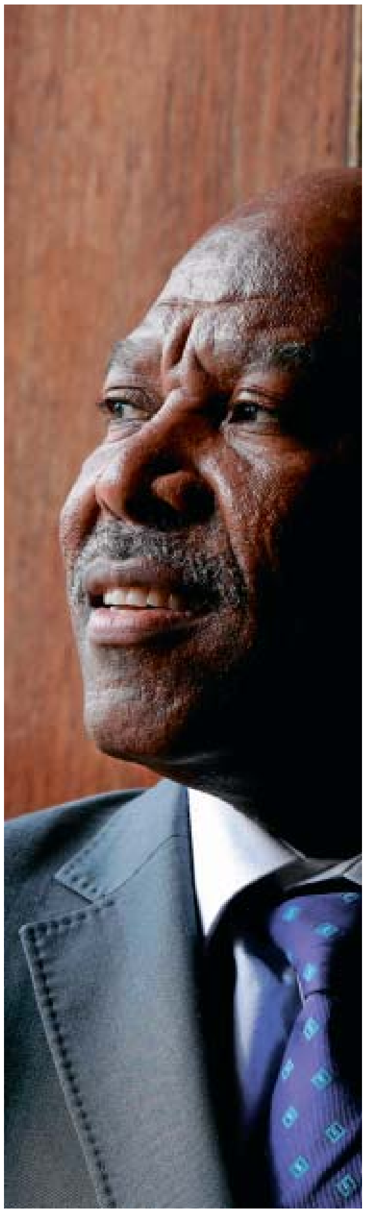
She cautions that it won't be easy to convince those who have saved to cut loose and start spending again, due to what she calls the "psychological pain" caused by the pandemic-induced downturn.

"Once SA's population is fully vaccinated, and when Covid has largely been eradicated globally, consumers may become less cautious," says Bishop.

"But this does not mean consumers are going to throw caution to the wind." ✖

FEATURES

An in-depth look at the hot button subjects of the day in SA and around the world



1.3-MILLION VACCINES BEHIND ...

The latest round of data from the Nids-Cram survey shows the ruinous effect the Covid pandemic has had on schooling, food security and equality. The fact that SA is an estimated 1.3-million vaccine doses behind schedule — simply because it doesn't vaccinate on weekends — only prolongs the devastation

Nic Spaull

SA is in a race against time. As Covid waves come and go, and new variants emerge, it is now clearer than ever that there is only one route out of the mess we find ourselves in, and that is vaccination. On that front, there is both good news and bad.

The good news is that both of SA's vaccines — Pfizer and Johnson & Johnson (J&J) — seem to offer strong protection against the delta variant that's driving the third wave. So, if you've been vaccinated and developed an immune response (typically two to four weeks after vaccination), you're unlikely to get severely ill from Covid.

The other good news is that vaccine acceptance is increasing over time. In an earlier round of the nationally representative National Income Dynamics Study: Coronavirus Rapid Mobile Survey (Nids-Cram) we reported that in February this year 71% of South Africans agreed to get vaccinated. In our latest results, launched today, this increased to 76% in April/May 2021.

What it means: The vaccine rollout is so slow that SA is progressing at the same rate as failed states Libya and Venezuela

The bad news is that the delta variant is twice as transmissible as the original Covid virus, and hospitals are again overwhelmed. Private sector hospital admissions in Gauteng, the Free State and the Northern Cape are exceeding the peaks experienced in the second wave, with hospital capacity in Gauteng (public and private) now sitting at 91% and rising.

Unfortunately, at the end of June only 5% of the population had been vaccinated with at least one dose of a vaccine, lagging behind countries such as Pakistan (6%), Botswana (7%), India (20%) and Brazil (35%), and well behind the US (55%) and the UK (67%). As of July 1, SA ranked 126th in the world, with the same vaccination rate as war-torn Libya (5.6%) and Venezuela (5.1%) — which are both essentially failed states.

A 'priority' — except on weekends

Why are we trailing in the vaccine stakes?

Originally, we were told supply was the main constraint. Yet we have 7.4-million doses of the vaccine in SA, and only 3-million people who've been vaccinated.

We were also told we didn't have enough money. Yet in February, finance minister Tito Mboweni announced "total potential funding for the vaccination programme to about R19bn", made up of R6.5bn to procure and distribute vaccines, R2.4bn for provincial health departments to administer the vaccines and a contingency reserve of R9bn "given uncertainty around final costs".

Why is it that five months later SA only vaccinates its people on weekdays and not on weekends? News24 quotes health department spokesperson Lwazi Manzi as saying: "Basically, the provinces indicated they don't have the budget to be able to pay the overtime over weekends."

And according to the Western Cape Treasury's estimates, that's correct: "operational costs" amount to R108 per vaccine dose administered, including contract staff, the hiring of additional nurses, overtime and the like.

If that figure is correct, it will cost provinces R5.8bn to administer 54-million doses (the number that's needed to reach 40-million people, given that the Pfizer vaccine requires two doses while J&J needs only one).

That means the contingency reserve is necessary, but — at least at the time of writing — it had not been released to provinces, despite being technically "available".

So, practically speaking, what does this look like? The graph on page 22 shows the daily vaccination numbers from May 17 until July 4. It shows how vaccinations virtually disappeared on Saturdays and Sundays, as well as on the June 16 public holiday.

Using the average vaccination rates of the Friday before and the Monday after, I estimate that between May 17 and July 5, 1.3-million additional shots could have been administered if SA had vaccinated on Saturdays and Sundays, as well as on June 16.

Put differently, we are 1.3-million jabs behind schedule because we don't vaccinate on weekends.

This comes back to capacity: the state is not able to implement its own plans, let alone expedite them.

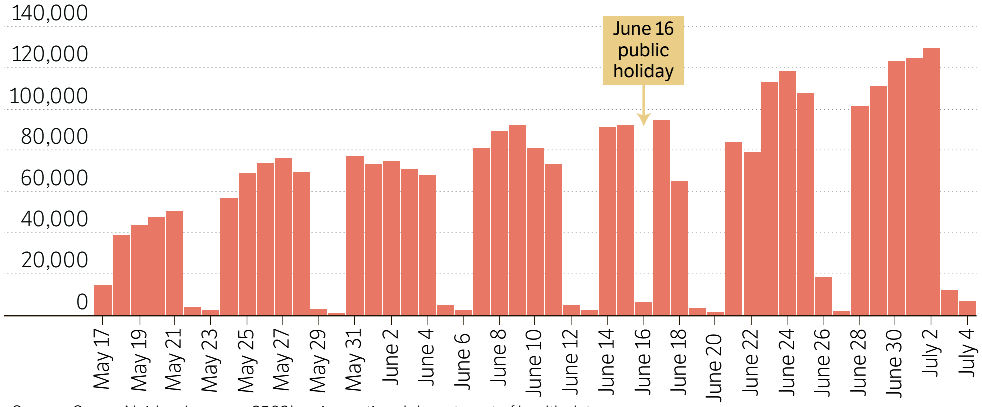
In response to a parliamentary question from the opposition earlier this year, public service & administration minister Senzo Mchunu reported that 35% of the public sector's 9,500 most senior managers in SA (at national and provincial level) "do not have the required qualifications and credentials for the positions they currently occupy".

Does this help to explain why, eight weeks into the national vaccination rollout, SA is still unable to source, unlock, transfer or distribute the funds needed to pay staff for overtime so that they can vaccinate people on weekends? How is it that the National Treasury announced R19bn in available funds in February, but in July the health department says there's no money?

It's as if we are fighting a forest fire on weekdays and then we send the firefighters home on the weekend because we can't pay them overtime for Saturday and Sunday. See

SLOW ROLLOUT

Vaccines administered per day; gaps in the graph are Saturdays and Sundays



Source: Sugan Naidoo (@sugan2503), using national department of health data

you on Monday.

There is another question: should nurses be the only people allowed to administer vaccines? The process is relatively straightforward and, given the limited number of nurses and the need to vaccinate 40-million South Africans, perhaps others should be authorised to administer vaccines.

This is what the US has done. In February it passed the sixth amendment to the Public Readiness & Emergency Preparedness Act for medical countermeasures against Covid.

This limits the medical liability of military officers administering the vaccines. As the US military explains, the act "allows the department of health & human services to issue a declaration to provide legal protections to certain military personnel involved in mass vaccination efforts".

As a result the US army has now administered more than 1-million vaccine doses.

One option for SA to consider would be to have some of the country's 70,000 community health workers administer vaccines under the supervision of nurses at big sites with clinical oversight.

What is the point of issuing a Disaster Management Act (and perpetually extending it) if the government doesn't use it to avert the disaster? If the Health Professions Council of SA is obstinate that only nurses can give an injection, then it ought to explain why this is the case.

Could parliament not issue a similar liability waiver for trained and supervised community health workers for the duration of the pandemic? After all, there have now been 3-billion doses of Covid vaccines administered worldwide with no side effects in 99.99% of cases. Covid vaccination is now the most-studied medical event in history.

As it is, the government is well behind its own rollout plan, having vaccinated only 60% of the target for the end of June (3-million of a forecast 5-million people) and is an entire age-category behind schedule. That's no surprise: SA is administering about half (130,000) the number of daily doses required (250,000) to meet the target of 40-million vaccinations by February 2022 — and that's only on weekdays.

This points to a lack of coherent leadership. Former president Jacob Zuma, under whose watch thousands of incompetent cadres were deployed to (and remain in) high office, is now only a few steps from prison. Our health minister is on paid leave due to allegations of corruption, and the chair of the interministerial committee on vaccines, Deputy President David Mabuza, is in Russia for a "medical consultation" and has taken "long leave" for the trip.

Put in context

Why does all of this matter? Because the pandemic is causing suffering on a scale SA has not seen before. The latest Nids-Cram results paint a grim picture of the socio-economic impact of the pandemic.

The survey shows that in April and May this year, 10% of SA households with school-going children said that at least one child in their household had not returned to school since the beginning of the year. That means school dropouts for those aged seven to 17 years have more than tripled, from 230,000 before Covid to 750,000 in April/May.

In other words, an extra 500,000 children have dropped out of school.

Whether this will amount to a temporary break from schooling or permanent dropout is, as yet, unknown. But previous research shows that the longer children remain out of school, the higher the likelihood of falling permanently out of the system.

By June the average primary school child has also lost 70%-100% of a year of learning, compared with previous years. That is to say, the average *grade 3* child in June 2021 knows about as much as the average *grade 2* child in June of 2019.

These sorts of losses will take more than a decade to recover.

Ongoing rotational timetables mean that children's access to free school meals is also compromised. While this has increased from 46% in November 2020 to 56% in April 2021, it's still below the pre-pandemic level of 65%. The department's own reporting to the high court confirms this.

Throughout all the waves of Nids-Cram, respondents were asked if anyone in their household had gone hungry in the previous seven days because there wasn't enough money for food. If there was a child in the household, another question was to ask if any child had gone hungry.

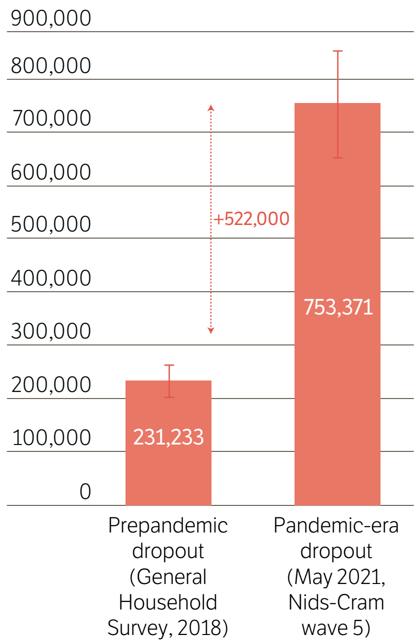
Using the latest Nids-Cram data, Martin Wittenberg and Nicola Branson at the University of Cape Town estimate that in April 2021 about 10-million people and 3-million children were in a household affected by hunger in the previous seven days.

The study also revealed the ways that Covid has affected South Africans differently. Though by March 2021 men's employment had largely recovered to pre-Covid levels, women's employment was still 8% lower than in February 2020.

To add insult to injury, women have also not benefited from the two Covid govern-

FALLING BEHIND

Number of pupils aged 7-17 who have not attended school since the start of the year



Source: Shepherd & Mohohlwane, 2021, using General Household Survey and Nids-Cram data

ment relief grants (the temporary employer/employee relief scheme and the R350 social relief of distress grant) at the same rate as men, despite being more affected by job losses. They account for only 35%-39% of the beneficiaries of these grants.

Holding the line

The latest set of results from Nids-Cram (wave 5) is also likely the last round of data collection for this research project.

The aim of the study was to collect reliable data on a broadly nationally representative sample of South Africans to help policymakers and the public make informed decisions in the immediate aftermath of the pandemic. It was always scheduled to be five waves, which are now complete.

The Nids-Cram collaboration, made up of more than 30 researchers from six local universities, has generated 67 research papers over the past year, covering everything from hunger and employment to vaccine acceptance and mental health (available at cramsurvey.org and the data is available for download at DataFirst).

The aim of the study was to collect reliable data to help policymakers and the public make informed decisions in the aftermath of the pandemic

It has been a privilege to work with such dedicated academics, and it has cemented in my mind the critically important role civil society has to play in holding the line.

In different ways and at different times civil society has stepped into the gap created by the government and held it to account. Investigative journalists, for example, were the ones who exposed the rot of state capture and the looting of state-owned enterprises such as Transnet and Eskom, estimated to be at least R50bn.

For what, though? There is a shamelessness about those who have been exposed, who refuse to resign in the face of blatant evidence of their corruption and moral debasement.

We need to stop calling it "stepping aside": they remain on full pay, perhaps until they go to jail, and even then they may still get paid. Just this month it was reported that former ANC councillor Sibongiseni Baba has been sentenced to 10 years in prison for rape — yet he is apparently still paid his monthly salary, despite being in jail.

Will Zuma, too, get his R3m taxpayer-funded annual salary when he is in jail? Perhaps that is for the judicial branch to decide.

The judiciary and independent institutions have also held the line, driven by the moral fortitude of people such as former public protector Thuli Madonsela and justices Raymond Zondo and Sisi Khampepe.

There is a deep sense of poetic justice at play in SA's Constitutional Court.

Ten years ago, Jacob Zuma appointed Mogoeng Mogoeng as chief justice — a contentious appointment at the time. While most of his 10 years have been less controversial than expected, things went south at the end of last year when he opened in prayer at a public event: "If there be any vaccine that is of the devil, meant to infuse triple-six in the lives of the people, meant to corrupt their DNA, Lord God Almighty may it be destroyed by fire. in the name of Jesus."

Recently, he announced he would be going on "long leave" until October 2021, when his decade-long tenure is set to come to an end anyway.

In March 2021 President Cyril Ramaphosa appointed Khampepe as acting chief justice.

Originally appointed by Nelson Mandela as a truth & reconciliation commissioner in 1995, Khampepe became a justice of the Constitutional Court and, earlier this year, was asked to act as chief justice since Zondo had his hands full.

Last week, in a 127-page judgment, Khampepe lambasted Zuma, explaining that his conduct "smacks of malice", that his accusations were "utterly bereft of supporting facts" and concluded that in the process of dismissing two summonses from the Zondo commission and then further dismissing the summons of the Constitutional Court compelling him to testify, he had acted in an "indubitably vexatious and reprehensible manner". Hence, he was sentenced to jail for 15 months.

Khampepe's wisdom is worth quoting: "It would be nonsensical and counterproductive of this court to grant an order with no teeth. Here, I repeat myself: court orders must be obeyed. If the impression were to be created that court orders are not binding, or can be flouted with impunity, the future of the judiciary, and the rule of law, would indeed be bleak. I am simply unable to compel Mr Zuma's compliance with this court's order, and am thus faced with little choice but to send a resounding message that such recalcitrance is unlawful and will be punished."

Khampepe added that the judiciary, without any "purse or sword", has to rely on "moral authority to fulfil its functions".

Indeed. The past three years have been a moral reckoning for SA.

The judgment against Zuma has placed the constitution front and centre in our national discourse, showing that everyone is equal before the law, and even presidents can go to jail. Yet that same constitution also outlines other rights and obligations that we can no longer ignore.

As Khampepe reminds us, we are tied together by an ideal of a multiracial country, where all have equal worth and where reconciliation is possible.

Yet reconciliation also means sharing wealth and protecting dignity. How can we claim we are all equal when 10-million South Africans and 3-million children experience hunger on a weekly basis?

As rich South Africans we are failing our fellow citizens, as is clear from the tax data, which shows that the wealthiest 5% of South Africans have been the main beneficiaries of economic growth post-apartheid. While this group is now multiracial, it is also only this group where the big gains have been made.

Research by Aroop Chatterjee, Léo Czajka and Amory Gethin, presented last month, shows that in 1994 the average white South African earned seven times more than the average black South African (a 7:1 ratio). This came down to 4:1 in 2019. But this was entirely driven by the rise in incomes of the richest 5% of black South Africans. If you exclude that group, the ratio in 2019 was the same as the ratio in 1994.

In a nutshell, racial income inequality in SA has fallen since 1994 — only because of significant income growth among the richest 5% of black South Africans, not because of improvements for the poorest 90%.

And other research by Ihsaan Bassier and Ingrid Woolard shows that the real incomes of the wealthiest 1% of South Africans doubled between 2003 and 2016.

This issue is one of moral conviction. In a middle-income country no-one should go hungry. In her judgment Khampepe reminds us that the country we aspire to be is founded on rights and obligations made explicit in our constitution.

But it is not only the right to equality that must be upheld; it is also that "everyone has inherent dignity and the right to have their dignity respected and protected ... Everyone has the right to have access to sufficient food and water."

No-one has to tell us it is morally unacceptable that one in six South Africans experiences hunger on a weekly basis. It is a blight on our national conscience and one that we can (and should) do something about. x

Spaull, from Stellenbosch University's economics department, is the co-principal investigator of the Nids-Cram survey

THE COVID SCHOOLING CRISIS

As many as 750,000 pupils in SA have not returned to the classroom this year. That's about 500,000 more than in prepandemic years

123RF/4max

Debra Shepherd & Nompumelelo Mohohlwane

At the start of the pandemic, international experts recommended the closing of schools as a strategic response to reduce the spread of Covid. Research now shows, however, that school closures are neither necessary nor effective at mitigating spread.

But the unintended negative effects of doing so are far-reaching.

Estimates from the third wave of the Nids-Cram survey indicated a recovery in school attendance in SA in November 2020. But looking at data from the fifth wave of the survey, we now know that in one in 10 households, at least one school-aged child had not returned to the classroom by April 2021. That's about 650,000-750,000 children aged seven to 17 who have not been back to school this year — an increase of 400,000-500,000 on prepandemic figures.

Though absence (or disengagement) from school is not unique to SA, it should be of great concern, as extended absence often leads to pupils dropping out of school permanently.

Nids-Cram respondents were not explicitly asked why children had not returned to school, but drawing from previous household surveys and the department of basic education's national education evaluation & development unit report, reasons appear related to disruptions such as forgetting which day to attend school in the rotational attendance timetable, and anxiety brought on by not having done the work allocated for "home learning".

When it comes to Covid infections among children and teachers, we drew on a department of basic education analysis of excess deaths using teacher administrative data, as well as the latest updates from the National Institute for Communicable Diseases (NICD).

Over a 10-week period between February and April 2021 — overlapping with term 1 of the school calendar — we found that 171 excess teacher deaths were recorded. Prior to this, about 1,100 excess teacher deaths were recorded in an eight-week period overlapping with the December/January school holidays.

Considering this analysis, as well as local and international evidence, it's clear that the largest risk to teachers is community transmission in line with infection peaks, not the opening of schools.

What about children? The NICD estimates that children aged 19 years and younger have an infection rate 5.5 times lower than for those older than 19. Children also have 13.3 times less chance of hospitalisation, and schools have not emerged as primary transmission sites.

The low risk of infection among children in general, and the absence of increased risk through being at school — for children and teachers alike — coupled with the teacher vaccine drive that began on June 23, should stop us from disrupting schools and learning any further.

Though rotational attendance and school closures are intended to reduce viral transmission, they may be contributing to "disengagement" from school. In light of this, we strongly support the government's decision to return to full-time, daily and traditional timetable attendance of primary school learners. ⌧

Shepherd is with the department of economics at Stellenbosch University; Mohohlwane is with the department of basic education

SHACK DWELLERS HIT HARDEST

'Backyarders' and people living in informal settlements have borne the brunt of job and livelihood losses as a result of the pandemic, and have found it hardest to recover

Justin Visagie & Ivan Turok

It's difficult to imagine how the misery could get much worse for families living in makeshift shacks on the Cape Flats during the winter storms each year. Yet for the past 12 to 15 months, it is these kinds of communities — people who live in informal settlements and are backyarding — who have suffered the biggest hardships, according to new data from the Nids-Cram survey.

It is the plight of almost one in six households in SA's urban areas — close to 4.5-million people.

They faced the biggest slump in jobs and livelihoods under the hard lockdown, and their recovery has been the most muted.

These communities also faced higher risks of Covid contagion due to overcrowded living environments, poor ventilation and restricted access to clean water and sanitation. And people living in these communities indicated that those around them were least likely to wear masks in public.

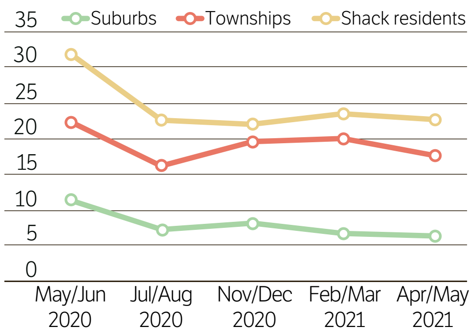
To make matters worse, as many as one in three shack residents said someone in their household had been receiving the social relief of distress (SRD) grant. However, the government withdrew this relief at the end of April in a seemingly callous move.

The Nids-Cram findings underscore the ways the pandemic has increased spatial inequalities. They also show how the poorest communities are most vulnerable in terms of Covid containment measures and that they are the least equipped to cope with the economic fallout of the disease.

We analysed the Nids-Cram data for urban areas to unpack the differences between suburbs, townships, shack dwellings (informal settlements and backyard structures) and peri-urban areas (smallholdings, farms or tribal land). The contrasting circumstances of these

UNEQUAL OUTCOMES

Survey respondents reporting hunger in the previous week (%)



Source: Nids-Cram, waves 1-5

communities are clear (see graph above). When surveyed in April and May 2021, nearly one in four shack dwellers (23%) said someone in their household had gone hungry in the previous seven days because there was not enough money for food. The rates were slightly lower for residents in peri-urban areas (21%) and townships (18%), and significantly lower for suburban residents (6%).

Unfortunately, the communities most at risk of resurgent infections can least afford the restrictions needed to prevent them. Yet there are a range of complementary interventions worth considering to support these communities.

First, reinstating the SRD grant for 12 months would help relieve the misery of joblessness and hunger, and demonstrate that the government cares about marginalised groups.

Second, the hazardous conditions in informal settlements and backyard shacks warrant attention. Improved access to fresh water, decent sanitation, electricity and waste collection are obvious priorities, preferably using local labour to enhance skills and livelihoods. Upgrading settlements should be the next objective, including the readjustment of dense settlement layouts and building two- to three-storey dwellings to make room for service infrastructure, community spaces and local enterprise.

Third, the government needs a more decentralised, place-based approach. National departments should work hand in hand with local and provincial authorities to tailor their response to different places. Greater flexibility is required to address the trade-offs surrounding people's lives and livelihoods in a more sensitive, effective manner.

Finally, the battle for people's hearts and minds cannot be won by national directives and authoritarian controls. More widespread consultation, community participation and the involvement of local leaders and civil society organisations could inject renewed energy into the campaign to get people to take adequate precautions and get inoculated. x

Visagie and Turok are with the Human Sciences Research Council and the University of the Free State

123RF/Prazis

The Covid gender gap

With the release of the final wave of the Nids-Cram survey, we can take stock of how the Covid crisis has affected gender inequality one year on. The results are not encouraging.

Women suffered a large and disproportionate effect in the labour market as a result of the hard lockdown, but they've also been slower to recover. In March 2021, when the country was in its least restrictive lockdown, men's employment and working hours were back to pre-Covid levels. Women's employment was still down 8% against February 2020, and their working hours were down an average 6% (two hours a week).

So while there was a recovery in employment, it has been slower (and remains incomplete) for women. Covid has increased gender inequality in the labour market.

An important factor to consider is the gender split in job types. Women are more likely to be in the sectors hardest hit by the crisis. They are also in more precarious employment relationships, so it is easier for employers to reduce their employment or working hours when lockdown restrictions bite. This highlights the inequality that stems from job segregation and shows that policy to open opportunities for women in "male" sectors, and in more stable employment, needs to take centre stage.

Another likely reason for the uneven effect in the labour market is the uneven impact in the home. The Nids-Cram data shows that the burden of school closures has fallen disproportionately on women: twice as many women as men said child-care responsibilities during the lockdown affected their work prospects. Any serious attempts to close gender gaps in the labour market will need to address this inequality in the home.

An important finding is that even though women account for most of the unemployed and Covid-related job losses, they received the least state income support targeting unemployed and furloughed workers. Our data shows that only about a third of the recipients of the Unemployment Insurance Fund (UIF) temporary employer/employee relief scheme (Ters) and the special relief of distress (SRD) grant were women.

That fewer women received Ters benefits is because they are less likely to be (formally) employed and registered for UIF. However, fewer women received the SRD grant because it could not be paid concurrently with another grant, such as for child support. So unemployed women were penalised if they were also the main caregiver to a child.

If the SRD grant is reintroduced in future, this issue will need to be urgently revisited.

SA is well into its third, brutal wave of Covid, with tighter restrictions progressively reimposed since late May. But all state income support measures have been discontinued, with seemingly no intention to reintroduce them — despite the effect the new restrictions will undoubtedly have on employment. And, if past evidence is anything to go by, especially on the jobs of women.

The lack of additional income support when the pandemic is still raging is deeply worrying. Measures need to be reintroduced with urgency to help stave off the most devastating effects of this crisis. x

Daniela Casale is with the Wits University school of economics & finance; Debra Shepherd is a member of Stellenbosch University's department of economics

NO ACCOUNTING FOR IT

Auditor-general Tsakani Maluleke last week tabled the results of the 2019/2020 municipal audit outcomes. For the most part, the situation is pretty dire and, in many areas, getting worse

Carien du Plessis

Tseko Mothamaha was appointed manager of one of SA's worst municipalities a day before Covid sent the country into a total lockdown last year.

In the 16 months since, the Maluti-a-Phofung municipality in the Free State has seen "massive progress", he says. But that's something that doesn't reflect in auditor-general (AG) Tsakani Maluleke's books as yet.

"We are three years behind in terms of submissions of our financial statements," Mothamaha tells the FM.

The administrator in place before him submitted these, but without an asset register.

"Immediately after my appointment we started with an asset register, which is complete now," he says.

In December, the municipality completed its submission for the 2018/2019 year and its next submission will follow at the end of this month. By November, Mothamaha plans to be up-to-date.

The Free State municipality has received a disclaimed audit opinion — the worst possible outcome from the AG — in 14 of the past 15 years, according to Maluleke's report on municipal audit outcomes for 2019/2020, tabled in parliament last week.

In that report, 22 municipalities received a disclaimed opinion, meaning they cannot provide the AG with documentary evidence of their spending. Another four that were previously disclaimed, Maluti-a-Phofung included, have yet to submit their financial statements to the AG.

In 2015/2016, the municipality avoided a disclaimed opinion by delaying the submission of its financial statements "to address prior-year audit matters and appointing consultants for the whole year", the report notes.

It seems millions of rands in equitable share and conditional grants meant for water and electricity provision had been misspent without proper record-keeping. By January 2019 the financial situation was so dire that Maluti-a-Phofung's creditors attached movable assets such as laptops and computers.

"The municipality was not able to bill its consumers, resulting in a loss of revenue," the report notes.

Political instability following the 2016 local government elections meant "the new leadership has not been able to address the municipality's prevailing shortcomings" after inheriting a dysfunctional municipality.

Mothamaha, however, notes that Maluti-a-Phofung is now producing its own financial statements — without the use of consultants. It has also paid pension fund contributions, and it will this month receive its equitable share because the council has managed to adopt a budget.

"We told the AG we are new and we want to try to clean up this municipality," he says. "We have inherited this mess and we do not run away from this. I cannot undo it in one year."

Audit results of municipalities across SA have declined over the past four years. When the current administrations took over in 2016, there were 33 clean audits across SA; for the 2019/2020 year, there were 27.

"We have observed the deteriorating state of local government," Maluleke says, adding that leaders must "embrace their responsibility to drive change if we are to make a difference".

The province with by far the most unqualified audits is the Western Cape. At 14, it has more clean audits than all the other provinces combined.

Western Cape MEC for local government Anton Bredell says the province offers support to municipalities, and good financial discipline and management are key.

"In 2009 when [the DA] took over the Western Cape, there were no clean audits," he says. "Then minister of finance Trevor Manuel said that by 2014 each municipality in SA should have a clean audit status. We started to work on getting the right systems in place, and competent people.

"Political leadership also plays an important role. If you get the combination right, then you're on your way to a clean audit."

Though the AG reports are a good indicator of clean governance, Bredell says they do not always reflect corruption. Irregularities could reflect if, for example, a municipality only asked for two tenders, when by law it should have asked for three.

"Sometimes it feels like it's petty, but it's important to get it right. It's important to operate within the legal framework and instil discipline."

Bredell says municipalities interact with the AG throughout the year, and it is important that they heed the recommendations.

The DA-run municipalities haven't gone without criticism. Some say, for example, that their clean audits don't reflect pro-poor service delivery. But while he acknowledges some shortcomings, Bredell says a number of indicators show a link between a clean audit and service delivery.

"On every platform I would stand up and say: 'What is the alternative to a clean audit? It is corruption. How can you then do service delivery?'"

It's a reassurance to taxpayers that their money is spent within the legal framework, he says.

Looking more broadly, Maluleke says audit outcomes have not improved despite her recommendations. These include investing in preventative controls, improving monitoring, review and oversight by senior officials and councils, using the AG reports and engagements to make improvements, and effecting consequences for accountability failures.

"Unfortunately, we have not seen evidence of these messages being taken to heart," she says, "and hence we are reporting that poor audit outcomes remain prevalent, while we also recognise the net improvement year on year."

Municipal IQ economist Karen Heese says there are slight improvements in the number of clean audits from the previous year, but some have not been submitted on time.

Despite the lockdown's possible "marginal impact on overall results", Heese says good leadership is the key. "Where there has been political commitment – for example in Limpopo – the results have shown an improvement."

Heese argues that it would be good for the AG to have "teeth" to change the incentives for municipal managers to comply.

In April 2019, amendments to the Public Audit Act came into effect, giving the AG the ability to point out material irregularities and take action if municipal managers don't deal with them appropriately.

By June 11 2021 Maluleke's office had issued notifications for 96 material irregularities against municipalities, 75 of them for noncompliance with legislation that is likely to result in a R2bn loss. But it seems further action has yet to be taken.

For Pundy Pillay, of the Wits School of Governance, the big challenges for municipalities are political issues, such as senior appointments in local government being made on the basis of political connections rather than managerial skills and financial qualifications, and "a severe shortage of skilled human resources".

Local government is also not the first choice for the country's best graduates, because SA isn't producing enough skilled personnel for both the private and public sectors.

"In the public sector, the choice of employment in order of preference is national government, provincial government, and then only local government," says Pillay. "Even within local government, there is a preferential ordering: metros, towns, rural."

He fears that the government is now so overwhelmed with the Covid crisis that things will slide further.

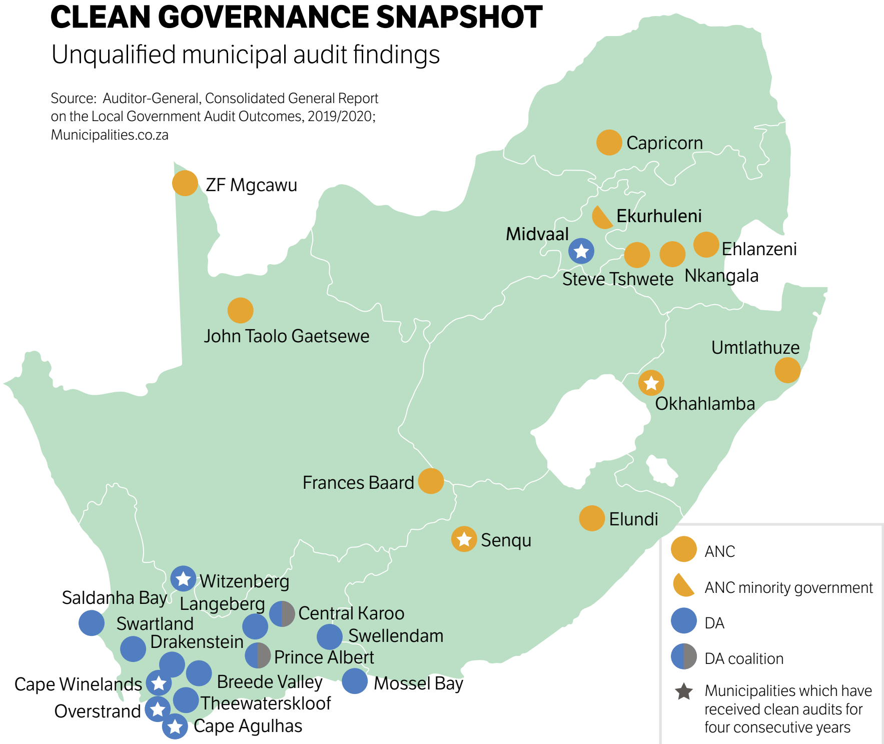
"We go through this every year when the auditor-general's report is released," he says. "There is shock everywhere, our leaders do nothing or at best very little, and we in civil society forget all about this until next year's report, when undoubtedly we will be outraged again." x

123RF/troyzen

CLEAN GOVERNANCE SNAPSHOT

Unqualified municipal audit findings

Source: Auditor-General, Consolidated General Report on the Local Government Audit Outcomes, 2019/2020; Municipalities.co.za



Picking new leaders

Auditor-general Tsakani Maluleke's report on the municipal audit outcomes notes the importance of leadership in resolving SA's local government failures.

As it stands, the country is due to pick new municipal councillors at the local government polls, set for October 27. Some epidemiologists, however, have warned the elections could coincide with a new wave of Covid infections, and parties such as the EFF have expressed concerns about safety.

Others, to support the argument that the elections are held as planned, point to the dire state of local governments and the urgent need to elect new councillors.

Last week, retired deputy chief justice Dikgang Moseneke heard a number of submissions in an inquiry on the matter, commissioned by the electoral commission. He is set to make a finding by the month-end. x

The psychology of Covid graft

Large amounts of money that were meant to ensure people were kept safe during the lockdown were squandered or badly spent, auditor-general Tsakani Maluleke's special real-time audit has revealed.

But this came as no surprise. As Maluleke notes in her report, it's predictable human behaviour.

There are three components to the "fraud risk triangle" that could have been used to foresee and prevent misspending during the pandemic, says the report.

First is opportunity: the lockdown resulted in skeleton staff seeing to issues such as emergency procurement. "This could create opportunities that would otherwise not exist, such as less direct supervision or weaknesses in access control, segregation of duties or the use of deviations," Maluleke notes.

Next there's rationalisation: with the pandemic breeding fear, uncertainty and instability, individuals find it easier to rationalise their decision to commit fraud.

Third, Maluleke refers to "incentives and pressures". The urgency to procure some items means officials in supply chain management might not "apply the same rigour when approving quotes, invoices, deviations or tenders".

Says Maluleke: "Municipalities did not respond to the increased risk of fraud ... by adjusting their fraud risk management processes and implementing strong preventative controls."

Government allocated R23.9bn for the municipal response to Covid. A real-time audit of 43 municipalities, allocated a total R14.4bn, found that by March 31, 42% had been spent, much of it on items not related to Covid, such as bulk water and electricity purchases, or salaries.

In Ngqushwa in the Eastern Cape, for example, R665,000 was used to buy a car for the mayor (the municipality has disputed that this was paid for with funds set aside for the Covid response).

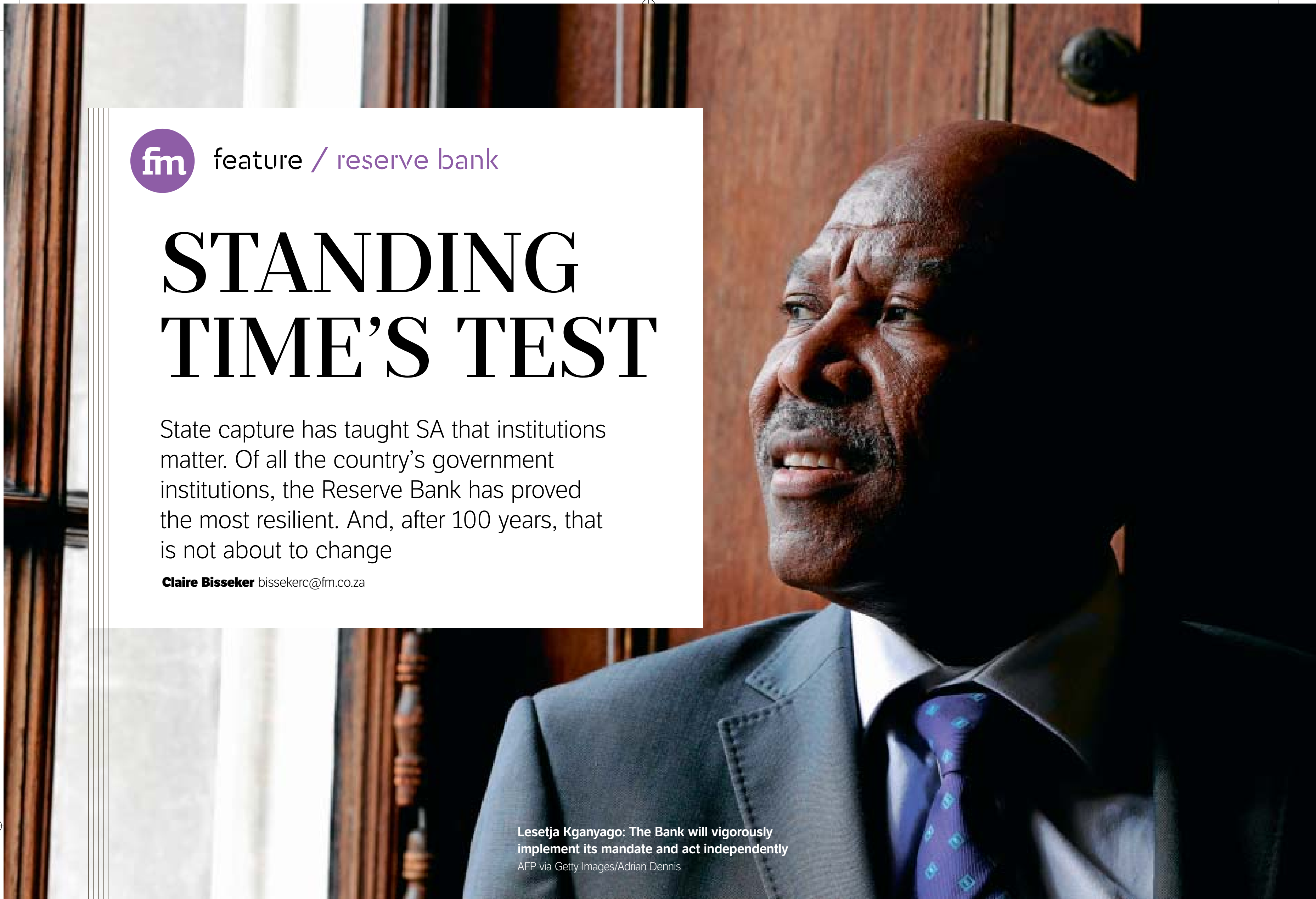
In other municipalities, millions were spent on shelters for the homeless, and water and sanitation infrastructure related to combating Covid. But in some, the projects were so far behind schedule that their purpose was defeated.

There were other failures too. Notably, people were left short of water. In Mpumalanga's Nkomazi, for instance, the municipality contracted providers to fill the JoJo tanks in the Mjejane village only until October 2020. That meant villagers had been buying water from private tank providers, from their own pockets, for six months by the time the auditor-general noted the situation. x

STANDING TIME'S TEST

State capture has taught SA that institutions matter. Of all the country's government institutions, the Reserve Bank has proved the most resilient. And, after 100 years, that is not about to change

Claire Bisseker bissekerc@fm.co.za



Lesetja Kganyago: The Bank will vigorously implement its mandate and act independently
AFP via Getty Images/Adrian Dennis

As the Reserve Bank celebrates its centenary, it can pat itself on the back for getting inflation to shift structurally lower, and for anchoring inflation expectations closer to the midpoint of the target band, without sacrificing economic growth.

This big question now, as the economy begins to recover from the pandemic and inflation starts to pick up, is whether the shift to lower inflation can be sustained in a country with so many structural inefficiencies.

In an interview with the FM, Reserve Bank governor Lesetja Kganyago says while inflation is likely to pick up, the Bank doesn't expect it to overshoot the target or for inflation expectations to become de-anchored. Though there are risks, SA has a far more efficient economy than before inflation targeting was introduced.

Historically, SA suffered from huge structural inefficiencies and structurally high inflation, which peaked at 18.4% in 1986. Things started to change after 1994, when the country's "laager economy" was opened up to international competition and high tariff walls — which had contributed to industry concentration and afforded SA firms significant pricing power — were dismantled.

But the big structural break towards lower inflation really came in 2000 with the introduction of inflation targeting, says Kganyago. In mandating the Reserve Bank to keep inflation within a target band of 3%-6% it provided a clear anchor for monetary policy compared with the previous Reserve Bank Act "which read like a dog's breakfast".

Even so, mistakes were made. The biggest, he feels, was in response to the rand crisis of 2001/2002, when the National Treasury and the Bank, acting in concert, reversed an earlier decision to lower the target band to 3%-5%.

In hindsight the escape clause should have been used as intended, says Kganyago, as it allows the Bank to deviate from the target in the case of external shocks, provided it specifies a path and time horizon over which inflation will be brought back within the target band.

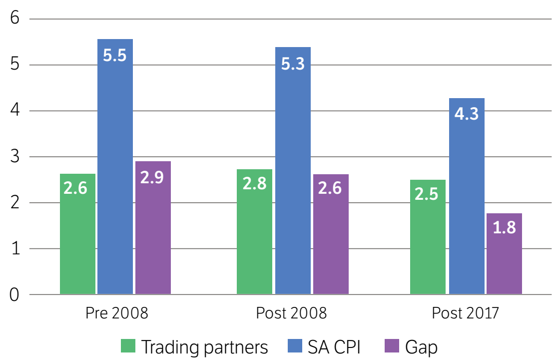
Instead, the entire target band was moved. Subsequently, with the departure of then finance minister Trevor Manuel and former Bank governor Tito Mboweni, "nobody remembered that there was a commitment to South Africans to revise the target back to 3%-5% at an appropriate time".

What wasn't in the public domain, according to Kganyago, was the advice from the staff of the National Treasury and the Bank to Mboweni and Manuel to the effect that "they must re-introduce the 3%-5% target over time and subsequently that it must be 2%-4%".

Kganyago, who was the Treasury's head of economic policy at the time, says:. "The reason was simple. It was to demonstrate to the price-setters in the economy that SA was

CLOSING THE GAP

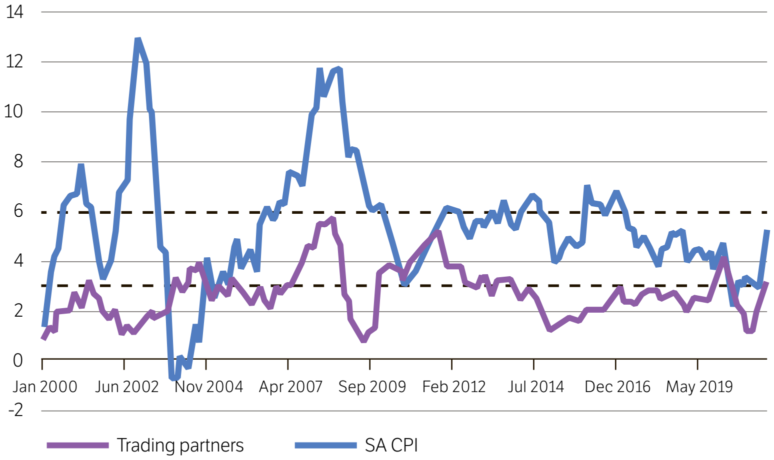
CPI period averages (% y/y)



Source: Intellidex

SA PLAGUED BY INEFFICIENCIES

SA vs trading partners, CPI (% y/y)



Note: Trading partners weighted by average of export and import volumes in given year
Source: Intellidex, Bloomberg

reaching for structurally lower inflation."

In 2017, Kganyago sent out much the same signal when he made it clear that the Bank would no longer be implicitly tolerating inflation of 6% but specifically targeting 4.5%.

The Bank had taken a critical look at its conduct and realised that by seemingly tolerating inflation of 6% after the global financial crisis, it had reinforced the view that the target was 6%. And so underlying inflation, and inflation expectations, had drifted to the top of the target range.

Even more alarming, indexation had set in. Prices and wages across the economy were locked in to grow at 6%.

This left SA in a trap: nominal interest rates had to be high because inflation expectations were anchored at about 6%, but having relatively high interest rates meant there was always pressure from society to cut rates. Meanwhile, the indexation bias meant that inflation never fell much and so, in turn, interest rates stayed structurally high.

What it means:
The Reserve Bank has succeeded in anchoring inflation expectations and getting domestic inflation to shift structurally lower; the next step will probably be to reduce the target band

The Bank realised it could better achieve permanently lower interest rates if it was clearer about where it wanted inflation to be: at 4.5%.

That clarity of messaging has paid off and, helped by weak demand and other supportive factors, the Bank has succeeded in anchoring inflation expectations around 4.5% and getting domestic inflation to shift structurally lower. So has global inflation, thanks partly to technological advances that have spurred efficiency gains.

For all these reasons Kganyago does not expect inflation to overshoot the target, even though it is likely to pick up as the economy recovers.

"Should there be an expectation that inflation will move beyond the midpoint in a sustained way, leading to the point where inflation expectations start to move higher, the Bank stands ready to deploy its tools to bring inflation expectations closer to the midpoint again," he says.

He concedes that there are structural elements in SA that are keeping inflation higher than it should be. These are mainly because municipalities and Eskom continue to raise rates, electricity, water and other tariffs faster than inflation.

Another risk is that with the global recovery, the oil price could exceed the $60 a barrel the Bank has assumed in its forecasts.

"If these risks materialise, we'd look at whether this leads to second-round effects," he says. "If it does [and that leads to] inflation expectations rising, then the Bank will act to respond to those second-round effects, not the shock [which the central bank community currently sees] as transitory."

Asked if the Bank is likely to make its next main policy goal reducing the target band to 3%-5% (and, further, to 2%-4%) as originally intended, Kganyago says the Bank hasn't yet started a conversation about it.

What has kick-started speculation is that the Treasury is commissioning research on a macroeconomic review, including on the appropriateness of the inflation target. Kganyago welcomes the review but is emphatic that if the target is to be revised, it can only be revised lower.

First, he says, this is because raising the target would make SA globally uncompetitive, given that emerging markets' inflation is bubbling around 3% and most are moving their targets closer to 2%.

In fact, every country that introduced inflation targeting when SA did has subsequently revised its targets lower. SA now has by far the widest target range among its peer countries and, at 4.5%, its target exceeds even that of the former outlier, Brazil, which is targeting 4% in 2021, dropping to 3.25% by 2023.

Second, to revise higher would be a radical departure from the commitment made in 2002, and the expectations of price-setters in the economy, that SA would reduce the target at an appropriate time.

In speeches towards the end of last year, Kganyago warned that getting monetary policy right wasn't going to be enough. The country was slipping backwards, "seemed to be depressed", and risked following Argentina's path "where ideological conflicts and unstable macroeconomic policies produced a steady economic decline". He urged SA to "choose the reforms that will create jobs and prosperity".

Asked whether he feels less depressed about the country's prospects now, Kganyago clarifies that it was the economy that he had said was depressed, quipping: "Depression is not part of my policy toolkit."

Indeed, since December, the economy has achieved a "shot in the arm" thanks to a positive terms-of-trade shock arising from increased demand for commodities, on the back of the global recovery, Kganyago says.

Depression is not part of my policy toolkit

Lesetja Kganyago

This has reduced the expected revenue undershoot and budget deficit which, together with a reduction in Treasury issuance and a record current account surplus, mean that foreigners no longer view SA as highly vulnerable.

But this doesn't mean SA can drop its guard, he says. "The question for SA now is: how do you use this respite to make sure you are recovering better and cushioned against potential future shocks?"

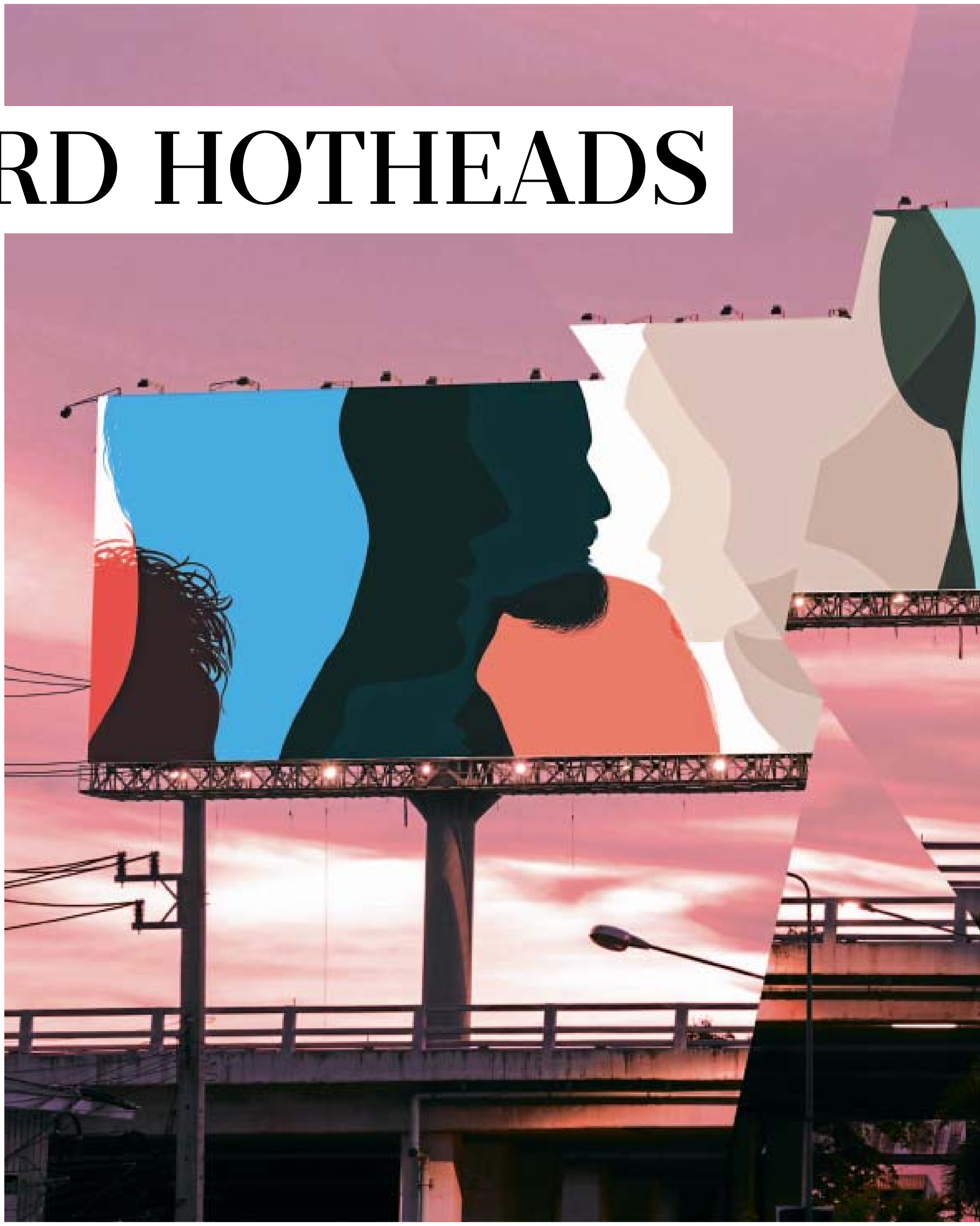
Despite the shift back to a level 4 lockdown, SA's recovery is still on track, he adds. He has no doubt that the Bank's sound policy frameworks will continue to allow flexible approaches while building confidence.

Above all else, Kganyago vows that the Bank will remain true to its constitutionally enshrined mandate of ensuring price stability in the interests of balanced and sustainable growth.

"My commitment to South Africans," he says, "is that the Bank will vigorously implement its mandate and act independently, without fear or favour, to ensure that what it's been tasked with is actually accomplished."

After the centenary celebrations — during which praise was heaped on the Bank from the International Monetary Fund, the Bank of International Settlements and the Banking Association of SA for its "tremendous achievements" in holding down inflation and defending its independence from vested interests and political pressure — South Africans should know that they can safely hold Kganyago to his word. x

BILLBOARD HOTHEADS



The Institute of Race Relations' 'Racism is NOT the problem' campaign sets back the process of dealing with an entrenched issue in SA

Chris Roper

Sadly, the billboard for the Institute of Race Relations (IRR) on the M1 in Joburg, which proudly proclaims that "Racism is NOT the problem", is only the second-most stupid billboard of the month. Top honour goes to the one put up illegally in Cape Town by a company called San-i-Tize, a name that already gives away a predilection for recycling US conspiracy tropes by its use of a Z in sanitise.

The billboard, in all its galumphing glory, states: "In Gates YOU trust?! In God WE trust. No 'vaccine' for us."

Leaving aside the blinding stupidity of the sentiment, which seems to imply not just a common or garden belief in an imaginary deity but also a belief in an imaginary Gates who is personally responsible for creating vaccines, the truly stupid thing lies in what this company does. It "specialises in the direct importation and distribution of medical and emergency supplies to state and private hospitals, governments and the private sector".

A company that makes its money from selling personal protective equipment and sanitiser is anti-science.

The billboard, of course, doesn't just contravene the dictates of common sense; it also contravenes the disaster risk management regulation that prohibits the spreading of Covid misinformation. And, according to news site IOL, "the City of Cape Town said the signboard is illegal as the owner has not applied for authorisation in terms of the city's outdoor advertising and signage by-law".

What it means: The IRR's language, and opinion, are both wrong in its billboard about racism

Reactions to the furore about the anti-science billboard include the entirely predictable misunderstanding of what freedom of speech actually entails. A representative example is this one, quoted in the Cape Times. "Debbie Els, from the Stop Farm Murders Movement and an anti-Covid vaccine campaigner, accused the government of 'censoring' people from the truth yesterday. 'They have a right to put a billboard up, it's the true freedom of speech and choice. Government wants to censor the truth from people. The DA is pushing this New World Order agenda as well,' Els said."

Oh Debbie. It's one thing to not believe in science, but you have to believe in municipal by-laws. The New World Order — and many of you won't know this because of stuff mainstream media won't tell us et cetera — is a powerful and highly secretive elite, though not powerful and secretive enough to evade the eagle eye of The Debbie.

This elite is conspiring to eventually rule the world by replacing nation states with an authoritarian one-world government.

One feels that co-opting the DA's creaky communications team into this is an uncharacteristic misstep by the Illuminati, but fine.

Some might argue that the IRR's billboard actually trumps this one, because it's the allegedly considered opinion of a whole funded organisation, not just a couple of crazies in a small company that sells rubber gloves.

What is it with billboards? In a world where you can reach millions of people on social media, why would you go to the bother of erecting a physical sign? Perhaps the clue is in the word "erect".

The image on the front page of the "Racism is NOT the Problem" website to which the billboard directs you is *Passive Resistance*, a 1994 localised version of an 1830 painting, *Liberty Leading the People*, by

French artist Eugène Delacroix. The artist, Reshada Crouse, tells us she "intended this painting to be in appearance reminiscent of a giant billboard".

Where the Delacroix original has Liberty at its centre, bare-breasted and barefooted, standing on a mound of corpses and wreckage, Crouse's version has her on the right, behind three men, one wearing gym gloves and clutching a machete, another in a corset and long white evening gloves caressing an AK-47, and one who is sort of staring dolefully at the viewer. In the left foreground, there's a woman kneeling over what appears to be an ailing body. For some reason, these figures have all been cropped out of the version used on the website.

The people in the painting are apparently modelled on prominent members of the SA theatre world at the time.

Quite what the IRR intends this symbolism to convey is unclear. That the revolution will not only be televised, but a work of fiction? Perhaps.

If the IRR billboard had said "Racism is not THE problem", with its implication that it's one of many problems, we might react differently. But saying "Racism is NOT the problem" implies, of course, that it's not a problem at all. That's the dominant message in both the billboard and the movement's rallying cry.

This is not precisely what the IRR says on its site. It writes: "Is racism a problem? Yes. Racism against 'Asian' people and 'white' people is increasing, which is disturbing."

Who knew? Racism is a white person's problem, but not in the way you might think.

The IRR does add that it's also disturbing that "some 'black' people and 'coloured' people suffer from racism, albeit at decreasing rates". So that's OK.

Using examples of self-interested claims of racism as a reason to belittle the entire problem is at best intellectually dishonest, and at worst severely damaging

If you thought that was a weird standpoint, read on. The director of the project, Gabriel Crouse, writes: "If you think racism is everywhere, we have news for you. We say racism is a problem when it is, and we say it is not a problem when it is not. The movement to get real on this basis cannot be stopped."

Read it out loud. "Racism is a problem when it is, and it is not a problem when it is not." That's some next-level Schrödinger's racism, as the philosophers say.

Or how about this gem: "The supermajority of South Africans already know that skin never equals sin, that racism is not everywhere, and that merit beats quotas. We have the data to prove it. If you don't believe it, ask a few thousand strangers, like we did."

What is a supermajority? Is that like a majority, but they wear their underwear on the outside of their pants?

There's the eternally plaintive appeal against affirmative action, naturally. And it's also kind of funny that the organisation insists it didn't just ask its buddies, but found some actual strangers to bother.

I do like how it sneaks in the biblical allusion to sin, and the language of the "Racism is NOT the problem" movement does read a bit like a mash-up of biblical barnstorming, QAnon fancifulness and adolescent fantasy novels.

"Come back to The Journey every week as we descend into winter and learn the world of hardship and possibility," we are told. "Our greatest threat is the inculcation of a new racial ideology through the machinations of multimillionaire and billionaire race-baiters and politicians wedded to blood and soil dogmas."

The truly startling revelation of the IRR's survey, though, is not that – yay! – racism isn't a problem any more. No, it's the fact that it does exist, but poor defenceless white people are the target.

Assessing responses to the question, "Have you personally experienced any form of racism over the past five years?", it turns out the most oppressed demographic is ... yes, whites, at 28.4%. Reverse racism, bru!

If this isn't an indication of the sort of distorted audience the IRR is reaching out to, then I don't know what is.

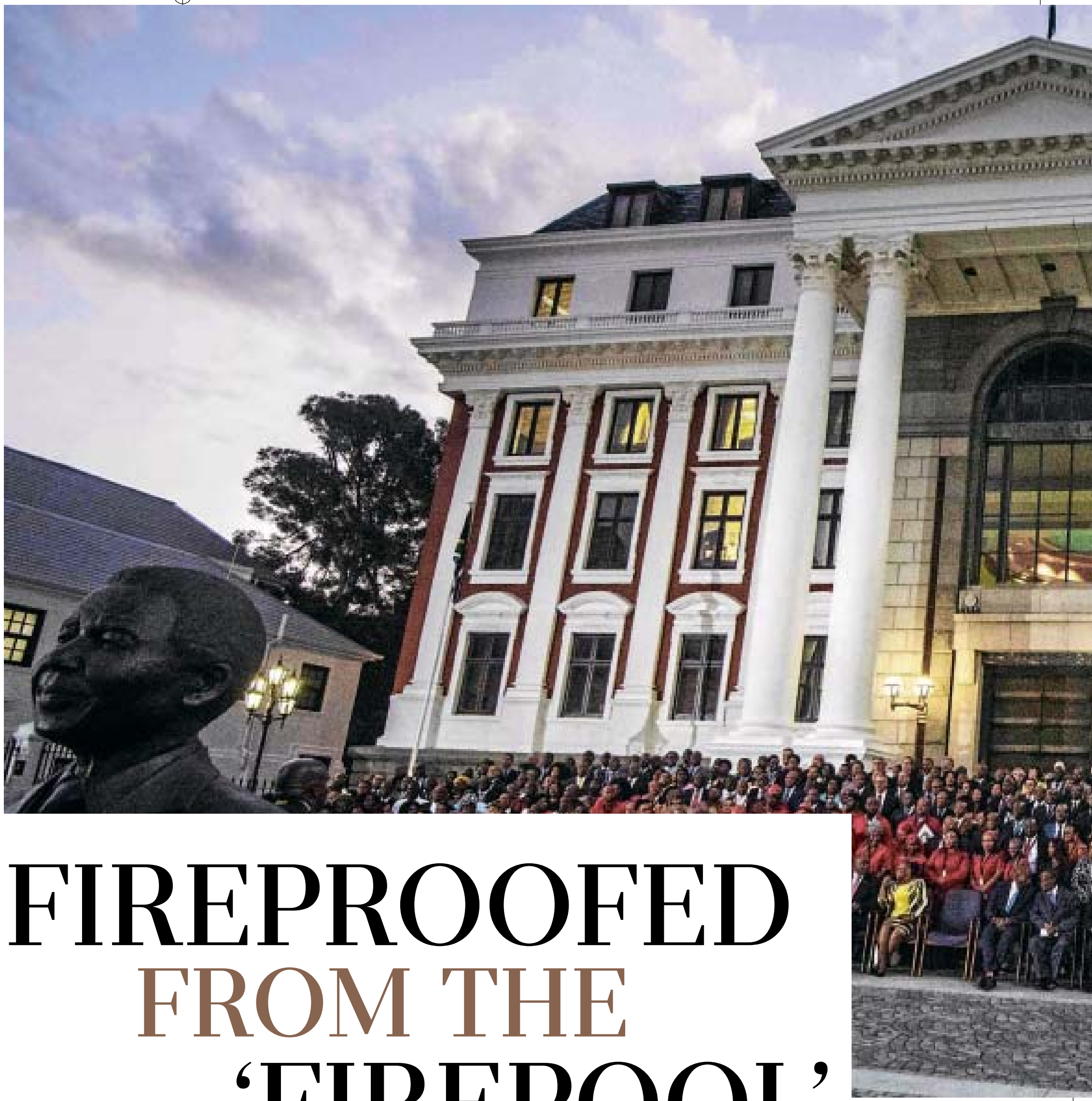
And now we wait for the IRR's impassioned right of reply in next week's FM, when it points out that I've misrepresented the organisation, and that the real point of the movement is to highlight the following part of its survey. Asked if "politicians are talking about racism and colonialism to excuse their own failures", those in agreement by race were: black, 52%; coloured, 58.7%; Asian, 65.1%; and white, 63.2%.

Yes, indeed, that is one of the positions that any right-thinking person would hold, that corrupt politicians and businesspeople do, sometimes, attempt to deflect their own culpability by attempting to co-opt the ongoing battle against racism. Just recently, for example, we had the mayor of Joburg telling us that complaining about the fact that his city is falling apart is based on racist assumptions.

But using examples of self-interested claims of racism as a reason to belittle the entire problem is at best intellectually dishonest, and at worst severely damaging.

Why does the IRR feel compelled to downplay the reality of racism in SA? "Only that way can we get real about our problems, which means taking the practical steps to solving them," the organisation tells us.

Really? We can't fight racism at the same time as battling our government's singular ineptness at dealing with unemployment, crime and the many other problems facing SA? Do you really think that claiming that racism is not a problem will stop those who are operating in bad faith from using it as a mechanism to shift attention? Or, and I fear this is closer to the truth, have you now just set back the process of dealing with racism in SA, and thereby further enabled those bad actors you decry? ✘



FIREPROOFED FROM THE 'FIREPOOL'

Can SA be secured from a venal, corrupt executive? The first step towards minimising the risk of capture, say experts, is to strengthen parliamentary oversight through electoral reform

Natasha Marrian mariann@fm.co.za

Picture this: it's 2024, the ANC has won the national election by the slimmest margin yet – a paltry 52% – and the party's recently inaugurated president, Duduzane Zuma, is settling into Mahlamba Ndlopfu. He's already been busy: he's suspended national director of public prosecutions Shamila Batohi and Reserve Bank governor Lesetja Kganyago on the strength of "intelligence reports" indicating "rogue behaviour".

He's fending off legal action over his decisions, with his adviser Dali Mpofu looking for ways to delay the suspensions being set aside. In the meantime, he's appointed Busisiwe Mkhwebane as acting prosecutions boss, and his mentor Atul Gupta has taken over the running of the newly nationalised Bank.

Finance minister Ace Magashule will soon deliver his inaugural budget. He'll address the usual pre-event briefing flanked by Gupta and SA Revenue Service (Sars) acting commissioner Dudu Myeni, appointed to the post to replace Edward Kieswetter, who was suspended by the new president shortly after his swearing-in.

It's an earth-shatteringly depressing picture of state failure, and highly unlikely. Or is it?

Cyril Ramaphosa's tenure in the presidency has so far been characterised by attempts to reform and clean up the state. To do so, he has largely replaced errant, captured and potentially corrupt heads of key state institutions with more credible leaders.

But what measures are in place to ensure that the country doesn't again find itself at the mercy of a rogue president, whose interests are as far from serving the people as the Burj Khalifa is from Table Mountain?

Simply put, despite Ramaphosa's reform agenda, nothing has fundamentally changed in the makeup of SA's constitutional order – or in the ruling party – that could prevent a repeat of a presidency run along the lines of Jacob Zuma's.

So what has to change? Can the presidency and SA be "fireproofed" against leaders of nefarious intent?

"There is no system that is fireproof," says Ebrahim Fakir, programme director at the Auwal Socio-Economic Research Institute. "It is impossible to find, because what you are trying to do is depoliticise what is inherently political."

But there are ways to minimise the risk. In 2014, then deputy chief justice Dikgang Moseneke delivered a lecture in which he argued quite forcefully that too much power rests in the presidency, particularly when it comes to making appointments.

"A careful examination of the powers of the national executive chapter in the constitution displays a remarkable concentration of the president's powers of appointment," Moseneke said at the time. (When the FM contacted him, he said the views expressed in that lecture have not changed.)

At the time, Moseneke suggested SA should review the powers of the president over the next two decades.

He said the president plays a deciding role in appointing the chief justice of the Constitutional Court, the deputy chief justice, judges and heads of institutions such as the National Prosecuting Authority, the public protector and the auditor-general. The incumbent may also remove these officials on particular grounds.

The president also appoints the heads of the police, military and intelligence services, the governor of the Bank and the commissioner of Sars.

This was deemed a major factor in enabling Zuma's execution of the state capture project.

But there is disagreement among analysts on whether the powers of appointment are overly concentrated in the presidency.

Council for the Advancement of the SA Constitution (Casac) executive director Lawson Naidoo says there is a case to be made for a more open, transparent and competitive process in the appointment of the national director of public prosecutions, for instance. But he says the allocation of power to the president to appoint his deputy and cabinet is appropriate.

In order to fireproof the presidency, Naidoo says, the process for appointments to key positions – chief and deputy chief justice and the prosecutions boss, for example, as well as appointments to the boards of state-owned enterprises – could be formalised.

"Appointments to institutions in the criminal justice sector [the police, Hawks and the like] must also be strengthened. But ultimately, the most effective check on the abuse of power by the president or the national executive rests with parliament and the judiciary," says Naidoo.

"The principle of the separation of powers lies at the heart of the constitutional framework. That framework is a hybrid of a pure presidential system and a Westminster-type parliamentary system, where power is


Oversight body: Newly sworn-in MPs pose behind a statue of Nelson Mandela outside parliament in 2019
(AFP via Getty Images/Rodger Bosch

shared between the two arms of the state."

This is where the country has failed in the past two decades.

Fakir concurs with this point, but disagrees that the president holds too much power in making appointments, saying: "Someone has to exercise executive power."

The problem is that oversight institutions such as parliament have failed in their duties to hold the executive to account — as the Constitutional Court judgment on Nkandla found back in 2016.

And parliament is still failing, says Fakir, even under Ramaphosa. By way of example, he cites the Digital Vibes saga, and how health minister Zweli Mkhize was able to get away with a flimsy letter arguing that the matter of the allegedly dodgy communications contract was "sub judice", meaning he couldn't answer questions before parliament's portfolio committee on health.

"It is parliament which has failed. The ANC uses its majority in crude ways to blunt parliament; the ANC also gives its president too much power," says Fakir.

"The majority is used by the ANC in a crude way. There is almost a sinister underlying intent to allow those in executive authority to run rampant."

So what is to be done (outside of booting a corrupt ruling party out of power)?

Songezo Zibi, former Business Day editor and author of *Raising the Bar: Hope and Renewal in SA*, says the problem is broader than an individual — it's about how to minimise executive overreach. And the fundamental way to do this is to strengthen parliament through electoral reform.

This, he says, will introduce a greater "tension between the interests of a particular party and that of society" by making sure MPs are directly accountable to a constituency.

"This will break or lessen the stranglehold of the party," Zibi continues. "When someone is directly elected, the party grip loosens ... and this forces the executive to think more carefully about how it behaves."

It is parliament which has failed. The ANC uses its majority in crude ways to blunt parliament; the ANC also gives its president too much power

Ebrahim Fakir

Zukiswa Rantho's name should ring a bell here. She was an ANC MP who chaired parliament's explosive inquiry into the capture of Eskom — and was "rewarded" for her sterling work by being left off the ANC's lists of MPs returning to parliament.

At the same time, former ministers and MPs who were deep in the pockets of the Guptas and steeped in allegations of state capture — think Mosebenzi Zwane, for example — made it back onto the party lists.

Would directly elected MPs eliminate the risk of capture? Probably not, but such a system would certainly lessen it.

Electoral reform marks the first step towards greater accountability of the executive.

"Once parliament is more independent, you can force the executive to seek parliamentary approval for executive decisions," says Zibi. "You are able to more effectively lessen executive discretion."

Naidoo has argued similarly. On Casac's behalf, he made detailed submissions to the Zondo commission on how to strengthen parliamentary oversight of the executive.

But Valli Moosa — former constitutional affairs minister who recently chaired a committee to advise home affairs minister Aaron Motsoaledi on amendments to the Electoral Act — cautions that electoral reform cannot be a panacea for a bad or crooked president.

"That is a criminal justice matter. Electoral reform is about how we take democratic representation forward and deepen how the will of the people is reflected," he says.

That said, Moosa's committee has recommended that parliament be made up of more directly elected MPs — 200 drawn from the party list system and 200 directly elected.

It's a recommendation that stems from the Constitutional Court finding that the Electoral Act is unconstitutional, as it doesn't allow independent candidates to stand for election nationally — a flaw parliament has been ordered to rectify.

Still, electoral reform that strengthens parliamentary oversight and takes some power out of the hands of party bosses — and places it in the hands of the people — can only strengthen democracy.

Also, strengthening parliament is just the first step towards greater executive oversight, says Zibi, who has dedicated a chapter in his book to this issue. Another would be mandating the disclosure of critical information such as major procurement decisions: disclose how companies win contracts, who they are, who their directors are, and whether they have donated to any political parties or politicians.

"These mechanisms would significantly narrow the space for a president to be rogue ... Once you introduce such public scrutiny, you will find that guys with something to hide would automatically eliminate themselves," he says.

Strengthening parliament through electoral reform may be one way to begin fireproofing SA from an errant president. After all, the country is sure to have another some time in the future — from the ANC or a new governing party.

And such questions need to be grappled with, as the ANC is "at sixes and sevens when it comes to the modern rules of government", says Fakir.

The party empowered and then enabled an errant president once. Who's to say it will not do so again? x

FARCE AND THE FURIOUS

Eswatini has been rocked by its worst protests since the 1990s, as activists clamour for multiparty democracy and reform of the absolute monarchy **Carien du Plessis**

King Mswati III of Eswatini had a bad bout of Covid as the pandemic's second wave swept through his kingdom early this year. Rumours about his health swirled while he lay in hospital. Six weeks later, having recovered, he told parliament: "I tested Covid-19 positive for a couple of days in the first week of January 2021."

Discussing his health was an unprecedented move, but these are unusual times. Mswati even proffered an explanation for not speaking out earlier: "I did not announce it then, but when I intended to mention it, I discovered that I was now negative."

He also thanked Taiwan for providing the antiviral treatment that made him better, and said he intended to acquire stocks for hospitals in the country, where just over 47,000 vaccine doses have been administered to a million-strong population.

Prime Minister Ambrose Dlamini was not so lucky. He died in hospital in December, weeks after testing positive for Covid.

These are unusual times in Africa's last absolute monarchy. The king's illness prompted Swaziland News editor and controversial royal critic Zweli Martin Dlamini to imagine a new life.

"Political parties must start preparing for democratic elections in 2023 as the tinkhundla oppressive system of governance takes its last breath," he wrote, referring to the constituency system in the country.

Dlamini speculated that, should Mswati die, the government would impose a strict Covid lockdown and settle internal battles before announcing his death. Then he envisaged international intervention for a transition to a constitutional monarchy.

That would have taken the country back to the form of government in place from independence in 1968 until 1973, when King Sobhuza II, following the loss of three parliamentary seats by his party, issued a decree suspending the independence constitution and banning political parties.

His son, Mswati, took power in 1986 as an absolute monarch with an autocratic style.

Dlamini might have incorrectly predicted the demise of the king, but there was some truth in his assertion that public sentiment towards the system of absolute monarchy is changing in Eswatini.

Last week the country was rocked by some of the most violent protests since widespread strikes by workers in 1996. Among other things, protesters want more say in government, including the direct election of a prime minister (the king currently appoints the head of government).

What it means:
The levels of poverty and unemployment are in stark contrast to the royals' wealth and power

The authorities responded by tightening Covid restrictions, including an overnight curfew starting at 6pm. Protesters burnt and looted shops and businesses, and the riots made international headlines.

The Southern African Development Community (Sadc) troika for politics, defence & security sent a ministerial fact-finding mission over the weekend, hoping to establish dialogue between the government and civil society organisations.

The EU, Taiwanese and US missions supported this, adding in a statement: "It is critical now to create the space for peaceful, productive and inclusive talks." It added its voice to Sadc's condemnation of the "use of violence and destruction of property" by the protesters.

Opposition activists have put the deaths of protesters at the hand of security forces at


King Mswati III
AFP/Alaatin Dogru/Anadolu Agency

Business ablaze: Firefighters extinguish a fire at a supermarket in Manzini, Eswatini, last week, as protests in the kingdom escalated
AFP

between 40 and 70; the government's tally, so far, is one.

In a statement. acting Prime Minister Themba Masuku called for calm and, with apparent reference to the monarchy, said: "We have consistently respected the structures that define us, the ethos that makes us different from the rest of the world. We have held high the values and traditions that have kept us united even when we do not see eye to eye."

Not unusually, the royal household has been quiet. Rumours that the king fled last Monday night, following a day of particularly violent rioting, turned out to be untrue.

There has been simmering unhappiness in Eswatini for years as public servants' salaries remain stagnant and poverty persists. In March, Save the Children estimated that a third of the population goes hungry.

This is in contrast with conspicuous consumption by the royals, such as Mswati acquiring 11 customised Rolls-Royce limousines in 2019.

Protests have rarely attracted outside attention, and Pudemo – an opposition group that was declared a terrorist organisation and banned in 2008 – has been less vocal as funding has floundered.

But anger erupted in May after the death of student Thabani Nkomonye, allegedly at the hands of police. Pictures surfaced that disproved police claims that he died in a car accident, and started trending on social media with the hashtag #JusticeForThabani.

These brought demands for a multiparty democracy that would hold institutions such as the police to account, rather than have security forces answerable to the king alone.

Three reformist members of parliament led calls for government reforms and encouraged people to go to their tinkhundla with their grievances. This is usually an effective way to channel free expression from the streets.

But Masuku had ordered that disgruntled citizens should e-mail their grievances rather than assemble, citing Covid concerns.

The clampdown led to the pressure cooker boiling over. It's this, along with the protests' "organic" nature (there is no centralised leadership), that led to the unprecedented levels of destruction (or "anarchy", as the government calls it.)

Social media blackouts also meant protest actions could not be co-ordinated, leading to mobs acting in whatever way they saw fit.

Bheki Makhubu, editor of The Nation newspaper, attributes the violence to a "gap of leadership", both among anti-government activists and in government – including by the prime minister.

Also, he says, the king has "run out of sober advisers. People are just there for themselves."

The deaths this past year of veteran opposition leaders Jan Sithole, president of the Swaziland Democratic Party, and Mario Masuku, former president of Pudemo, have been an additional blow.

Sithole was one of the few MPs who managed to represent a party in a system where political parties are technically banned, and he was intent on challenging the status quo.

It's not clear what killed Sithole (there are reports of a poisoning), but Masuku is said to have died of Covid complications in January.

Mandla Hlatshwayo, a founder member of Pudemo, says Masuku's death was a "monumental loss" that has "given impetus to the struggle and a new sense of urgency".

Ultimately, he says, the older generation (himself included) is being replaced by a "new breed of youth who are impatient and less tolerant ... to the abuse of power and domination by the king and his family of all spheres of life and the economy".

Mswati's absolute power is political as well as economic. He is responsible for appointing the prime minister and the cabinet, all 30 members of the powerful Senate, and 10 members of the House of Assembly.

Voters elect the other 59 members of parliament in their tinkhundla, but because parties are not allowed to campaign, candidates "buy" votes by promising things like food and scholarships.

Patronage is important, and the royal family's business interests and its share of the state coffers mean Mswati is able to dispense such largesse generously when needed.

Hlatshwayo, a former president of the Swaziland Sugar Industry, says Mswati has the power to set his own budget allocation without public scrutiny, enabling him to pay for his personal security.

"He has consistently directed public expenditure to areas of his personal business interests," Hlatshwayo says – like the construction of the King Mswati III International Airport and the international convention centre and five-star hotel.

Tenders for these have gone to Inyatsi Construction – a company in which Mswati's investment trust has a stake, according to a report by investigative journalism group amaBhungane. (Inyatsi has denied the claim.)

Other than Mswati's shares in major businesses – Hlatshwayo says he controls more than 55% of the value created by the sugar industry, for example – the polygamous king's family and children enjoy preferential access to business opportunities.

In contrast, more than half of Eswatini's youth are unemployed, with few prospects for the future.

"This continues to generate anger and frustration, and this time appears to have a new tipping point," says Hlatshwayo.

The huge attack on businesses was as close as protesters could come to attacking the king, whose palace is heavily guarded by police and soldiers, say activists.

For now, overt dissent has subsided – and it remains to be seen whether protesters will continue to garner public sympathy after they destroyed the shops and businesses that provided a livelihood for many. x

[The king] has consistently directed public expenditure to areas of his personal business interests

Mandla Hlatshwayo

A poor show

The average person in Eswatini lives on less than $1.90 a day. The country's voluntary review to the UN in 2019 says that 58.9% of the population lives below that international baseline, rising to 70% in rural areas.

Last year Lisa Peterson, then US ambassador to Eswatini, asked how the international community could continue giving millions of dollars in aid to the country while King Mswati III continued spending money with abandon.

She listed the 11 customised Rolls-Royces he bought for his family in 2019, as well as "royal family trips to Disney World" in the middle of a drought that gripped the rural kingdom at the time. She also asked why so many of the royal children go on government trips to New York for meetings of the UN General Assembly.

Social media pages with names like "Swazi Royal Leeches" are devoted to the millions that the royal family spend on expensive watches and Gucci bracelets, and they contrast this with the poverty of ordinary people.

In 2018, the year he turned 50, there were reports that Mswati had spent R700m on an Airbus 340-300 from Taiwan, and refurbished the airport at a cost of R2bn so there would be place to park it. x

adfocus most popular ads

READING THE COVID HEARTBEAT

The lockdown in 2020 had viewers glued to their TV sets, and the commercials they liked best were those that conveyed feel-good messages countering initial anxieties about the pandemic. Later, as people became less stressed, they preferred ads in a lighter vein

Jeremy Maggs jmaggs@iafrica.com

It should come as no surprise that SA's most-liked TV ad of 2020 — for rice brand Tastic — tapped into the themes of community spirit, upliftment and collaboration. In a tough year of lockdown people were looking for messages of hope and a sense of optimism.

During the peak of the lockdown last year, a local study says, people spent an average of four hours and 12 minutes a day in front of their TV sets. That is 70% more than before the pandemic.

Last September Tastic partnered with MaXhosa Africa knitwear founder Laduma Ngxokolo to create limited-edition packaging portraying distinctive beadwork, and collaborated on a five-stop city tour aimed at encouraging citizens to display generosity.

The most-liked list of ads is compiled by consultancy Kantar, and is based on a proprietary testing system that rates all newly flighted commercials. Kantar says the Tastic ad is a tale of resilience, weaving together the feel-good true story of how Ngxokolo got his start in fashion thanks to on the generosity of others.

Says Kantar: "His closing call of '*Umuntu ngumuntu ngabantu*' [I am, because we are] rang true, as it took pandemic-induced isolation to show SA the true meaning of [the expression]." The consultancy says the ad highlighted how brands can use inclusion to boost long-term value by being emotionally different.

"This, in turn, drives short-term sales by making the content more impactful."

The agency behind the campaign was DNA Brand Architects.

Kantar says the insurance company 1st For Women, in a campaign featuring the song *My Body (Stand Up)*, also took a stance of supporting causes and attempting to change society's thinking.

In this case the ad, by agency Retroviral, relied on a powerful anthem to raise awareness about gender-based violence.

Kantar says the 2020 list of most-liked ads mainly demonstrated how emotional response plays an increasingly important role in consumer decision-making. "This doesn't mean we should just make ads that entertain, but we do need to be smarter about how we convey functional benefits and evoke an emotional response."

Kantar says an ad from Lifebuoy soap also showed how the pandemic is giving functional, informative ads more relevance and impact.

It points to a public service announcement made by local celebrity DJ Zinhle that promoted washing hands with soap or using alcohol-based sanitiser, for people to fight the pandemic together. The ad was made by the Lowe Lintas agency.

In the latter half of the year, when the country slipped out of the gloom and as summer beckoned, Kantar says the advertising story also brightened. "Savanna's advert 'Birds' made us laugh at the absurd and instead appreciate crisp simplicity." And McDonald's 'McCafé' campaign dealt with the high quality of the chain's coffee offering.

Kantar's global Creative Effectiveness Awards 2020 show that audiences are suffering from pandemic fatigue and now want ads to distract and entertain them. "They're not as sensitive as they were at the start of 2020, so there's no need to cut back on the funnier side of life, provided you don't make light of the serious situation."

It adds: "Globally, SA audiences enjoy humorous ads the most." x

THE TOP 20

Kantar's list of most-liked ads in 2020

Rank	Ad	Agency
1	Tastic Rice "Tastic x Laduma Heritage"	DNA Brand Architects
2	Coca Cola "Taste the simple joys"	FCB Joburg
3	Hunter's Cider "Hold my Hunter's"	Grey Africa/WPP Liquid
4	McDonald's "McDonald's favorite"	Pacinamix
5	Calpol "A Mom's headache"	Grey Africa
6	Steers "Cheeseboy sharing meal #CheeseBoyLife"	McCann 1886
7	Lifebuoy "Lifebuoy public service announcement"	Lowe Lintas
8	H&M "Let's change. For tomorrow"	Samuel Åkesson & Max Vitali
9	Savanna "Birds"	Grey Africa/WPP Liquid
10	Wimpy "Now that's classic!"	FoxP2
11	Standard Bank "The call"	M&C Saatchi Abel
12	Trustees School Shoes "Back 2 school"	Wisdom & Youth
13	1st for Women "My Body (Stand Up)"	Retroviral
14	McDonald's "What's your coffee — McCafe"	Pacinamix
15	Nissan X-Trail "Nissan X-Trail. Get inside. Go out there"	TBWA Hunt Lascaris
16	Gaviscon "Triggers"	Havas
17	Nando's "The half-full news"	M&C Saatchi Abel
18	Jacobs Coffee "Coffee mastery"	Saatchi & Saatchi Geneva
19	Toyota Hilux "Toyota TGR Dakar meerkats"	FCB Johannesburg
20	Adidas "Faster than"	AndPeople

Source: Kantar

NIGHT OF ANGUISH

@carmelrickard

A Kenyan court has awarded a widower damages after it found that police had treated him in a cruel and degrading manner

SA's horror stories about police abuse under lockdown regulations have met a match in the tale of Kenya's Charles Mwenda, whose story could have come straight from a Gothic novel.

Last May, Mwenda travelled from one county in Kenya to another to bury his wife, who had died of cancer.

The funeral party, plus the coffin, made the journey together, accompanied by what he thought was the required paperwork for the whole group. He had been given a Covid clearance certificate for everyone, along with a travel permit, needed under the restrictions then in place.

123RF/jaboy/ghenadie

The group passed through each county safely, but were stopped when they reached the border between Tharaka Nithi and Meru.

Heedless of Mwenda's documentation, the police refused his entire entourage entry and he, with the coffin, was taken to the Kianjai police post while the rest of the party was ordered back.

According to Mwenda, he was humiliated, tortured and treated with utter contempt by police officers, causing him great and continuing anguish and trauma.

After police waved away his certificates and permits, issued at the starting point of Malindi, he was left alone with the casket. He was bundled into a police vehicle, together with the coffin, and transported to the police post, where he was dumped by the side of the road in the middle of the night.

Cold and wet from the pouring rain, he pulled the casket to the shelter offered under a lorry parked at the side of the road. Despite his care, rain got into the coffin, and the police ignored his pleas to be allowed to take the casket to his home, less than 5km away.

Mwenda spent the whole night in the rain and cold, keeping watch over the coffin. He would later claim that he was the innocent victim of discrimination because he came from an area hard-hit by Covid, and that his children and other family members were not allowed to say their goodbyes to their mother.

Evaluating evidence the police put up in opposition to the application for damages brought by Mwenda, the judge said that, despite the official documentation Mwenda had been issued with, the party had exceeded the maximum number allowed for a funeral under Covid regulations: they were 32 instead of 15.

Similarly, the certificates they travelled with recorded that the party had been "screened" for Covid, rather than having been tested.

Why had the hospital not carried out proper tests? The court said on this question it believed Mwenda, who said he had been told there was a shortage of testing kits and thus only those already showing Covid symptoms could actually be tested.

The court also noted that by travelling together in the bus, the group was not maintaining correct social distancing.

But these problems did not detract from the police's behaviour. The widower showed the court photographs of a coffin and a suitcase packed under a truck at the side of the road and judge Edward Muriithi said it all amounted to a "horrifying experience, enough to affect one psychologically", besides also being an attack on Mwenda's dignity.

Cold and wet, Mwenda pulled the casket to the shelter offered under a lorry at the side of the road

Interdependent jurisprudence

It's interesting that, to decide the matter, the court considered the Universal Declaration of Human Rights, along with a standard constitutional text from SA, *The Bill of Rights Handbook* by Iain Currie and Johan de Waal, and a discussion of dignity drawn from SA's death penalty judgment — all showing, yet again, the growing interdependence of African constitutional jurisprudence.

Finally holding that Mwenda's right to dignity and to not be tortured or treated in a cruel or degrading manner had all been violated, the court awarded damages of 1.5-million Kenyan shillings (about R200,000) to "vindicate" Mwenda's rights and to serve as a "forward-looking deterrence".

money& investing

fm

Analysis and coverage of SA's top companies and investments - the guide to where your money should be

OFFSHORE PROPERTY

Back on the ‘buy’ list

Polish mall owner EPP is finding itself back in favour with investors, especially if efforts to slash debt pay off

Joan Muller mullerj@fm.co.za

Looking east: EPP owns 29 shopping centres in Poland

● EPP,the JSE’s only property company exposed entirely to Poland, is reappearing on investor radars as the Eastern European country’s economy starts to emerge from the pandemic in seemingly better shape than many of its Western European counterparts.

The company, whose €2.4bn portfolio includes 29 shopping centres that span more than 1-million square metres, is Poland’s largest mall owner. Its flagship asset is the 85,000m^2 Galeria Mlociny in Warsaw.

Like many of its retail-focused peers, EPP fell dra-

> **Fixing our capital structure and lowering our LTV is the key focus for now**
>
> Tomasz Trzóslo

Flagship asset: Galeria Mlociny

matically out of favour last year.

By late October its share price had slumped to below R5, which pushed its discount to NAV to more than 70%.

The story is well known by now: lockdowns and retail trading restrictions prompted the company to withhold a dividend for the year to December, and concerns about its high loan-to-value (LTV) ratio of 55% further dented sentiment.

But, while it is still below its pre-Covid highs of R17-R18, the stock has since more than doubled to R11.

Naeem Tilly, head of research at Sesfikile Capital, ascribes the rebound to a recent rotation into value counters and rapid progress with the rollout of Poland's vaccination programme.

By June 17, Poland had administered 26-million vaccine doses, with 42% of the country's population on at least one jab.

That's helped to kick-start the Polish economy, with all retail tenants (including entertainment venues, food and beverage sellers and cinemas) allowed to reopen in May. From last month, Poles have also been allowed to go to concerts, sports games and even nightclubs again.

Tilly says the recent easing of pandemic-related restrictions in Poland has already resulted in a strong uplift in foot count and spending at EPP's 29 shopping centres, which bodes well for a recovery in earnings.

For instance, sales turnover in May was 13% ahead of that recorded pre-Covid in May 2019. Foot count, down 53% year on year in May last year, has recovered to 82% of May 2019 levels.

But Tilly is concerned about EPP's high debt levels.

And though management is committed to lowering its 55% LTV ratio, he believes EPP's ability to successfully degear its balance sheet by selling assets will be tough, as few companies are falling over themselves to buy retail stock.

But as Nedbank CIB analyst Ridwaan Loonat points out, though the company's LTV is above the sector average, it remains well within Polish bank covenant levels.

EPP's liquidity risk has also been reduced as its debt funders have already signalled their intention to roll over loans maturing in the next 12 months. However, Loonat says the market will welcome successful asset disposals at "respectable" prices, which will enable management to resume dividend payouts. "That, in turn, will support a further rerating of EPP's share price."

Loonat believes Poland remains an attractive rand hedge destination for SA investors, given that GDP and retail sales growth

EPP SNAPSHOT

Portfolio value:	€2.4bn
Number of properties:	36 (29 retail, 6 office, 1 mixed-use development in pipeline)
Market Cap:	R9.93bn (July 2 2021)
Dividend per share:	€0c (FY to Dec 2020); €5.80c (FY2019)
NAV per share:	€1.09
Vacancy:	4%
Loan-to-value:	54.8%

Galeria Mlociny: 85,000m² of shopping space

are forecast to outperform other EU countries over the next two years. In fact, Oxford Economics has maintained its forecasts of cumulative Polish GDP growth of more than 8% for 2021 and 2022.

Poland, the EU's sixth-largest economy, also led the global retail attractiveness index, which reflects retail sentiment in 15 key European markets, in the first quarter.

The index is compiled jointly by Union Investment and GfK and measures sales revenues, unemployment levels and consumer confidence. Poland was followed by Germany, Ireland, Finland and France — the only four out of 15 countries where consumer and retailer confidence levels increased year on year. The Czech Republic and Portugal posted the biggest annualised declines.

EPP CEO Tomasz Trzóslo tells the FM that Poland is on track to have 70% of its population fully vaccinated by October, which should further boost the recovery in foot count across the company's mall portfolio. He says EPP is well placed to benefit from the country's continued strong economic and consumption growth outlook, given that it has become increasingly difficult to obtain government approval and bank funding for new malls.

"EPP already sits on a number of high-quality and well-located retail assets, which means we have limited competition."

However, Trzóslo concedes that EPP needs to cut debt.

"Fixing our capital structure and lowering our LTV is the key focus for now," he says. "The plan is to find a co-investor, which will become a joint venture partner for some of our assets."

That will allow the company to sell a stake in certain malls instead of disposing of them in their entirety. Trzóslo is confident that he will be able to make an announcement in this regard by the northern hemisphere autumn (November at the latest) when retail markets have stabilised. He adds: "Once a joint venture partner is on board, we will have a comfortable base from which to make decisions on resuming dividends."

Meanwhile, Trzóslo reckons EPP's share price of about R11 presents a bargain buying opportunity. "EPP is still trading at 40% below NAV. I believe there's significant share price upside for those that get in now before the market recovers fully to pre-Covid levels." x

INVESTING

Stuck in the middle with you

Buying into the JSE's illiquid and little-known counters can pay off, big time. But do your homework

Marc Hasenfuss hasenfussm@fm.co.za

● The law of supply and demand, you'd think, would mean scarcity of stock in a quality listed company would light a fire under the share price.

On paper, yes. In reality, not always.

The fact is the real market movers — the institutional investors and mainstream asset managers — tend to ignore illiquid stocks in which they cannot build a large enough position to have a bearing on a portfolio.

There are exceptions, such as Combined Motor Holdings or Caxton & CTP. While institutional participation is scarce, it's not uncommon to see the names of well-known — even so-called rock star — portfolio managers, in their personal accounts, on the share register.

In the past the JSE has hosted numerous counters that had a scarcity of tradeable stock and were dominated by a single shareholder or by a few parties holding the vast majority of issued shares.

The market ignored these counters, and most slunk off quietly after buying out uninterested minority shareholders. Probably the best example would be Ronnie Price's investment company Eureka, which barely traded in the years before its delisting in 2009.

But recently, several companies have benefited from a scarcity of scrip. One thinks of the recent shifts in the share price of investment trust Sabvest Capital, which is controlled by founder Christopher Seabrooke. The same applies to the old Cartrack — now Karooooo — where founder and CEO Zak Calisto still holds the bulk of issued shares. In both instances, the companies produced hard-to-ignore performances and strategies that pressed professional investment entities to scour the market for shares.

The JSE will in future probably insist on a compelling reason before it allows companies to list without a decent free float of shares. But for now the local bourse still plays host to a good number of illiquid counters, many of which look highly unlikely to trigger a "liquidity event" like a placement of shares with new strategic shareholders.

Readers might well be familiar with single-shareholder-dominated stocks such as telecoms specialist Telemasters, services group Workforce, investment company Rex Trueform, industrial conglomerate Deneb Investments, services group Sebata, technology group Cognition, London Finance & Investment Group, condiments maker AH-Vest and radio broadcast group African Media Entertainment.

Some, including small (but highly profitable) insurance group Indequity, logistics group Cargo Carriers, wood group KayDav and property group Adrenna, have delisted recently, and some, such as chemicals group Spanjaard, are in the process of doing so.

Interestingly, last week no fewer than four illiquid counters reported results that might well be worth a closer look:

PBT GROUP

This technology group taps some sweet niches in data and analytics, software development, cloud computing and insurance technologies. Arguably its main asset is its 750-plus army of consultants, who drummed up R789m in revenue in the year to end-March (up 17% from the previous year). Earnings before interest, tax, depreciation and amortisation were R98m, with cash generated from operations coming in at R92m — equivalent to more than 100c a share. Normalised headline earnings came in at 46c a share, putting the company on a trailing multiple of about 10 times.

Perhaps most impressive was the dividend of 38c a share. This represents a nifty yield of more than 8%, but a mind-blowing yield of bet-

ON THE UP

PBT Group share price (c) — weekly

Source: Infront

ter than 20% for those punters that determinedly scratched for PBT shares at 186c last July.

Should patient investors be scrapping for scrip? The group has an asset-light business model that services mainly listed A-grade clients, of which there is a reassuring spread – the biggest two each represent only 10% of total revenues. The business is highly cash generative, and with acquisitions unlikely, spare cash will be mobilised for share buybacks and dividends. Overall, the data explosion and digital transformation should keep PBT's consultants on their toes for a while still. That said, the company acknowledges that long-standing client relationships can put pressure on profit margins, and that a shortage of quality consultants can limit growth.

Still, it's worth noting a possible short-term X-factor from PBT's investment in Australian software group Zuuse. Zuuse automates and digitises for the construction industry, and improves management of buildings and infrastructure assets. PBT holds 9.6-million shares in Zuuse, which recently placed new shares with strategic investors at A$1 a share. At this week's exchange rates the Zuuse stake is worth more than R100m to PBT, which has a market capitalisation of just R445m.

NICTUS HOLDINGS

This company was split off from the larger Nictus Bpk, which is listed on the Namibian Stock Exchange. It houses the SA-based furniture retailing and insurance operations, which are really tiny, generating some R53m in revenue.

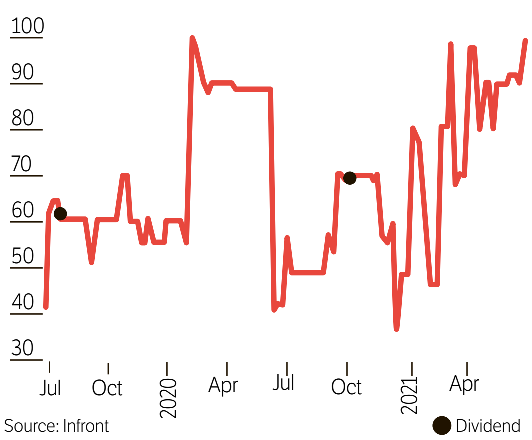
There is, at first glance, not much to attract market attention aside from the R77m cash on hand. But look past the small operational cluster and there is an intriguing value proposition. On the income statement there is a R39m gain in investment income. Digging into the notes in Nictus's just-released annual report, there is a sizable investment portfolio of R123m in unit trusts, listed shares worth about R7m, listed debt securities worth R17m and about R60m in short-term deposits. This number does force one to refocus on the operations, which seem to comprise just two furniture stores in SA, in Louis Trichardt and Polokwane.

Next to the investment portfolio the operational cluster is insignificant. For dogged investors, the key question is whether to regard Nictus as a furniture retailer or an investment company. There seems little evidence that Nictus wants to expand its retail footprint in SA, which might raise questions around maintaining a listing on the JSE. Any offer to minority shareholders would need to reference a NAV of about 200c a share.

In the meantime, investors could look at playing a yield game, with Nictus declaring a 5c a share dividend and unlikely to renege on further declarations for the foreseeable future.

UNDER THE RADAR

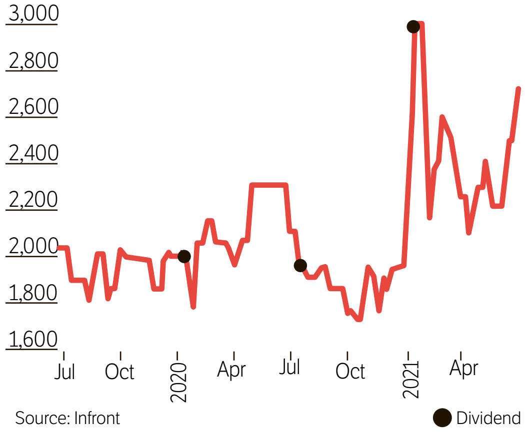
Nictus share price (c) – weekly



Source: Infront

STEADY AS SHE GOES

Marshall Monteagle share price (c) – weekly



Source: Infront

MARSHALL MONTEAGLE

Though listed on the JSE, this diversified group is based in the UK and specialises in procurement, logistics and trading in various hard and soft commodities, industrial raw materials and consumer food and nonfood products. There is also a portfolio of commercial and industrial properties and a smattering of listed equities.

Deadly dull, one might argue, but this has been a solid performer for a good many years – though never surprising too much on the upside.

Marshall Monteagle has always been conservatively run, and at the end of the interim period to end-March cash balances sat at $17.5m. That's equivalent to R250m, and more than a quarter of the group's market capitalisation. In fact, Marshall Monteagle's NAV is equivalent to about R35 a share against a share price of R27 – remarkable for a company that earns the bulk of its keep from services.

Interestingly, the group chose to point out that assets outside Africa, net of proposed dividends, are worth $70.1m – close to R1bn, which is roughly the current market capitalisation. The group had a rousing recovery from the Covid lull with interim revenue to end-March up 32% to $83m, which sparked a swing back into the black to the tune of $1.5m. An interim dividend of US1.9c a share will be paid at the end of his month. There might be something here for the patient investor.

Marshall Monteagle will probably not soar to great heights, but there is a steady churn that will accommodate regular dividend flows and a gradual uplift in the share price.

PRIMESERV

If the share's relative illiquidity is a drawback, then so is the perceived business focus on resources. As unhip as this sector has become in investors' eyes, Primeserv has done rather well over the past decade.

Of course, the past year was very different, with Covid badly hobbling key parts of the business. In short, the group incurred costs that would ensure the sustainability of key operations. So while revenue declines were restricted, gross profit plunged more than 20% to R89.7m. But Primeserv managed strong debtor collections and a reduction in working capital.

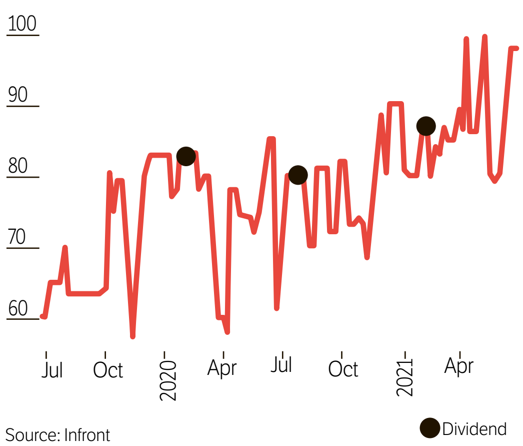
Earnings came in at 20c a share, meaning Primeserv is still trading on an undemanding earnings multiple with much better prospects in the financial year ahead. With stronger cash flows evident (especially in the second half), the group saw its cash balance balloon from R13.5m to R37m.

For the record, cash flow from operations was R31m, which is equivalent to 36c a share. Despite a torrid time during the pandemic, Primeserv's NAV increased to 218c (more than double the current share price). Tangible NAV is 166c a share – and this for a services company!

The upside from operational endeavours might be modest over the longer term but, with a decent dividend regime to boot, there can't be too much downside for determined dabblers in this stock. It's probably prudent not to rule out corporate action either. x

TASTY NAV

Primserv Group share price (c) – weekly



Source: Infront

UNIT TRUSTS

Hot streak for stock pickers

The latest unit trust report vindicates active managers — especially those who backed SA Inc on the JSE

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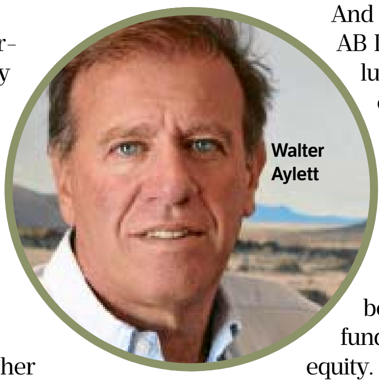
● Is it time for SA's active managers to reclaim their place in the sun, after years spent watching money flow into passive funds such as exchange traded funds?

The latest performance report from Corion Capital seems to suggest so. According to its new report on 12-monthly fund returns, the difference in performance between SA's money managers is vast.

The best general equity performer was the PSG SA Equity Fund with a 44.1% return, while the worst was the Global & Local SNN Low Volatility Equity Fund, which returned just 8.9%.


Walter Aylett

The average return over 12 months was a not-too-shabby 25.2% from general equity funds.

But Corion CEO David Bacher says there has been a turnaround in favour of active managers, particularly those who focused on mid-cap funds generating the bulk of their income from SA.

It means that more than 60% of active funds outperformed the Satrix JSE All Share Index Fund, which was dragged down by former megacaps and star performers such as Naspers.

In the largest unit trust sector, high equity, the average return was 18%, but this varied from 40.5% achieved by the Aylett Balanced Fund to 0.9% for Rezco's Managed Plus Fund.

Aylett founder Walter Aylett models himself on US industrialist and financier Warren Buffett, down to writing with a fountain pen.

"Shares are evaluated not by a fluctuating ticker or a graph on the screen, but what they represent, a certificate of ownership," says Aylett in typically Buffett-esque prose.


David Bacher

In fact, Buffett's Berkshire Hathaway is in his top 10 holdings, with Anglo American the only significant JSE megacap holding. Otherwise his portfolio is dominated by second-tier shares such as AECI, Transaction Capital (which is not so small anymore), Spur and Royal Bafokeng Platinum.

PSG Balanced did not have exposure to either Naspers or British American Tobacco, which helped it return 37.2% to investors, just behind the flashier Aylett fund. PSG Asset Management's largest holding is Discovery, and fund manager Justin Floor says PSG is still excited by the long-term prospects for the group, not least because of its holding in the massive Ping An Health business in China and the continued roll-out of the Vitality franchise worldwide.

But the PSG performance has mostly been driven by less glamorous SA mid-caps such as AECI, Hudaco and Imperial Logistics.

"Sentiment began to change when effective vaccines became available globally from November 2020," says Floor.

The fund preferred Glencore to Anglo American and BHP, as it is orientated towards more "modern" metals such as copper and nickel, essential for electrification and telecoms.

And it has been a patient investor in AB InBev, despite the brewer's lacklustre performance since the merger with SABMiller was completed in 2016.

"They paid far too much for SABMiller, but the debt is coming down steadily as we had hoped," he says.

Bacher says it would not have been a good time to be in income funds, with little or no exposure to equity.

But low equity funds have not fared too badly against their more aggressive high equity peers.

Good stock selection at Kagiso allowed Kagiso Stable to return 24.5% over 12 months, while PSG Stable returned 21.4%.

But Rezco Stable suffered from the poor decisions made at its sister Rezco funds and made a negative return of 1%.

None of the multi-asset income funds lost money, as they are restricted to fixed income and property. The wooden spoon went to Southchester Optimum Income, which hardly lived up to the implicit promise in its name, returning 2.6%. But even the best fund in the sector, the Momentum SA Flexible Fixed Interest Fund, returned only 15.6%.

Yet there has been a significant switch out of low equity funds into income funds. The Prudential Inflation Plus Fund, one of the largest low equity funds, has fallen from R28bn to R20.5bn in assets over the past 18 months, in spite of a strong brand and a credible performance — over the past year it would have outperformed all but one of the income funds with a 15.3% return.

There is certainly some brand confusion when Counterpoint has funds in both the best and worst balanced fund lists.

The Counterpoint Balanced Plus Fund, a poor performer, was run by the original team, with Sam Houlie as chief investment officer. Perhaps not coincidentally, he has left the group. He has been replaced by Old Mutual veteran Brian Pyle, an expert on mid- and small caps.

The good performer is the Counterpoint Managed P&G Fund. Not a reference to soap giant Procter & Gamble, it refers to Payers & Growers, a range of funds from the old Bridge Fund Managers focused primarily on dividend income. Bridge recently merged with Counterpoint, which itself merged with Piet Viljoen's RECM a few months ago. The Managed P&G Fund usually has about 25 shares, varying in size from Anglo American and FirstRand down to Reunert and AVI.

Who knows how long the complex three-way merger at Counterpoint will take, but in the meantime it might make sense to invest with the Perspective Balanced Fund, where your money can be managed by Viljoen's protégé Daniel Malan. It has had a very strong 34.4% return over the past 12 months.

Kagiso Balanced stands out among the BEE manager funds with a 27.6% return over one year, putting it fifth in the category.

Fund manager Gavin Wood says that as well as the fund's large platinum holding, it has been a patient investor in smaller shares such as Omnia, Datatec and Metair, which have paid off more recently. Brait, however, remains its most significant mistake. ✖

ONE YEAR AS AT JUNE 30 2021

Best Performing	Size (Rm)	Return (%)
1. Aylett Balanced Prescient	1,015	40.5
2. PSG Balanced	9,134	37.2
3. Perspective Balanced Prescient Fund	147	34.4
4. Counterpoint SCI Managed P&G	1,283	28.4
5. Kagiso Balanced	2,356	27.6

Worst performing	Size (Rm)	Return (%)
1. Rezco Managed Plus	927	0.9
2. Rezco Value Trend	6,899	1.8
3. Counterpoint SCI Balanced Plus	305	2.8
4. Gryphon Prudential Fund	551	5.5
5. Noble PP BCI Wealth Creator FoF	207	5.8

Source: The Corion report June 2021

investor's notebook by Stephen Cranston

Foord's empirical pragmatism

@scranston

It is hard to find fund managers who think differently, but Dave Foord is one of them. Whenever a consultant, usually trained as an actuary, asks him whether he fits into the "value at reasonable growth" camp or the "quality contrarian" camp, he brushes it off by calling himself an empirical pragmatist.

He began his career in the stifling bureaucracy of the Old Mutual investment department of the 1970s. There, he spent most of his working day playing bridge because the work was so undemanding. He founded his business, Foord Asset Management, in 1981.

Foord might be the only true long-term investor left in SA.

Allan Gray has been around since 1974, but now that Allan Gray himself has died, his firm looks increasingly like just another large manager. Gray's returns in the Large Manager Watch have been not too hot and not too cold.

But Foord has taken risks that don't always pay off in the short-term. He has been ninth out of 10 unit trust managers, besting only the hapless Oasis, over one and five years.

But Foord has proved to be a manager that tends to bounce back just when the consultants — who rarely look more than a year ahead — desert it. Certainly, the irascible Foord could never be called a people pleaser. He doesn't believe in telling people what they want to hear to win popularity contests.

His most successful venture has been as subadviser to the Nedgroup Stable Fund, which has gathered R20.5bn under management. Ironically, Foord chose not to launch a stable — or low equity — fund under its own brand as it believes that investors need to invest 55%-60% in equities to get long-term growth. Over three and five years this fund has been comfortably in the top quartile of its category.

It has been able to meet its benchmark of inflation plus 4% by holding on to government bonds, which its competitors considered to be worryingly risky.

It achieved a healthy 10.6% per year over the past three years from its bond portfolio, well above the 6% available from a typical money market fund.

Against the crowd, the fund's largest property holding is Capital & Counties, a counter that doesn't pay a dividend. It owns most of the Covent Garden retail precinct in London.

Foord has also been a dogged supporter of the NewGold exchange traded fund, which makes up just over 4% of the Stable Fund.

There is certainly key man risk at Foord Asset Management. But the founder is spending more of his time in the Foord Singapore office and he has left most of the work in Cape Town to colleagues such as William Fraser, Nick Balkin and Nancy Hossack.

Foord used to run its international assets from Cape Town, as Coronation and PSG still do. But it has been able to find opportunities from its Southeast Asian hub it would be unlikely to find from its Pinelands offices. One was a Cambodian bond that has paid out a 9.25% coupon in dollars for three years.

Foord is generally not a big fan of international bonds and says even though equities look expensive, with the S&P 500 p:e ratio touching 30, they are still cheaper than international bonds, where income is unlikely to grow.

On the other hand, the earnings from its basket of shares should increase, especially the Chinese tech companies. Its top 10 holdings include JD.com, and Alibaba. These are a play on China's move to consumer-driven growth. And these companies do not suffer the risk of sudden tax hikes, which faces their Western counterparts such as Facebook and Amazon. ✖

Foord has proved to be a manager that tends to bounce back just when the consultants desert it

123RF/pedrosek

BACK IN FAVOUR / AUSTRALIA'S SYDNEY AIRPORT RECEIVES A $17BN TAKEOVER OFFER FROM A CONSORTIUM

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Digging itself out

Construction company Aveng is one of the oldest shares on the JSE, having begun life an incredible 140 years ago. But its continued existence has been no sure thing these past few years and a recent trading update, which shows Aveng is clearly putting itself to rights, highlights the fact that it last made a full-year profit in 2014. Aveng shares imploded — the stock is down more than 96% from its 2007 peaks — largely because it took on too much debt amid a collapse in SA construction sector spend, and because of the 2015 bust in key commodity prices. But a succession of rights offers later — two this year alone — a mining boom and the slow recovery of its Australian construction firm, McConnell Dowell, mean Aveng is gradually emerging from the worst. The FM spoke to CEO Sean Flanagan and CFO Adrian Macartney.

Aveng is one of the hottest penny stocks right now — which is gratifying until you consider that the company was once a top 40 share and, more than a decade ago, the largest listed construction group in SA. What reassurance can you give that this investor interest will pay off?

Sean Flanagan

SF: When I joined the board as an independent nonexecutive director in 2015 and then was asked to step in as CEO in February 2019, my base was 1c, so I think we've done a fantastic job. [Laughs]

But we're not fixated on the share price, management doesn't make the share price. We're fixated on driving the growth, the turnaround and the cash generation. We're very focused on bringing the business back. We're absolutely clear that if we do that, the market will remake our share price.

Adrian, you've been buying shares recently. Does that mean you think the stock is worth buying at this price?

AM: I picked up some shares in December through some share awards and I participated in the first rights offer. It was a very small number, but we did have a management incentive plan that was part of our recapitalisation and importantly, not just myself [but] all seven participants in that scheme are key members of management.

How much of Aveng do the directors own?

AM: In total, the scheme available to us is about 7%. Sean and I currently hold about 0.6% each.

SF: Which effectively puts both of us in the top 20 shareholders.

You now have tens of billions of shares in issue, thanks to a succession of rights issues. Will there be a share consolidation at some point?

SF: That's definitely the intent, to do a consolidation [later this year]. We'll talk about that in some detail when we release our results in August.

As for your debt, which until recently threatened to put you out of business, you've more than halved it to just over R1bn. Is that still too high?

SF: Yes. Again, we still have some disposals to complete, the largest of which is Trident Steel, and we've made progress on that. Once we've completed that disposal, we will pay down another significant chunk.

Do you absolutely have to sell Trident? Because it seems the steel sector has enjoyed a resurgence in SA.

SF: In a previous life, David Brink [CEO of Murray & Roberts in the 1980s] said anything that made money was core. We have a slightly different view on that: there needs to be synergy between the businesses, and we as a management team need to be able to add value to those businesses. So, first and foremost, the disposal process was a function of needing to reduce the size of the business and bring down debt. But if you asked me personally, I would say there's a reason why Wilson Bayly Holmes-Ovcon has been, for so many years, the number one construction business – because that's all it focused on, it hasn't been distracted by all these other industries. And it's not possible for a single management team and board to be properly attuned to each of those industries.

AM: Just so you understand the background, we had 23 businesses across the group that we had to bring down to a core of probably six or seven. And while many of those businesses were diversified, many of them were ultimately connected to the SA construction industry.

Was it simply the environment that was so terrible, or were there particular missteps you had to fix?

SF: We've always got to own up before we start pointing fingers elsewhere, and I think that previous boards and managements of Aveng have a lot to answer for. There were bad decisions made around people, around which contracts to get into, and of course within the environment there was the whole issue around collusion, which caused a lot of problems for the sector. What exacerbated that were the promises broken by the SA government in terms of invest-

There were bad decisions made around people, around which contracts to get into, and of course, collusion

ment into infrastructure, and so it became a perfect storm. But people drifted away from the core values and what we've tried to do is really drive hard what we stand for and what behaviours we will accept. That is going a long way towards turning this organisation in the direction we want to take it.

Was Aveng ever in any danger of succumbing to business rescue, as Basil Read, Group Five and Esor did?

SF: We were literally against the wall. But the difference is – and I think this is where the board of Aveng and people like Adrian and [former Aveng chair] Eric Diack deserve an enormous amount of credit – that we put together a team that was able to do a better job than business rescue could do. That's what we had to do: rescue this business. We did not want to have 8,000 people lose their jobs and a whole lot of customers be badly impacted. Business rescue goes in, gets a fee and goes away.

Adrian Macartney

What was the nadir for Aveng, when you thought you might not make it?

SF: This time last year, when Covid really hit us and when SA went into total lockdown. All of a sudden we had a massive hole in our cash flows. The fact that we were staring over the edge concentrated everybody's minds: the banks, the creditors, the board.

All of our staff – everybody – took one month's pay cut, just to save R200m in cash and keep the business alive. We're not out of the woods here; we're a long way through the woods, but we've got some work to do still. But the way in which everybody in our organisation came to the party [means] we've built a collective that wants to be successful.

Did you rue the fact that you were — are still — listed? Or would Aveng have not made it to this point if you hadn't had shareholders to pitch in?

SF: I don't necessarily believe it was crucial that we were listed; what was crucial was that we had a couple of large, supportive shareholders. There's no doubt it would have been an easier path [if we were private]. In fairness, the banks stood by us and they could have pulled the plug. But they had a lot to lose.

AM: In all honesty, I personally would have preferred to have done it as a private rather than a public company, because it puts a lot of pressure on you – you've got to make an announcement on every transaction you do.

Who are your biggest shareholders now?

AM: We have support from two large, credible shareholders: Highbridge Capital Management of New York, and Whitebox Advisors of Minneapolis. Those were the two that really helped and were prepared to back us. And then Steyn Capital Management in Cape Town, which has about 5% of our equity.

SF: The likes of Sanlam, Old Mutual, Coronation, Allan Gray – they're out of this.

What do the US shareholders see that local investors don't?

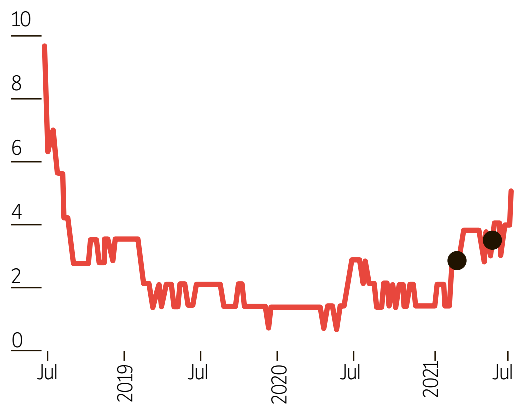
SF: They play in that distressed space, and they've done a lot of things in SA over time and they believed in our story. They initially bought into some of our distressed debt.

The big question for everyone now is how long this mining cycle will last — and it's particularly acute for you, given that Moolmans is a major player in mining. But one of the key features of it is spending restraint from the large miners which have been burnt in the past by overexuberant capex. Are you gnashing your teeth over that, or is restraint good for everyone?

SF: I would say that from where we are in our turnaround, I'm hoping it's not a short-term supercycle. I would prefer it [to be] a gradual

PENNY STOCK SUPERSTAR

Aveng Group share price (c) – weekly



Source: Infront

increase in spend over time, because we will be able to pace that ourselves. With debt at R2.2bn [before the rights issue] we didn't have a lot of cash to invest in growing Moolmans and to upgrade our fleet, but we're now in a position with our balance sheet to start reinvesting and to grow the top line. That said, we are fortunate in that we have two types of customers in the contract mining space: one where we work for a customer who is an owner-miner and they bring us on board to supplement their production – what they call swing capacity. And then we work for customers where we are the mining department: they own the mine and the resources, but we do all the mining for them. As long as we keep performing, there's no reason why we should see those [jobs] coming to an end; on the contrary, we should be looking for new longer-term contracts that allow us to reinvest in our fleet. There's also a lot of new opportunity to get into mines across Africa.

AM: Importantly for us, we look at those mines as to where they are on the cost curve, so you don't really want to be in mines where they turn on the production for six months, the commodity price dips and they're a marginal mine again. We obviously are a major contributor to that cost curve, and when we are writing a cheque out for huge yellow metal [equipment], we want to understand whether our [equipment] is going to deliver us a sustained return over a period of time.

Is the investment in heavy machinery — which you can do following your rights offer — crucial for you right now?

SF: Capex is the be-all and end-all of a mining contracting company. If you don't have the right yellow metal, you're not in the game.

Will you always be at the mercy of other industry cycles, be it mining or construction?

AM: Your client is always at the risk of the price of a commodity in a market, that's why we have to look at the mine plan and where we are on the cost curve. We mine a lot of the bulks: iron ore, manganese, nickel – it's a slightly different game if you're in the PGMs [platinum group metals] or gold. ✖

@marchasenfuss

Bagging a sneaky deal

It was the wettest of times, it was the driest of times: tennis mostly rained out and no alcohol in the bar to sustain the dogged few players during the frequent squalls.

The JSE also enters a lull with most of the March/September year-end companies having reported results. As usual, some of those reporting their numbers at the last minute provided the most entertainment. Several did not make the JSE's deadline, and I'd imagine another scramble to avoid suspension. (Whether some of these firms should even be listed is another matter entirely.)

Speaking of desperate scrambles, a few hardy members of the Fish Hoek Tennis Club were royally entertained by our beloved chair pulling off an intricate Torvill and Dean routine when he lurched into the club without noticing the sopping wet threshold. I didn't catch the entire spectacle, save for a flailing limb or three. But the applause for a safe landing – and calls for an encore – said it all. Someone muttered: "If Duke had moved that well in our match against Kelvin, we might have picked up a point or two."

In other interesting manoeuvres, I note that luxury brands conglomerate Richemont has acquired Belgian leather goods specialist Delvaux, which has been going for the best part of two centuries. In 1908 it was the first company to file an official patent for a leather handbag, and might be considered the inventor of this must-have accessory.

But the market might have taken more notice of a deal involving Richemont acquiring a watchmaker or jewellery brand. Delvaux will slot into Richemont's "other" segment, along with high-fashion brands Chloé, Serapian, Dunhill, Montblanc and Peter Millar. I appreciate the brand strength of maisons like Montblanc, but the "other" segment has mostly distracted from the sterling performances of Richemont's jewellery and watchmaking core. The recent results to end-March also gave little indication that the "other" segment was finding traction.

I can understand the 25% plunge in revenue to €1.345bn, with Covid stuffing up international travel. But the segment shifted into an operating loss of €241m. I don't think Delvaux will make a difference in a hurry. Richemont has already indicated that the deal will have no material financial impact on its net assets or operating result for this financial year. Still, you should keep an eye on the longer-term horizon.

The "other" segment recently saw the appointment of Philippe Fortunato as CEO of the fashion and accessories maisons; the appointment of new creative directors at Chloé, Alaïa and Montblanc; the launch of AZ Factory; and a number of noteworthy launches under Montblanc, Chloé, Peter Millar and Dunhill (I pray my wife does not covet a Lock Bag).

Perhaps more importantly, the fashion and accessories maisons accelerated their digital transformation. Richemont intends positioning Delvaux for its next stage of development, by enabling it "to leverage the group's global presence and digital capabilities". Any efforts to bring the "other" closer to breakeven would be most welcome.

As usual, some of the companies reporting their numbers at the last minute provided the most entertainment

Fruit and veg giant rising

In other international news, Irish fruit and vegetable group Total Produce will join forces with US-based Dole to create a new fresh food listing. Older readers may remember that Total Produce built a 25% stake in local fruit marketing group Capespan, but bailed out in 2013 when PSG-aligned Zeder muscled in. New-look Dole will be the global No 1 in fresh produce, with estimated combined 2020 revenue of about $9.7bn and adjusted earnings before interest, tax, depreciation and amortisation of roughly $379m.

We know Zeder is weighing up certain of its investments, and I wonder if the enlarged Dole would stoop to have another look at Capespan. Dole intends raising between $500m and $700m – but that might well be purely for reinforcing the balance sheet. x

GLOBAL MARKETS

Through the roof

Investors are pouring into global equity funds with a fervour never seen before. About $580bn has been added to the sector in the first half of this year, putting the category on track for a record inflow, data provider EPFR says. Strategists with Bank of America estimate that if the pace of inflows continues at the same clip for the rest of the year, equity funds will take in more money in 2021 than in the previous 20 years combined. ***Financial Times***

Bloomberg/Michael Nagle

SKY-HIGH Equity funds have ploughed money into an ever-rising stock market, with major indices climbing to record highs last week. The S&P 500 is up more than 15% this year, while the FTSE all world index has gained about 12%

Strong measures

Beijing has broadened a crackdown on tech platforms, targeting more US-listed companies after ordering the removal of ride-sharing group Didi Chuxing from Chinese app stores in a move that sent tech shares tumbling. The Cyberspace Administration of China announced this week that it was investigating Boss Zhipin, an online recruitment company, and Chinese truck-hailing apps Yunmanman and Huochebang. The announcement cited suspected violations of China's national security and cybersecurity laws. ***Financial Times***

economic indicators

AFRICA TOP STOCKS (EXCL SA)

Company	Country	Market Cap ($000s)	Price	Total Return Ytd
Safaricom	Kenya	15,378.35	41.40	22.39
Maroc Telecom	Morocco	13,364.67	135.75	-6.38
Attijariwafa	Morocco	10,387.93	442.00	8.73
Dangote Cement	Nigeria	9,526.11	229.90	1.24
Banque Centrale	Morocco	6,002.36	265.00	6.13
Commercial Intl	Egypt	5,006.28	53.12	-10.26
Ciments du Maroc	Morocco	2,990.90	1,850.00	10.18
Nestlé Nigeria	Nigeria	2,968.24	1,540.00	4.95
Cosumar	Morocco	2,878.22	272.00	29.46
Vodafone Egypt	Egypt	2,384.36	155.77	16.94
Zenith Bank	Nigeria	1,839.89	24.10	9.24
Eastern Co SAE	Egypt	1,684.72	11.74	-9.97

DIVIDENDS & DISTRIBUTIONS

F Final I Interim

Company		Amount (c)	Trade by	Payable
Crookes Brothers	F	50.00	Aug 3	Aug 10
Marshall Monteagle	I	1.90USc	Jul 20	Jul 30
Nictus	F	5.00	Jul 20	Jul 26
PBT Group	F	22.00	Aug 3	Aug 10
Safari Investments	F	25.00	Jul 20	Jul 26
Telemasters Holdings	I	1.60	Aug 3	Aug 10

ECONOMIC INDICATORS

		Latest	Month ago
Inflation (% change y/y)			
Consumer price index	May	5.2	4.4
Producer price index	May	7.4	6.7
Credit Aggregates (% change y/y)			
Claims on the domestic pvte sector	May	-0.42	-1.76
Total loans and advances	May	0.69	-0.57
Total domestic credit extension	May	-0.79	-1.34
Industry (% change y/y)			
New passenger car sales	Jun	28.0	168.6
New commercial vehicle sales	Jun	8.3	264.4
Retail sales	Apr	95.8	-2.3
Wholesale sales	Apr	69.8	6.5
Manufacturing production	Apr	87.9	5.2
Mining production	Apr	116.5	22.5
Mineral sales	Apr	152.7	50.1
Trade (Rbn)			
Imports	May	108.91	109.88
Exports	May	163.51	161.13
Trade balance	May	54.60	51.25
Gold & Forex Reserves ($bn)			
Gold reserves	May	7.67	7.13
SDR holdings	May	2.59	2.58
Forex reserves	May	43.88	43.98
Gross reserves	May	54.14	53.69
Net reserves	May	52.24	51.50

INTEREST RATES

Short-term interest rates (%)

	Jul 2	Month ago	Year ago
Prime	7.00	7.00	7.25
NCD*	3.75	3.75	3.95
Repo	3.50	3.50	3.75
Jibar*	3.69	3.68	3.88
Safex†	3.46	3.57	3.87

* 3 months † Overnight rate

Bond yields (%)

	Jul 2	Month ago	Year ago
R186	7.520	7.340	7.620
R213	9.285	9.250	9.685
R214	10.475	10.535	10.990
R209	10.090	10.105	10.745

COMMODITY PRICES

	Jul 2	Week ago	Year ago	12-mth low	12-mth high
Precious metals ($/oz)					
Gold	1,787	1,781	1,772	1,687	2,051
Platinum	1,094	1,111	824	811	1,306
Palladium	2,790	2,640	1,918	1,918	3,013
Silver	26.47	26.10	17.94	17.94	29.33
Base Metals ($/t)					
Aluminium	2,546	2,467	1,603	1,583	2,546
Copper	9,351	9,388	6,071	6,024	10,449
Nickel	18,352	18,524	12,892	12,892	19,661
Lead	2,319	2,214	1,767	1,733	2,335
Tin	32,815	32,419	16,925	16,900	33,825
Zinc	2,918	2,892	2,031	2,015	3,061
Iron Ore	214.43	209.97	98.52	98.52	238.64
Energy					
Brent ($/bbl)	76.40	75.78	42.39	36.90	76.40
Coal ($/t)	114.10	113.90	49.45	49.45	115.06
Agriculture (R/t)					
White maize	3,304	3,038	2,608	2,521	3,782
Yellow maize	3,453	3,178	2,723	2,608	3,757
Wheat	5,150	5,115	5,385	4,600	6,900
Sunflower	8,560	8,179	5,892	5,877	10,110
Soya	7,523	7,065	6,900	6,740	10,000

EXCHANGE RATES

	Jul 2	Month ago	Year ago	12-mth low	12-mth high
Developed Markets — Rand per foreign currency unit					
US dollar	14.25	13.75	16.91	13.43	17.75
Euro	16.90	16.74	19.08	16.34	20.86
UK pound	19.73	19.42	21.15	19.01	23.20
Japan yen (100)	12.82	12.51	15.73	12.27	16.72
Canada dollar	11.57	11.38	12.44	11.11	13.26
Switzerland franc	15.47	15.24	17.92	14.94	19.39
Australia dollar	10.72	10.62	11.70	10.39	12.68
Emerging Markets — Foreign currency unit per rand					
Brazil real	0.34	0.37	0.31	0.30	0.39
China yuan	0.44	0.46	0.41	0.39	0.47
India rupee	5.17	5.31	4.42	4.22	5.40
Russia ruble	5.13	5.34	4.16	4.14	5.42
Malaysia ringgit	0.28	0.30	0.25	0.23	0.30
Thailand baht	2.22	2.26	1.83	1.75	2.31
Botswana pula	0.76	0.78	0.69	0.66	0.78

The information in the commodities column is provided by Mpho Tsebe, Economist: Global Markets Research, Rand Merchant Bank (tel) +27 11 282-1040 or e-mail: Mpho.Tsebe@rmb.co.za

SHAREHOLDER MEETINGS

Company	Date	Type	Place
PSG Konsult	Jul 12	AGM	Virtual
Huge Group	Jul 13	GM	Virtual
Newpark Reit	Jul 13	AGM	Johannesburg
Etion	Jul 14	GM	Virtual
Exemplar Reitail	Jul 14	AGM	Virtual
Zeder Investments	Jul 14	AGM	Virtual

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Market Cap — Market Capitalisation. **YTD** — Year to Date. **TRI** — Total Return Index. **P:E** — Price:Earnings ratio as at most recent annual results, **Forward P:E** — Price:Earnings ratio as at next annual results. **HEPS** — Headline Earnings per Share. **Trailing HEPS** — HEPS at the time of the most recent annual results presentation. **EST. forward HEPS** — HEPS as estimated by analysis as at next annual results presentation. * — all companies quoted in rand.

COMPANY	CLOSING PRICE (MONDAY) (c)	MARKET CAP (Rm)	SHARE PRICE RETURN YTD (%)	TRI RETURN YTD (%)	P:E	FORWARD P:E	TRAILING HEPS (*)	EST. FORWARD HEPS (*)	DIVIDEND YIELD (%)	FORWARD DIVIDEND YIELD (%)	3-YEAR AVER-AGE RoE (%)	PUCSP	VIEW	PEG RATIO
Prosus N.V.	131132	2,130,439	-18.36	-18.36	22.28	22.32	5886.00	5876.40	0.15	NA	14.81	130918.10	BUY	0.39
Anheuser-Busch InBev SA/NV	102420	1,734,219	-1.42	-0.57	94.28	23.40	1086.36	4377.33	0.85	1.82	7.68	NA	BUY	0.99
British American Tobacco plc	55850	1,281,550	2.39	4.40	8.96	8.22	6232.10	6797.70	7.81	7.90	9.67	60918.73	BUY	0.28
Naspers Ltd.	278000	1,210,721	-7.93	-7.93	17.51	15.74	15878.90	17659.32	0.21	0.46	17.86	309170.75	BUY	0.10
Glencore plc	6338	924,473	35.34	37.36	25.67	12.38	246.90	511.88	1.36	4.73	-3.18	13140.00	BUY	0.12
BHP Group plc	43268	913,851	11.21	14.74	15.14	7.48	2858.80	5780.66	5.60	8.88	14.14	87490.39	BUY	0.12
Compagnie Financière Richemont SA	17357	906,035	32.40	32.40	39.16	33.09	443.25	524.59	1.80	1.65	9.65	20542.29	HOLD	5.90
Anglo American plc	59200	806,966	22.06	24.24	14.56	9.29	4065.62	6369.79	2.55	6.38	13.14	92751.30	BUY	0.13
Anglo American Platinum Ltd.	171705	455,520	18.98	20.92	14.86	7.10	11554.00	24183.00	2.65	8.92	28.05	359385.67	HOLD	0.04
FirstRand Ltd.	5335	299,266	4.53	6.72	20.65	12.85	258.40	415.20	2.06	4.70	18.09	8572.34	BUY	-10.00
Vodacom Group Ltd.	12845	235,817	3.26	6.57	13.11	11.54	980.00	1113.20	6.42	7.46	18.18	14590.87	BUY	5.88
Kumba Iron Ore Ltd.	68098	219,334	9.34	16.85	9.58	8.27	7107.00	8238.67	8.94	14.69	40.03	78941.43	SELL	0.19
Standard Bank Group Ltd.	12730	206,219	0.17	2.18	12.70	9.67	1002.60	1316.20	1.89	4.56	12.21	16711.78	BUY	-3.44
MTN Group Ltd.	10420	196,341	73.12	73.12	13.91	12.82	749.00	813.00	3.41	3.15	13.98	11310.36	BUY	0.17
Impala Platinum Holdings Ltd.	24487	194,910	21.28	25.86	7.01	5.66	3494.00	4325.36	5.72	11.20	10.40	30313.42	BUY	-0.06
Capitec Bank Holdings Ltd.	167652	193,851	17.02	18.26	42.27	27.59	3966.00	6077.00	0.95	1.28	21.22	NA	SELL	4.63
Mondi plc	38334	186,132	11.72	13.89	16.48	15.64	2325.60	2450.70	2.95	3.32	18.56	40396.16	HOLD	2.21
Sibanye Stillwater Ltd.	6088	179,508	1.47	6.34	5.70	3.12	1068.00	1952.00	6.09	16.03	11.50	11127.13	BUY	-0.03
South32 Ltd.	3139	147,590	11.39	12.12	394.84	19.23	7.95	163.27	1.20	2.77	5.20	NA	BUY	2.84
Sasol Ltd.	22415	140,747	67.36	67.36	156.75	9.56	143.00	2343.74	NA	NA	-16.73	NA	BUY	-4.35
Sanlam Ltd.	6121	136,313	4.19	9.74	13.65	11.88	448.50	515.33	4.90	NA	10.50	7033.12	BUY	42.98
Gold Fields Ltd.	13286	117,942	-3.42	-1.22	9.77	7.72	1359.54	1721.49	3.61	3.57	4.25	16823.17	BUY	0.04
AngloGold Ashanti Ltd.	27688	115,551	-19.16	-17.47	7.07	6.42	3915.10	4311.80	2.55	1.82	10.42	30493.52	BUY	0.03
Northam Platinum Ltd.	22645	115,440	8.08	8.08	25.41	8.66	891.10	2616.00	NA	NA	2.74	66478.87	HOLD	0.03
Absa Group Ltd.	13309	112,827	11.04	11.04	18.21	8.04	730.90	1654.33	4.66	4.19	9.87	30123.85	HOLD	-1.68
Bid Corporation Ltd.	31666	106,209	20.39	20.39	78.26	28.85	404.60	1097.75	1.04	1.11	10.71	NA	BUY	-17.25
Shoprite Holdings Ltd.	15511	91,723	10.79	12.18	19.21	18.72	807.60	828.40	2.69	2.91	18.05	15910.49	HOLD	20.69
Nedbank Group Ltd.	17008	86,549	31.36	31.36	15.10	10.51	1126.00	1618.72	4.09	3.91	10.69	24450.37	BUY	-1.78
Discovery Ltd.	12350	82,222	-19.56	-19.56	908.09	15.77	13.60	783.33	0.82	NA	10.13	NA	HOLD	-50.13
Pepkor Holdings Ltd.	2046	75,018	50.11	50.11	23.49	19.18	87.10	106.67	NA	1.76	1.11	2505.63	NA	1.49
Aspen Pharmacare Holdings Ltd.	16130	73,626	28.66	28.66	15.31	13.96	1053.40	1155.38	NA	1.46	10.30	17691.48	HOLD	-487.12
The Bidvest Group Ltd.	18992	64,625	20.95	23.15	32.26	11.45	588.70	1658.17	1.53	2.76	9.84	53494.10	BUY	-5.40
NEPI Rockcastle plc	10399	63,329	11.22	14.94	30.55	13.42	340.40	775.00	2.99	6.44	3.72	23675.75	BUY	1.92
Old Mutual Ltd.	1340	63,095	12.70	15.69	11.54	NA	116.10	NA	2.61	NA	18.84	NA	NA	-0.31
Remgro Ltd.	11578	61,273	20.35	20.68	357.35	17.22	32.40	672.40	0.69	1.49	7.09	NA	BUY	-23.88
Clicks Group Ltd.	24809	60,933	-1.81	0.43	31.54	29.13	786.50	851.80	2.39	2.24	34.84	26868.79	SELL	2.32
Exxaro Resources Ltd.	16829	60,367	21.16	33.40	5.75	4.06	2928.00	4141.00	11.21	17.37	19.94	23800.85	BUY	0.07
African Rainbow Minerals Ltd.	26098	58,572	-0.36	3.50	6.04	4.33	4323.00	6033.60	6.51	10.40	18.13	36424.91	BUY	0.11
Woolworths Holdings Ltd.	5301	55,659	34.07	34.07	24.54	20.55	216.00	258.00	1.68	NA	-9.98	6331.75	HOLD	-1.80
Reinet Investments SCA	28144	55,146	2.12	2.12	2.68	18.22	10494.00	1544.40	1.52	1.16	2.75	NA	BUY	-0.04
Mr Price Group Ltd.	20580	52,674	20.60	23.26	19.23	18.54	1070.30	1110.20	3.27	3.55	29.15	21347.21	HOLD	19.34
MultiChoice Group Ltd.	11884	52,588	-11.31	-11.31	23.96	12.70	496.00	936.00	4.75	5.82	16.30	22426.26	HOLD	0.11
Quilter plc	2991	51,786	-2.70	-0.44	27.27	19.77	109.67	151.28	3.34	NA	12.03	4125.90	BUY	0.67
Growthpoint Properties Ltd.	1505	51,633	19.73	24.89	18.02	8.64	83.50	174.20	6.54	9.47	3.33	3139.68	BUY	-2.27
The Foschini Group Ltd.	15419	51,041	50.71	50.71	77.91	17.20	197.90	896.20	NA	2.53	7.77	NA	BUY	-4.75
Rand Merchant Investment Holdings Ltd.	3107	47,593	-3.06	-2.34	24.96	9.87	124.50	314.67	0.72	NA	13.89	7852.77	BUY	-4.02
Mediclinic International plc	5940	43,792	4.32	4.32	29.05	12.20	204.48	486.88	NA	NA	-3.76	14143.43	BUY	-1.89
Investec plc	5760	40,094	52.99	52.99	10.15	7.49	567.38	769.49	4.55	NA	13.93	7811.85	BUY	2.81
Tiger Brands Ltd.	20597	39,097	-1.06	3.71	15.55	14.40	1324.20	1430.00	4.16	4.05	15.25	22242.64	HOLD	-1.59
Distell Group Holdings Ltd.	16886	37,673	77.67	77.67	56.53	23.67	298.70	713.25	1.03	1.66	8.22	NA	BUY	-4.45
The SPAR Group Ltd.	18000	34,668	-5.03	-3.64	13.35	13.84	1348.00	1300.20	5.25	5.16	26.49	17361.72	BUY	1.95
Harmony Gold Mining Company Ltd.	5545	34,160	-22.56	-21.20	14.91	32.81	372.00	169.00	1.98	2.51	-10.93	2519.10	BUY	1.41
Life Healthcare Group Holdings Ltd.	2272	33,338	35.08	35.08	53.71	22.54	42.30	100.79	NA	3.08	9.48	NA	BUY	-3.35
Hammerson Plc	772	32,453	48.46	49.33	61.03	19.01	12.65	40.60	1.05	NA	-25.62	NA	HOLD	-1.28
Royal Bafokeng Platinum Ltd.	10560	30,520	61.52	70.00	7.80	4.96	1354.40	2130.50	5.45	13.74	6.63	16611.10	BUY	0.01
Santam Ltd.	25222	29,038	-1.00	-1.00	22.93	12.47	1100.00	2022.00	2.85	NA	18.82	46362.62	HOLD	-10.56
Momentum Metropolitan Holdings Ltd.	1933	28,946	22.65	24.44	72.94	8.55	26.50	226.00	1.29	NA	5.92	NA	HOLD	-9.76
Ninety One plc	4582	28,529	0.46	0.46	12.72	NA	360.20	NA	5.50	NA	82.14	NA	NA	0.83
Capital & Counties Properties PLC	3350	28,513	17.30	17.30	-122.17	95.03	-27.42	35.25	0.68	NA	-18.83	NA	HOLD	-3.11
Textainer Group Holdings Ltd.	46300	26,869	62.46	62.46	13.00	NA	3561.69	NA	NA	NA	4.84	NA	NA	0.44
Dis-Chem Pharmacies Ltd.	3102	26,680	47.64	49.13	39.87	29.36	77.80	105.67	1.00	1.34	29.59	4213.08	BUY	24.09
Redefine Properties Ltd.	445	25,780	33.63	33.63	-6.66	7.73	-66.82	57.59	NA	1370.11	-8.41	NA	BUY	0.11
Pick n Pay Stores Ltd.	5176	25,541	2.98	5.86	22.57	16.88	229.31	306.67	3.47	4.51	37.58	6922.10	BUY	2.62
Vivo Energy plc	1989	25,199	17.35	20.69	20.15	12.99	98.70	153.13	5.03	3.85	18.29	3085.85	BUY	-1.40
Truworths International Ltd.	5696	24,976	54.57	62.13	14.80	12.39	384.80	459.80	4.62	5.42	6.89	6806.19	HOLD	-2.41
Transaction Capital Ltd.	3690	24,900	48.25	49.02	59.52	23.35	62.00	158.00	0.51	1.42	11.94	NA	HOLD	-36.77
Sirius Real Estate Ltd.	2284	24,091	18.34	18.34	24.72	18.94	92.38	120.60	2.88	NA	15.30	2981.66	BUY	0.66
AVI Ltd.	7136	24,013	-2.54	3.33	15.05	13.69	474.30	521.33	5.75	7.83	35.57	7843.63	HOLD	5.70

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Dividend Yield — Dividend Yield as at most recent annual results. **Forward Dividend Yield** — Dividend yield as at next annual results. **Three-year average RoE** — three-year average Return on Equity. **PUCSP** — Potential upside from current share price (1 year target price). **View** — Consensus Buy/Hold/Sell recommendations. **PEG Ratio** — Price:Earnings to Growth ratio as at most recent annual results. **All information provided by ProfileData (www.profile.co.za).The Financial-mail undertakes to transmit the information as accurately as possible and is confident it is correct, but is not able to warrant its accuracy.**

COMPANY	CLOSING PRICE (MONDAY) (c)	MARKET CAP (Rm)	SHARE PRICE RETURN YTD (%)	TRI RETURN YTD (%)	P:E	FORWARD P:E	TRAILING HEPS (*)	EST. FORWARD HEPS (*)	DIVIDEND YIELD (%)	FORWARD DIVIDEND YIELD (%)	3-YEAR AVERAGE RoE (%)	PUCSP	VIEW	PEG RATIO
Sappi Ltd.	4083	22,573	24.41	24.41	-8.05	11.80	-507.24	345.98	NA	NA	6.38	NA	BUY	0.71
Telkom SA SOC Ltd.	4400	22,490	43.28	43.28	8.43	7.26	522.20	605.67	1.14	1.39	6.37	5103.28	BUY	0.20
Bytes Technology Group plc	8976	21,496	34.57	34.57	49.28	NA	182.16	NA	NA	NA	119.02	NA	NA	NA
Italtile Ltd.	1620	21,411	9.46	11.50	16.04	NA	101.00	NA	2.53	NA	20.47	NA	NA	5.05
Resilient REIT Ltd.	5350	21,407	26.48	32.24	-5.73	13.00	-934.26	411.67	5.67	7.51	-5.29	NA	BUY	0.05
Netcare Ltd.	1442	20,752	15.36	15.36	-68.67	19.23	-21.00	75.00	NA	3.54	24.21	NA	BUY	37.29
Barloworld Ltd.	10291	20,688	12.96	16.62	62.67	10.96	164.20	938.80	1.33	3.88	6.97	NA	HOLD	-3.43
PSG Group Ltd.	8041	17,968	34.29	34.29	16.72	36.72	481.00	219.00	2.04	NA	55.08	3661.08	BUY	0.59
Investec Ltd.	5501	17,543	50.14	50.14	9.70	7.25	567.38	758.70	4.76	NA	13.93	7355.89	BUY	2.36
Liberty Holdings Ltd.	6121	17,518	-1.24	-1.24	-16.03	5.42	-381.80	1130.00	7.12	8.07	3.85	NA	BUY	0.57
Coronation Fund Managers Ltd.	4849	16,962	12.32	17.88	10.19	11.02	476.00	440.00	9.26	NA	60.17	4482.27	HOLD	-2.37
Motus Holdings Ltd.	8727	16,658	55.84	58.67	28.61	9.17	305.00	951.75	1.83	4.11	12.46	27232.53	BUY	-1.26
Fortress REIT Ltd.	1390	16,563	1.83	1.83	-14.33	10.20	-97.02	136.25	1.65	8.56	-13.42	NA	BUY	-0.50
Karooooo Ltd.	52741	16,324	5.48	5.48	33.79	NA	1561.00	NA	NA	NA	38.79	NA	NA	NA
Zambezi Platinum (RF) Ltd.	9800	15,671	5.09	5.09	NA	NA	-111.40	NA	NA	NA	-14.29	NA	NA	NA
Montauk Renewables Inc.	10696	15,083	-50.25	-50.25	238.91	NA	44.77	NA	NA	NA	2.88	NA	NA	NA
PSG Konsult Ltd.	1085	14,538	20.56	22.36	20.79	NA	52.20	NA	2.26	NA	19.74	NA	NA	1.06
Massmart Holdings Ltd.	6200	13,587	47.55	47.55	-14.53	79.49	-426.80	78.00	NA	NA	-24.37	NA	HOLD	0.34
Ninety One Ltd.	4480	13,444	1.82	1.82	12.42	NA	360.82	NA	5.63	NA	82.14	NA	NA	0.80
DRDGOLD Ltd.	1494	12,917	-16.86	-14.44	10.30	13.41	145.00	111.44	6.69	NA	6.38	1148.25	BUY	0.03
Globe Trade Centre S.A.	2599	12,567	-10.38	-10.38	-16.12	70.54	-161.23	36.84	NA	NA	2.95	NA	BUY	0.23
Equites Property Fund Ltd.	1888	12,350	8.69	13.45	18.99	11.35	99.40	166.33	8.21	8.66	6.37	3159.33	BUY	-3.42
MAS Real Estate Inc.	1730	12,303	35.69	35.69	-61.54	20.35	-28.11	85.00	4.42	1.85	2.29	NA	BUY	-0.27

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	ISSUED SHARES	LAST BID	LAST OFFER	PREVIOUS CLOSE	CLOSING PRICE	CHANGE	VOLUME	VALUE	MARKET CAP (Rm)	YEAR HIGH	YEAR LOW	TRADE DATE
SENWES LIMITED	180,789,308	12.00	12.25	11.65	12.00	0.35	37928	453,713	2,169,471,696	13.10	6.50	05/07/2021
AGRIBEL HOLDINGS LIMITED	123,470,532	6.40	0.00	6.30	6.30	0.00	0		777,864,352	6.60	3.70	05/07/2021
TWK INVESTMENTS LIMITED	38,951,986	32.00	33.20	33.20	33.20	0.00	0		1,293,205,935	33.50	12.33	05/07/2021
TRANSFORMATION INVESTMENT PORTFOLIO LTD	7,879,270	0.00	0.00	1.05	1.05	0.00	0		8,273,234	1.10	1.00	05/07/2021
DALE CAPITAL GROUP LIMITED	31,080,407	0.25	0.26	0.25	0.26	0.01	120	31	8,080,906	0.99	0.25	05/07/2021

Getting SA's priorities right

With big shortfalls and limited funds, there's an urgent need for high-impact projects

While frequent mention is made of the government's infrastructure rollout as central to SA's economic recovery plan, the reality is that the weak state of the fiscus means its ability to finance infrastructure projects is limited.

In fact, government investment in infrastructure has fallen since 2015 from 20.3% of GDP to 17.9% in 2019: far short of the 30% target, according to the report on SA infrastructure published earlier this year by Business Leadership SA (BLSA).

The BLSA report assessed the obstacles and solutions to greater infrastructure investment. The report found that the decline is most significant in public sector spending, falling from 7.3% of GDP to 5.4% over the same period.

Fiscal pressures have been a major driver of the infrastructure investment slowdown, says Vuyo Ntoi, co-MD at African Infrastructure Investment Managers (AIIM), a subsidiary of Old Mutual Alternative Investments.

Other bottlenecks are capacity constraints across all spheres of government, as well as the complex process for fiscal budgetary allocations.

"It's also likely that the private sector's spending on infrastructure has been hampered by low business confidence levels," says Ntoi.

Public infrastructure investment has often delivered poor value for money — with some exceptions, including the new universities programme and the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

However, getting infrastructure right is critical for the country's economic competitiveness and its

Thapelo Morebudi

More than just creating jobs during the construction process, the development of infrastructure should have a multiplier economic impact

ability to attract both domestic and foreign investors, says Ntoi.

"The right investment in infrastructure unlocks sectors that are constrained, creates jobs in the construction of that infrastructure itself, and boosts confidence in the country's competitiveness."

More than just creating jobs during the construction process, the development of infrastructure should have a multiplier economic impact.

According to BLSA's report, "the long-term economic effect of infrastructure has a greater impact on employment levels than the short-term employment created by infrastructure construction itself. From a jobs perspective, value for money must be assessed in terms of economic impact rather than short-term features of the construction process."

The report says the country's infrastructure programme needs to carefully choose projects that have a long-term productivity impact on the economy. This is particularly relevant given the devastating blow of pandemic-induced lockdowns on the SA economy in 2020.

"Infrastructure by definition is counter-cyclical," says Daniel Zinman, head of power within the Infrastructure Sector Solutions team at Rand Merchant Bank. "In a period of recession, it can act as a catalyst to boost economic growth."

Economic infrastructure such as power, roads, rail and ports is critical for the economy to thrive and is a vital economic input for economic activity, says Ntoi.

"Manufacturing and most other value-adding processes can't occur without reliable energy, and goods can't be efficiently and cheaply transported to markets if transport infrastructure is constrained."

In 2020, the government gazetted 52 projects. This list of projects, says Chris Campbell, CEO of Consulting Engineers SA (Cesa), has since been undergoing further refinements.

"There is a realisation by the state that projects can't go from concept stage, to design, to execution without following a project life cycle process which evaluates its feasibility and provides sufficient evidence the project is bankable and has a guaranteed return.

SA has, in the past, pursued too many vanity projects which arguably have not undergone the project life cycle evaluation process before significant amounts of capital have been invested, says Campbell.

He includes SA's bus rapid transport (BRT) systems in this list

What it means:

PPP is SA's best bet for growing infrastructure, but it needs policy certainty and more mutual trust

of projects, explaining that it is one of many projects which have not been subjected to a rigorous enough life-cycle process and which did not take sufficient consideration of the nuances of SA's fragmented public transport system.

Given the country's pressing need for infrastructure and the state's limited fiscal capabilities, SA needs to better prioritise projects that provide economic impact.

"Had we bolstered our railway network in the past decade, for example, we would have been in a stronger position to take better advantage of the current commodities boom. Constructive investments would have allowed for beneficiation as opposed to being relegated to a pit-to-port country," says Campbell.

Zinman agrees that projects need to be prioritised. "At last year's Sustainable Infrastructure Development Symposium, there was talk of scores of projects that were under evaluation. We don't need to focus on this many projects. Instead, we need to prioritise five projects and get them done, and then prioritise the next five. This will create a snowball effect."

Campbell says while there are no signs yet of projects kicking off, Cesa member companies are reporting that there are a number of bids open right now.

"This is a good sign. We must just hope the bids don't get derailed due to insufficient funding. Many of the projects under consideration are unlikely to come to market as a result of insufficient capacity and funding, which is unfortunate as SA has a huge infrastructure backlog right now."

Reigniting public-private sector partnerships

SA has, in the past, successfully used public-private partnerships (PPPs) to deliver infrastructure, says Siyanda Mflathelwa, head of PPPs and concessions in the Infrastructure Sector Solutions team at Rand Merchant Bank.

But in the past 15 years this mechanism has slowed down, primarily because of the onerous red tape and bureaucracy they are subjected to.

The BLSA report calls for amendments to the Municipal Finance Management Act and the Public Finance Management Act, saying: "The infrastructure procurement process needs to start with a standardised assessment of the best delivery mechanism between on-balance sheet procurement and PPPs," rather than allowing on-balance sheet to be the default procurement approach.

The report also called for public sector infrastructure projects to be systematically analysed to identify PPP opportunities.

Given the state's constrained finances and the infrastructure backlog in just about every sector, Mflathelwa says the government has been forced to reconsider private sector capital and involvement, something she regards as a positive.

"The PPP framework still provides the government with a degree of control, given that it's the entity to which the private sector partnership report. What the government relinquishes, in this instance, is operational control.

"However, the private sector is often better suited to delivering operationally. There is certainly no question that it has a better track record in terms of delivering projects on time and on budget, using the PPP model."

The government needs to accept that it cannot be the sole provider of society's needs

PPPs, says Ntoi, are an excellent mechanism for attracting private and foreign capital, as well as specialised expertise in public infrastructure provision. But they are not a panacea to addressing the country's infrastructure backlog as they require significant institutional capacity at government level.

On the up side, "they provide the government with competitive pricing on projects and a risk allocation that removes construction and price escalation risks from the government", he says. "They also typically provide state-of-the-art operations."

Encouragingly, there is a great deal of appetite for investment in infrastructure development from the private sector, including banks, pension funds, insurance firms and the private equity industry.

But, as Campbell says, for the private sector to embark on PPPs with the state will require greater policy certainty, more aligned thinking, and higher levels of mutual trust.

"The government needs to accept that it cannot be the sole provider of society's needs. Business has the capacity to provide capital for projects, but requires the right environment for investment. This includes investing in projects that are viable and that provide the necessary returns and results."

Infrastructure SA

Not only has the government often underspent on infrastructure, but it has historically battled with both the implementation and execution of infrastructure projects.

To address this, public works & infrastructure minister Patricia de Lille established Infrastructure SA (ISA) in 2020, which is responsible for project preparation, packaging, funding pathways and providing strategic oversight over projects. Led by Kgosientsho Ramokgopa, ISA consolidates the Presidential Infrastructure Co-ordinating Commission and the Investment Infrastructure Office.

The public sector has long been undercapacitated in terms of engineering skills. Campbell says there are initiatives to improve the professionalism of the state and fill the gaps, especially in the technical environment.

"For infrastructure projects to be successfully implemented, we have to get to the point where we have the right competences in place. In the water space, for example, we need to be using water specialists with the requisite academic training behind them so they at least have basic knowledge of what goes into that sector.

"At the least the department head needs to be knowledgeable in that field. If the department is then staffed by adequately skilled people who can provide solid support, we will go some way towards solving this problem. At present, however, many people at management level don't have the requisite skills."

Ntoi believes ISA will scale up the government's infrastructure expertise and place it within a single entity, using private sector expertise where appropriate.

"This all points towards better government capacity from a project procurement perspective as well as the correct designation of projects along the bankability spectrum: where commercially challenged but necessary projects can be pursued by the fiscus, and projects able to stand on their own are financed by the private sector."

Campbell says he is encouraged that the National Treasury has tightened the controls for funding projects which have not undergone adequate project business case assessment.

Siyanda Mflathelwa: The government has had to reconsider private sector capital

Vuyo Ntoi: Getting infrastructure right is critical for SA's economic competitiveness

Daniel Zinman: In a recession, infrastructure can act as a catalyst to boost growth

"The fact that we are now following proper due process is encouraging. Lessons have been learnt from past mistakes," says Campbell.

"Another factor compromising the longevity of the infrastructure developed after accessing capital is the underspending on maintenance of these assets."

Such underspending, says Campbell, is akin to sabotaging a national asset. "It's vital that a total life cycle view is taken when it comes to infrastructure – and this includes critical maintenance – if the asset is intended to last for the duration of its intended lifespan."

Mflathelwa is also encouraged by ISA's intentions. "Experienced people are being hired into the office to recapacitate the state's skills, and there have been moves to reform regulation to expedite projects. Ultimately, it's time that will reveal just how successfully this has been done."

Infrastructure Fund

The Infrastructure Fund, a R100bn fund established as a mechanism to leverage financing from the private sector and development finance institutions, is a specialised unit within the Development Bank of Southern Africa (DBSA).

It has a project initiation and development function. Though a great deal of preparatory work is under way, Ntoi says the outputs from the fund have yet to be seen.

The BLSA report recommends the fund should be used to derisk projects to ensure they can form viable PPPs. "Derisking can be achieved via several mechanisms, including guarantees of contract performance and revenue, viability gap funding and, in partnership with multilateral institutions, political risk insurance.

"These all contribute to making projects bankable, which is the minimum level for private sector participation."

The DBSA has long played an important role in infrastructure development, particularly in terms of supporting local government projects.

The development finance institution has been tasked with acting as the implementing agent and providing co-ordination between municipalities and the government. ✖

Bridging the gap: a PPP victory

The Beitbridge upgrade with RMB shows what can be done

A good example of a successful public-private partnership (PPP) was the redevelopment of the Beitbridge border post, connecting Zimbabwe to SA, a landmark transaction valued at $300m (about R4.27bn).

Rand Merchant Bank (RMB) played a number of roles in the Beitbridge transaction as financial and hedging adviser to the project company, mandated lead arranger, senior commercial lender and hedging bank.

Beitbridge is the busiest border post in Southern Africa and a major access point to trade with countries further to the north.

As a result of ageing infrastructure, significant waiting periods hamper thoroughfare through the border, slow trade and cause haulage operators to use longer, alternative routes.

Siyanda Mflathelwa, head of PPPs and concessions in RMB's Infrastructure Sector Solutions team, who led the bank's lending team on this project, says RMB provided an end-to-end infrastructure finance solution for the private sector concessionaire to upgrade and modernise the border post.

RMB also built a several social projects, including a fire station, residential building units, sewer pipelines, power supply lines,

water pipelines, a waste water treatment plant, a reservoir and a water pump station for the town of Beitbridge.

"We walked the full journey with the client to deliver a substantial regional infrastructure project, despite challenging circumstances, which were exacerbated by Covid restrictions," she says.

"Through innovative structuring and tailoring bespoke solutions, we delivered an optimal financing structure."

This was a highly structured, nuanced and complex deal, says Daniel Zinman, head of power at RMB's Infrastructure Sector Solutions, who led the advisory team.

"The redevelopment and upgrade of the Beitbridge border post — the first concession to be concluded in Zimbabwe in the past decade — means that waiting times at the border will be reduced from two days or more, to eight hours and hopefully beyond. It's intended to act as a catalyst for increasing trade in the region, reducing the associated costs to stimulate growth, and increase revenue to the Zimbabwean government."

The deal comes at a time when infrastructure development via concessions and PPPs is more critical than ever for Zimbabwe's fiscus and the regional economy, says Zinman. Other sectors that have huge potential include the renewable energy sector, green hydrogen, and the water sector.

It is estimated municipalities lose an average of 40% of potable water before it reaches the end user. This, says Chito Siame, investment principal at Mergence Investment Managers, is unconscionable in a country that is so water scarce.

"These losses are caused by poor or no maintenance, illegal connections with no by-law enforcement, decay and lack of investment in infrastructure, to give just a few examples."

Mergence, an institutional fund manager specialising in infrastructure and development, including impact investing, is the only fund manager in SA to be invested in the only two water concessions run by PPPs.

Siame says partnerships have been formed between the local municipality and the concessionaire, which is responsible for the operation, repairs and management of the water infrastructure as well as water supply, which they either procure from the Water Board or obtain through the production of its own potable water.

The concessionaire also takes charge of billing, customer queries and debt management.

The two concessions, based in KwaZulu-Natal and Mpumalanga, have been in existence since 1999 and are valid for a 30-year period.

"Mergence has a majority stake in both concessionaire companies

@HomeAffairsSA/Twitter

The Beitbridge border post, where two-day waiting times will be reduced to eight hours


Chito Siame: Municipalities lose about 40% of potable water before it reaches the user


Supplied

The Sembcorp Siza Water plant in KwaZulu-Natal is one of only two SA water concessions


Supplied

Greater private sector investment is needed to help resolve SA's water shortages

and is actively involved in their management via a special purpose vehicle called SA Water Works," says Siame.

"The PPPs have led to a marked improvement in water quality and delivery to a number of adjacent communities."

On the basis of their experience, Mergence is calling for SA to create a similar system to the Renewable Energy Independent Power Producer Procurement Programme , which would involve PPPs being replicated across the country to address SA's water challenges. ✘

A move in the right direction

Recent energy and ports reforms are big wins for SA

● When Business Leadership SA (BLSA) published its "Infrastructure for SA" report, it included five major recommendations to boost investment. They focused on own-generation licensing for companies to build their own energy-generating plants; allocating spectrum; concessioning state-owned entities (SOEs), particularly ports and rail; providing policy certainty in the mining sector; and finalising the land expropriation bill.

Encouragingly, it appears that the government has already taken two of these recommendations into consideration .

One of the biggest constraints to SA's economic recovery has been the inability of Eskom to deliver a consistent and reliable source of power. The recent announcement by President Cyril Ramaphosa that the licensing threshold for embedded generation projects would be increased from 1MW to 100MW was therefore welcome news for business and industry, particularly given that business had largely been pushing for the threshold to be pushed to just 50MW.

Based on a 50MW threshold, Business Unity SA predicted the reform had the potential to create more than 16,000 direct jobs and attract R75bn in investment. This potential is significantly higher with 100MW.

Power generators are allowed to wheel electricity through the national grid, subject to certain charges and connection agreements with Eskom, potentially further alleviating the country's reliance on Eskom.

This piece of reform is a game-changer, says Chris Campbell, CEO of Consulting Engineers SA (Cesa). However, he cautions that it won't have a positive impact immediately given that it's going to take more than 12 months to get these self-generating projects off the ground.

Andre Oosthuizen

The Transnet National Ports Authority's corporatisation is expected to boost investment

In that time there is a great deal that needs to happen: policy and regulations need to be updated and businesses will need to meet some fairly onerous requirements.

"From an energy security point of view, what it means is that if businesses can feed energy that is surplus to their needs into the national grid, it will give Eskom some breathing space. The reality is that a number of Eskom's power plants are old and have exceeded their lifespan," says Campbell.

Rand Merchant Bank's Daniel Zinman agrees: "The reality is that Eskom on its own does not have the capacity to meet SA's future energy needs."

In terms of concessioning SOEs to allow private companies to use existing infrastructure, the first step in the right direction was made in June when Ramaphosa announced that the Transnet National Ports Authority will be corporatised.

The ports authority will now be established as an independent subsidiary of Transnet, with its own board of directors.

Chris Campbell: The licensing threshold increase will give Eskom breathing room

This move is intended to create a clear separation between the infrastructure owner – Transnet National Ports Authority, and the terminal operator – Transnet Port Terminals. It also means that the revenue generated by ports can now be invested back into port infrastructure.

SA's ports are poorly ranked from a performance perspective, with long anchorage waiting and turnaround times driving up costs and reducing competitiveness, negatively affecting exporters.

Though the government has made efforts to release spectrum, the process has been hampered by delays. With the exception of the emergency spectrum released during the height of the Covid pandemic in 2020, the last time spectrum was released in the country was in 2005.

The two spectrum licensing auctions in 2010 and 2016 failed to take place. The Independent Communications Authority of SA planned a third auction of broadband spectrum, valued at R8bn, in March 2021.

The process was beset with legal challenges almost from the outset and was eventually delayed by court order after the spectrum auction process was ruled to be unlawful and irrational.

The most optimistic outcome is that the auction is delayed for several months. It could also be scrapped altogether.

Zinman says that though SA's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has stalled in recent years, he believes it has the potential to foster a vibrant local industry.

"There is a huge advantage for the country to continue with this programme, with regular bidding rounds on a clear and consistent basis, providing investors with a clear line of sight," he says.

"Unfortunately, the early momentum built up was lost when the REIPPPP stalled. We need to reignite trust in this programme to continue to attract foreign direct investment and, perhaps more importantly, create local industries and their associated jobs." ✘

Special Report compiled by: Lynette Dicey
Advertising executive: Cris Stock

Italian Venini drinking glasses

ART AUCTIONS

GOING, GOING, GONE ... ONLINE

Auctions are now a digital occasion — with far more potential buyers

Sarah Buitendach

As you can imagine, Covid has triggered something of a revolution in the world of art auctions, with upsides and downsides.

Most conspicuously, the secondary art market moved rapidly online and not just to shift nonfungible tokens of digital prints, but for serious art too.

Now, over a year into the pandemic, the way in which art auctions have entirely adapted to this new reality is clear. Take the big-ticket auctions that Sotheby's and Christie's just hosted in London, which were now open to the globe, virtually that is.

As the New York Times put it, these sales moved from traditional evening to lunchtime slots so that the Asian market, which is becoming a major player in this field, could join the bidding. Though sales were down in London from pre-pandemic levels (to a still considerable $215m), numbers rose elsewhere, including in Paris and Hong Kong.

True, the excitement of being in the room is lost, but you can see the appeal of digital. Bidding on that Picasso from the comfort of your tropical island lair is simple and easy. You'll save on Learjet fuel for one thing as you bid on that Giacometti sculpture (one just sold at the Christie's online auction for its low estimate of $16m).

SA auction house Strauss & Co was doing virtual auctions, alongside those in the flesh, long before Covid. But over the past year, it has pivoted totally to online sales.

Its midwinter auction, which takes place next week on July 11 and 12, will provide a sense of just how successful the transition to digital sales has been.

As Susie Goodman, a director of Strauss & Co, explains: "We are reaching buyers who had not heard of us before [Covid] and would not have bought from an auction house at the southern tip of the African continent. Now those geographical limitations, historically specific locations and narrow collecting patterns have been blown wide open."

For next week's auction, buyers will have access to an ogle-worthy array of traditional and contemporary SA art, jewellery, decorative arts, sweet and fortified wines and whiskies at the end of a mouse click.

The Strauss & Co team picked seven of its standout lots from the upcoming sales:

Port Ellen 30-year-old — Old & Rare Platinum

Lot 392: six Italian Venini drinking glasses, mid-20th century

Estimate: R3,000-R4,000

Specialist Sophie-Louise Fröhlich loves this lot, partly because Venini originally created the glasses for Fellini's 1976 movie *Casanova*. "These pieces were purchased after the movie was screened and the glasses were available for purchase from stores," she says. "It's a great way of bringing the old into the 20th century in a very usable fashion."

Andrew Verster's *Garden Scene*

Lot 153: Andrew Verster's *Garden Scene*

Estimate: R4,000-R6,000

Senior art specialist Alastair Meredith describes this sketch by Andrew Verster — SA's equivalent of revered English pop art painter David Hockney — as self-assured and razor-sharp. "It's a snippet

Zoltan Borbereki's *Figures Carrying Pigs*

Thakor Patel's ***Abstract Composition***

of a lush, tropical garden, most likely in the artist's native Durban, and shows lithe stems, pointed fronds and folded, heavy leaves. The way the artist switches his focus from positive to negative space is quite striking," he says.

Lot 8: Port Ellen 30-year-old — Old & Rare Platinum (Douglas Laing)
Estimate: R30,000 – R40,000

Wine specialist Higgo Jacobs says the Port Ellen distillery was established as a malt whisky distillery on the southern coast of the Isle of Islay at Port Ellen in 1825. It shut its doors in 1983 and, according to Jacobs, is the most "lusted-after closed distillery" in the whisky world.

"This is an independent bottling of 'ghost distillery' Port Ellen from Douglas Laing's beautifully presented Old & Rare series. A 1982 vintage release of Port Ellen whisky is not something you see every day. It's been matured for 30 years in a refill hogshead and bottled at cask strength."

Jacobs reckons these Port Ellen whiskies are now more of a showpiece to be collected, traded and admired from a safe distance. In this way, he argues, they're more like rare art than bottles of whisky.

Lot 147: Thakor Patel's *Abstract Composition*
Estimate: R3,000-R5,000

Meredith says though Patel was born in India, he made his name in Zimbabwe, producing a body of abstract works defined by beautifully geometric patterning and pale, shimmering tones. "Stunning, mature examples were recently exhibited at the Zeitz MOCAA in Cape Town as part of the exhibition Five Bhobh: Painting at the End of an Era. This small work on paper relies on gentle symmetry, a tactile surface and carefully considered, off-kilter colour combinations," he says.

Lot 333: a set of 10 George III mahogany dining chairs
Estimate: R25,000-R30,000

Joint MD Vanessa Phillips says this set of chairs was made at the beginning of the 19th century and is beautifully turned, with mahogany used for the frames.

"They are sturdy and classically stylish. One can change the upholstery to suit one's décor and a set of 10 dining chairs, including a pair of armchairs, represents such good value in today's world of uncomfortable dining," she says.

George Pemba's *Young Girl*

Lot 603: Zoltan Borbereki's *Figures Carrying Pigs*
Estimate: R15,000-R20,000

Senior art specialist Ian Hunter says Borbereki is an underrated sculptor who made SA his home after emigrating from Hungary in 1950. "This bronze sculpture has a wonderful, simplified solidity in its construction and has its stylistic roots in early 20th-century modernism," he says. "The rhythmic figural forms with their angulated drapery call to mind the styles of groundbreaking European sculptors Ossip Zadkine and Umberto Boccioni."

Lot 254: George Pemba's *Young Girl*
Estimate: R100,000-R120,000

Art specialist Wilhelm van Rensburg says this work is a "true testimony to Pemba's prowess in the watercolour medium".

Pemba studied at Fort Hare University under Ethel Smythe, an art teacher who, he recalled, "taught me how to mix my colours and how to use specialised wash techniques". After that, Pemba went on to train as an art teacher himself at Lovedale College in Alice, graduating in 1934.

Pemba also spent four months in 1937 studying under Prof Austin Winter Moore at Rhodes University, working primarily in watercolour, refining his technique to such a degree that he won first prize in the May Esther Bedford Art Competition, edging Gerard Sekoto's entry into second.

These are just a few highlights of the auction. But for those (hopefully vaccinated folk) with more of a yen for the physical, Strauss & Co is hosting a special exhibition, George Pemba & Robert Hodgins: Social Stances, at its Houghton Estate office during July. It's an uncommon opportunity to view works by both remarkable artists. ✖

Strauss & Co auction, July 11 & 12, register on straussart.co.za

George III mahogany dining chairs

RESTAURANTS

Lockdown hasn't been easy for SA's chefs — but Candice Philip prevailed

A PEECH OF A POP-UP

Adele Shevel shevela@fm.co.za


Candice Philip

Vicky Peech and her husband James had been fans of chef Candice Philip long before they asked her to set up a pop-up restaurant at the low-key, elegant Peech Hotel, located in Melrose in Joburg, last year.

The Peeches had eaten at GREI (Philip's culinary baby) and other restaurants under her guidance, including the 500 and LDR X at The Saxon, and had been mightily impressed.

"I was amazed she answered my call and agreed to coffee. Instantly we hit it off, and she liked the 'guest chef pop-up' idea," says Vicky.

It was a fortuitous time. Covid had already cut a swathe, felling some of the Peeches' favourite restaurants — including Farro in Illovo, Philip's GREI and La Petite Maison. To mitigate the pain, the Peeches invited those chefs to create a limited-period pop-up at the hotel's restaurant, Basalt, late last year.

Besides Philip, the chefs included La Petite Maison's Tyeye Ngxola and Tim Stewart (who collaborated with Basalt's Feni Malebye-Lutalo), and the husband and wife duo Alex and Eloise Windebank, who were behind Farro.

Since each chef brought their own signature style, it was a thumping success, attracting diners from all over Joburg.

After the pop-ups ended in November, Philip proposed a residency. Initially, the idea was for three months, from June to September — but it seems the partnership struck such a chord that it will carry on into spring and summer, with new menus and wine pairings.

Of course, it didn't help that President Cyril Ramaphosa's decision to lock down the country, including closing indoor dining and banning alcohol, meant Basalt had to close for now. But this is temporary, Vicky tells the FM.

"We absolutely plan to reopen when safe and continue with Philip's fine-dining experience," she says.

Of course, to have a chef like Philip in-house is also something of a coup for Basalt.

She worked at the Saxon for close to 15 years, alongside two of SA's top chefs, Luke Dale Roberts and David Higgs. But it was as the head chef at the GREI restaurant (also at the Saxon) that she made her mark.

Among the accolades, GREI was a finalist in the world's leading restaurants rankings, alongside Le Cinq at the Four Seasons Hotel George V in Paris, Fera at Claridge's in the UK and Felix at The Peninsula in Hong Kong.

It's not hard to see why. When the FM visited Basalt, her menu had a distinctive sense of restraint: subtle flavours, combined with a greater contrast of colour and taste meant that even the breads (including butternut toast and truffled mushroom cigars) were showstoppers.

And while the line fish ceviche with pea and wasabi mousse sounds intimidating, Philip has evolved her signature mousse to the extent that you're now getting an incredible taste, without being overpowered.

It's why the mousse scored her awards from as far afield as Norway, and led to it being nominated as "the most beautiful object in SA" at the 2016 Design Indaba.

Speaking to the FM, Philip says she's revelling in the freedom and flexibility she has now. Though she'd love to have her own space at some point, it would have to be "something small and intimate, something really special".

Asked if people's tastes have changed during the pandemic, Philip says the difference is that people are saving their excursions for "special experiences" — an anniversary, date, or celebration. "People are still wary of coming out, so the space and service needs to be really well executed, to ensure diners have an incredible dining experience, while still feeling safe," she says.

Last year's pop-up experience provided some lessons too.

For example, during Philip's stint, diners were offered a curated cocktail, put together by one of Joburg's top mixologists. It turns out this was too much. Some diners were curious, but most preferred wine with their food.

Many of the people who booked at Basalt, before Ramaphosa's closure two weeks ago at any rate, did so to "briefly escape the pandemic madness around us," says Peech.

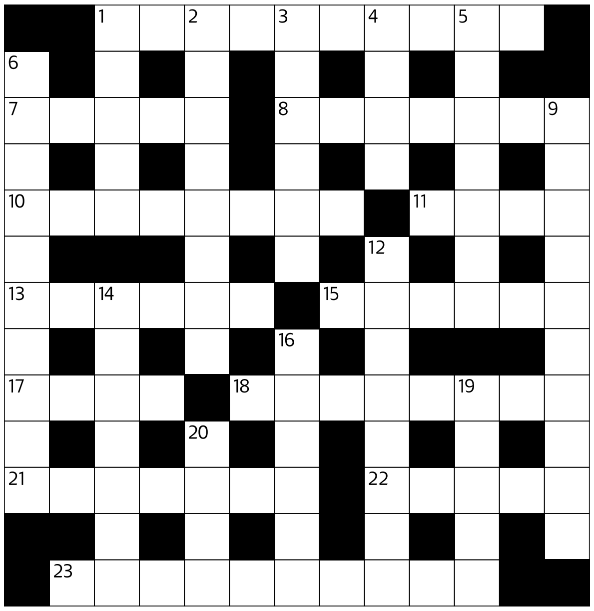
Covid remains a big threat to smaller independent restaurants particularly, and many are trying creative new ideas to survive.

Basalt has turned its hand to selling "weekender boxes", which Vicky Peech describes as a "ready to go, long lazy lunch box for foodies who can't go anywhere".

It may not be the real deal of seated fine dining, but it should tide you over until Basalt reopens, and you're able to see why Philip was named by Eat Out and Nederburg in 2018 as the "rising star" of SA's culinary scene. x

Basalt is at the Peech Hotel, 63 North Street, Melrose

crossword Cryptic No 132



SCRIBBLE PAD

ACROSS

1 Following on a triumph I have (10)
7 A shot near the bull ring (5)
8 Writes down unsurpassed achievements (7)
10 Smoothing things out is urgent (8)
11 Permit is needed in Virginia (4)
13 Deeply interested, we hear, in what the communicating spirit did (6)
15 Substance to be of some importance (6)
17 Here's the tax — make a mournful sound (4)
18 Arrest the young attendant causing an obstruction (8)
21 Refuse to sink (7)
22 Put on a higher plane — or bring to the ground, one hears (5)
23 Experts in personal make-up! (10)

DOWN

1 Have a feeling for what is reasonable (5)
2 Give a name to the new issue (8)
3 In danger — ran to a kind of knight (6)
4 A hundred in established school of opinion (4)
5 In case this is the decision (7)
6 Depressed — expired needing inner vitality (10)
9 Descriptive of the idealistic astronomer? (6-4)
12 Push pieces in the fortifications (8)
14 Change in place for one with a big bill (7)
16 Current line for racing cars (6)
19 Part of the team is sadly awry (5)
20 Some nonsense written about one rebellion (4)

SOLUTION No 131

Across:
6 Trooper; 7 Pedal; 9 End; 10 Contralto; 12 Deuteronomy; 15 Commandeers; 17 Reinforce; 19 Sty; 21 Bouts; 22 Flaming.

Down:
1 Grand; 2 Boy; 3 Hero; 4 Retainers; 5 Pastime; 8 Starve; 11 Germinate; 13 Tendon; 14 Boredom; 16 Stand; 18 Call; 20 Imp.

backstory

Nic Ray

CEO: BrandsEye

What's your one top tip for doing a deal?
Be generous with your time and information. Most (successful) deals happen because there is a good connection behind them.

What was your first job?
Working as a barman at a fancy golf estate clubhouse, where I got to see the good and bad sides of wealth and privilege first-hand. I will never forget a prominent businessman (and son of a famous politician) dropping a R10 tip on the floor for a waitress to pick up.

How much was your first pay cheque, and how did you spend it?
I don't recall exactly, but it was probably in the region of R200. As I was a student then, I suspect I spent it on beer.

What is the one thing you wish somebody had told you when you were starting out?
That it is much easier to take risks when you are young. You have far fewer responsibilities; you can survive on peanut butter sandwiches indefinitely; and any failure experienced converts into valuable wisdom.

If you could fix only one thing in SA, what would it be?
Barriers to internet access. Connectivity is a critical and powerful lever that has many positive knock-on effects. Developing countries that have prioritised the provision of cheap, universal internet outperform their peers in growth, education and social equity.

What's the most interesting thing about you that people don't know?
I once rode a motorcycle from London to Accra, Ghana.

What's the worst investment mistake you've made?
Not buying property in the UK when I was living there and earning a decent-enough salary to cover a mortgage. Oh, and only buying R15,000 worth of bitcoin in 2017 when it was at $2,000.

Was there ever a point at which you wanted to trade it all in for a different career? And, if so, what would that career be?
If money were not a factor, I would love to be a teacher. It is such an important job. Plus, I like knowing lots of stuff and talking (to a captive audience).

What's the best investment you've ever made? And how much of it was due to luck?
My best investment was not made with money, it was an investment of trust and time into my friend and subsequent business partner's vision. I left a well-paid, corporate career to work in a start-up from my bedroom. My parents thought I was crazy. We ended up selling the company 10 years later and setting ourselves up for much bigger things.

What is the hardest life lesson you've learnt?
Being right is not sufficient.

If you were President Cyril Ramaphosa, what would you change, or do, tomorrow?
The presidency needs to clearly demonstrate to South Africans (as well as the rest of the world) that those who have stolen from the state will be held accountable. We have more than sufficient evidence. Unless we act strongly and decisively, we will not be able rebuild our state institutions, regain our international credibility and investment ratings and restore the social contract between South Africans and the government.