



BizNewsDigest

THE RATIONAL PERSPECTIVE

WWW.BIZNEWS.COM

SATURDAY 12 JUNE 2021

BIZNEWS.COM

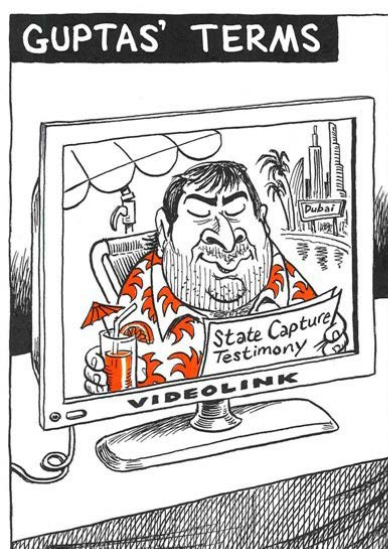
World shrinking for the Guptas

Corruption buster Paul O'Sullivan joined the BizNews Power Hour to discuss the news that the United Arab Emirates has ratified an extradition treaty with South Africa so that the Guptas can be brought back into the country. This could be good news given that the UAE is said to be where the Gupta brothers are living at present, but O'Sullivan is hesitant. "We're getting information now that says they might have moved, but I haven't been able to confirm it," he says. O'Sullivan explains the complexities of the process and what could happen now. – Claire Badenhorst

Paul O'Sullivan on the different processes that must be followed

"You can't make incursions into other countries' sovereignty. And the United Arab Emirates (UAE), with or without the extradition treaty, I think the Interpol Red Notice would eventually hit the mark. Now, if one looks at the – and I haven't seen any Interpol Red Notice yet because I don't think it's been actually activated – but if there was an Interpol Red Notice, I believe it's going to relate to this so-called dairy farm."

I've always said that if you have to go after somebody, go for the low-hanging fruit and not necessarily everything that they've done because otherwise people get confused and even courts, you know, and judges, eventually they lose track of what's going on. So go for something that's



© Zapiro (All Rights Reserved). Originally published in Daily Maverick.

easy to prove. And it sounds to me like this dairy farm project, for want of a better expression, it's easy to prove. I think the money found its way into the country, out of the country, and back into the country to pay for a fancy wedding. And I believe there's a nice little audit trail there, which the National Prosecuting Authority, a.k.a. ID, have been able to prove and that's led to a raft of arrests. I think there's been some bail applications this week as well and one of them was denied.

Al Capone was nailed on tax fraud. I think his bookkeeper became a state witness. In this case, the emails, the trove of emails commonly referred to as the Gupta Leaks, several of those emails included emails to KPMG and back again explaining how to fiddle their taxes by couching the funds in different ways. But the bottom line is that money left the

country and came back again. And that money was supposed to have been used for a dairy project which was going to create work for people that needed jobs."

On why it takes so long (and why you can't just send in forces to fetch the Guptas)

"Well, you can't send people in to go and grab them, you have to then follow the terms of the extradition treaty, and normally the way it works is an arrest warrant is issued in the home country. A copy of the arrest warrant and sufficient documentation to demonstrate that there's a prima facie case would then be supplied to the country where the individuals are allegedly hiding and that country would then arrest the person, detain him pending an extradition trial, and then at that trial, he would have the right of defense and he would have the

right to say, well, you know, all this stuff has been invented or whatever. I believe it's what Mike Lomas is currently doing in the UK in respect of the Eskom/Trinidad fraud and corruption case. So it's not as clear cut as it may sound.

Now, notwithstanding the fact that there was no extradition treaty, Dubai is still a signatory to the United Nations – the protocol which combats money laundering and whatnot – and that's enforced by Interpol. The UAE are a signatory and member state of Interpol and now Interpol is an international police organisation, which is managed, if you like, as a UN body. So the Red Notices, they work in a different way and the way it works there is the details are supplied to Interpol, Interpol then publishes the Red Notice, and then any country – not just a country with whom you have an extradition treaty – can arrest that person and detain them and then notify the country that issued the Red Notice. They in turn, normally have 60 days or 30 days – I can't remember what it is – to launch an application, a formal application to have the person extradited from that country in terms of the Interpol/UN rules, which Dubai is a signatory to. So we didn't really need to spend a lot of time putting an extradition treaty together."

Listen to the full interview

SLR: Guptas join Al-Qaeda on UK's updated sanction list

BRIEFS

SA Covid-19 cases surge, positivity rate **16.5%**

Sygnia declares **55c** dividend

Enviro investigation could capsize **R225bn** Powerships deal

Foschini profits slump **80%**

Sasol adjusts oil hedges for **2022** to safeguard cash flow

Subscribe here for your weekly BizNewsDigest

Subscribe now

Invest to Inspire



KISBY
SME FUND

POWERED BY 4AFRICA EXCHANGE
CREDIT SERVICES

SA INVESTING

South African Airways getting its wings back

News of SAA, the country's much-despised SOE, receiving a private sector partner is sure to see many South Africans overjoyed. A public/private partnership with Takatso Consortium will see 51% of SAA in private sector hands. Takatso's CEO Gidon Novick has said he's confident that the airline could be "built into an efficient, customer-obsessed and innovative airline that serves as a catalyst for growth in the South African economy, particularly tourism." – Jarryd Neves

Takatso Consortium media statement:

- South Africa-based Takatso comprises leading pan African infrastructure investor Harith General Partners and local aviation group, Global Aviation
- Public / private partnership for SAA which will see 51% of SAA in private sector hands
- Takatso intends to relaunch SAA as an iconic South African brand, and a viable, sustainable, scalable and agile airline which will seek to attract the best local talent in the industry
- Further details will be outlined on key issues including route network rollout, fleet selection, leadership team, transformation, brand relaunch, technology, SAA's subsidiaries, global partnerships and Voyager

Following the announcement by the Honourable Minister of Public Enterprises,



Pravin Gordhan, the Takatso Consortium has expressed its delight and commitment in being selected as the Preferred Strategic Equity Partner (SEP) for South African Airways (SAA).

The Consortium comprises Harith General Partners, a leading pan African investor in African infrastructure, and aviation group Global Aviation. The partnership between the Consortium and the SA Government aims to build an iconic national brand and a sustainable, world-class pan African airline.

Harith co-founder and Consortium Chair Tshepo Mahloele said the Consortium has the experience, expertise, and capital to transform

SAA into a substantial operating business in its own right.

"The partnership represents a robust, exciting South African-bred solution. Harith, as owners of Lanseria International Airport, has significant experience in the transport infrastructure and aviation sectors. We have deployed more than a billion dollars into a portfolio of critical infrastructure assets across the African continent that support regional economies."

"Global's operating model is unique, highly efficient and fit for purpose for a newly launched airline. The Consortium has empowerment at its heart and a unique blend

DOWNLOAD THE FREE
BIZNEWS.COM APP

BN

Click on the links below to
download your own free
BizNews.com App



of skills and experience," he said.

Takatso CEO, former Comair Co-CEO and recently co-founder of Global's airline LIFT, Gidon Novick said he was confident that SAA could be built into an efficient, customer-obsessed and innovative airline.

[Click here for the full article](#)

36 activist investors question Naspers share swap

A number of top asset managers have teamed together against the complex shareholding structure and lack of management alignment in South Africa's two largest businesses – Naspers and Prosus. The Naspers executive team, led by chief executive Bob van Dijk, has been under scrutiny by market participants for a number of years. The discount in its share price to its investment in Chinese tech titan Tencent has widened following a number of unsuccessful corporate actions. In the email below, addressed to Koos Bekker and Hendrik du Toit (Naspers non-executive director and CEO of NinetyOne), the investors outline their concerns, many of which they say have only got worse since Van Dijk's appointment. Unsurprisingly, South Africa's three largest asset managers – Allan Gray, Coronation and NinetyOne – were not part of the collective engagement. Shareholder activism is alive and well. – Justin Rowe-Roberts

[Re: Prosus voluntary share exchange offer](#)



Naspers CEO Bob van Dijk

for Naspers shares

Background to collective engagement

We, the undersigned co-signatories, are a group of 36 asset managers and investors, who collectively represent total assets under our management of more than R3.6trn. The investor grouping included here represents

clients who are Prosus (PRX) shareholders; Naspers (NPN) shareholders; shareholders in both entities, and potential shareholders. We have noted the PRX voluntary share exchange offer for NPN shares, as initially announced on 12 May 2021 in a joint announcement by PRX and NPN.

We, as a collective, find several aspects of the proposed transaction problematic. We are of the view that it introduces elements which serve to increase complexity in the overall company structures, thereby reducing the likelihood of further value unlock, whether immediate or longer-term. Given that many of us have already expressed these in-principle reservations to the executive management team but have been unable to obtain clear understanding for how these views are being heard, we now wish to escalate our commonly held concerns through this collaborative letter of engagement directly with the non-executive directors of NPN and PRX.

Key reservations

Our foundational reservations are governance-

related, namely:

Complexity and cross-shareholding:

- The proposed transaction increases the complexity within the PRX/NPN overall structure in its execution and its outcome, and in our view appears unlikely to address the net asset value (NAV) discounts that such complexity invokes in the longer term.
- There is a lack of visibility over what the next steps flowing from this transaction might be that could potentially trigger further value unlock. We believe that the weak share price reaction and widening of the NAV discounts of both companies subsequent to the announcement of the proposed transaction reflect this most disappointing reality.

[Click here to read the full article](#)



WATCH! Alec Hogg chatted to four of the investors: Anthony Sedgwick, Shane Watkins, Asief Mohammed & Delphine Govender

GOOD HOPE

reinventing
the South African narrative

Sponsored by



FirstRand

Does Eskom think the public are stupid?

Energy expert and mining consultant Ted Blom is never one to shirk from controversy and hasn't been doing so recently. While South Africans shudder at the thought of load shedding, Blom reckons that Eskom isn't telling us the entire truth. He spoke to BizNews founder Alec Hogg about the reality of load shedding in SA. Blom tweeted earlier in the week that there was a shortfall of 5,136 megawatts. Blom says this would require Level 6 load shedding to handle this. – Jarryd Neves

Ted Blom on load shedding

“Let's go back a little bit. Because I had operating models of Eskom from 30 years ago, I've updated them a little bit – in terms of costing and reliability – and I've taken it upon myself to warn the public of South Africa whenever load shedding is imminent. I've been doing so for more than 10 years and with a lot of luck, I've been nearly spot-on every time. Last Sunday, I warned people that load shedding [will be] imminent in the week ahead.

On Tuesday I went out and I said, “well, I'd be surprised if it's not worse than level 4 load shedding.” Lo and behold, Eskom kept it at level two. I was totally perplexed by this because, as I said, I've yet to be proven wrong. So, I did a quick poll on Thursday night at 10:00 PM. I asked people from around the country to share their experiences with me. My daughter, who lives in Sandton, had six hours of load shedding – which certainly doesn't fit into any of the Eskom schedules.



Energy expert Ted Blom

By seven o'clock on Friday morning, I had my results and that was throughout the country. There were numerous people over 50. I don't claim to be a balanced poll, but I didn't want a balanced poll, I just wanted confirmation. All these people not only gave me their load shedding experiences (which were horrific), but those that I doubted, I asked them to send me their schedules. The schedules didn't correlate with the experiences. I then went out and said, well, somebody's lying to us.

Read also:

SA to allow for more private power generation to ease energy crisis

I got hold of the operating stats. Notwithstanding that they only declared level 2 – which is a lie because there's over 2,000

megawatts – and if you know the regulations, level 2 load shedding is up to 2,000 megawatts. They've been consistently underreporting that for more than a year. I found out that the system shortfall was 5,136 megawatts on Wednesday evening. I've had that fight with Eskom previously – Eskom then told everybody that they don't count voluntary load shedding.

My argument is [that] it's still a cost to the country. It's no use having voluntary load shedding behind the scenes with certain heavy industries, and then people wonder why they're shedding jobs and disinvesting. It's because they can't face the cost of load shedding. On that basis – and the polls that I had – I called them up. I maintain my facts.”

On changes in the government's attitude to power generation

“On the basis of the dire failing of government and the ANC in particular – because they hold the levers of government – to satisfy the energy needs of this country. I'm on record of saying open up the grid because otherwise you're going to lose our heavy industry. The only company that purportedly has made some progress on getting a deviation from the caps set – and there are really artificial caps which are now under the control of Minister Mantashe – is Gold Fields.

And Gold Fields, as you will recall, also gave a lot of shares and benefits to certain senior ANC politicians. I don't know if they had to do the same thing again to get their allocation, but it's totally preposterous that we can't get

access to energy. Then they still expect new companies to come and invest. I get enquiries regularly from overseas companies. My message to them is, “don't be mad, you're nuts to think you're going to invest and have access to power.” It's not possible. As we go forward, even under the new Eskom management, it's getting less possible every year.”

On solar energy in South Africa

“It's going to harm Eskom, but not not entirely. I think people only addressing half of the cake. I'm sitting in Joburg, where it's pretty overcast and there's no wind blowing. I don't know how you're going to get renewable energy into the grid that's dispatchable. Those who tout the option of batteries, I can boldly say that I've just done the research for my paper that I'm going to deliver next Monday to see where the storage industry is.

I'm assured that there is not one utility sized battery available, anywhere in the world. The stuff that Eskom wants to do is experimental stuff. Solar might be cheap, but if it's not available it doesn't help the case at all. That's part of the renewable lie that's been touted around South Africa. It might be a solution for those touting renewable energy, but it's not going to help the end consumer because you can be penalised through the roof for when you're in need of dire energy.”

[🔊 Listen to the full interview](#)

Magnus Heystek on Eskom – when will this nightmare end?

‘It is going to be a very cold winter’ – Eskom

Energy expert Ted Blom tweeted earlier in the week that there was a shortfall of 5,136 megawatts and that Eskom is actually implementing Stage 6 load shedding to handle the shortfall. To address these allegations, BizNews founder Alec Hogg spoke to Eskom spokesperson Sikonathi Mantshantsha. While Mantshantsha firmly denied these allegations, he did warn that “it is going to be a very cold winter and we are going to have to endure load shedding”. – Nadya Swart



Mantshantsha on reports that Eskom CEO André de Ruyter said that load shedding will be over by September

“Let's be real clear here. André would never

say it will be over by September. What he has said and what Eskom continues to say is that this reliability maintenance that is underway currently, most of it will have its effects showing in the last quarter of the year starting in September. That is when you will have a significant reduction. Certainly, it will not be eliminated by that point.”

On the kind of winter we should be preparing ourselves for

“It's really unfortunate – as we have said again, religiously – that it is going to be a very cold winter and we are going to have to endure load shedding, unfortunately. Eskom is doing everything that is possible to limit any load shedding. But the reality is [that] we will keep coming to the people of South Africa and announce load shedding – as we just have this afternoon. We are implementing stage 2 for this evening. It's quite possible that for the rest of the week we will have to implement load shedding. It is, as I have said, a dead certainty now that throughout this winter we will continue to have load shedding and we may only see some reprieve, not total elimination, during the last quarter of the year.”

On Ted Blom's tweet that Eskom is actually implementing Stage 6 load shedding

“What is really annoying is to be spending valuable time when we could be talking to the people of South Africa about real matters

that really do affect the people correctly and accurately. Ted Blom said on SAFM on Friday night [that] the basis for that allegation that he made was he ran a poll on Twitter and 50 respondents said they get load shed more than Eskom actually announces. And he pointed at Wednesday this past week, I think it was the 3rd of June. That was the day, and he mentioned specifically Sandton

and Ekurhuleni.

This was exactly on the day when City Power, which is the agency of the municipality of the city of Johannesburg, announced to its customers in Sandton that it was having a problem distributing electricity to their areas.”

[🔊 Listen to the full interview](#)

BizNews 360 Potgooi (met Charl Botha)

“Our long walk to economic freedom”

In die potgooi gesels ek met Professor Johan Fourie van die Universiteit van Stellenbosch oor sy nuwe boek, ‘Our long walk to economic freedom’. Ek lees baie en dit is my ervaring dat meeste boeke nie regtig mens se kosbare tyd werd is nie. Dié boek is beslis. In ‘n moderne wêreld van “fake news”, relativisme en ‘n gebrek aan ‘n basiese kennis van die geskiedenis glo ek Professor Fourie se boek is ‘n broodnodige en baie waardevolle hulpbron.

Besoek BizNewsRadio.com om nog potgooie te luister



Q1 GDP figures: The Good, the Bad and the Ugly

Economists Kevin Lings and Mike Schüssler, in combination with 10X founder Steven Nathan, give insights into the better-than-expected GDP figures which were recently released. Although domestic consumption was the driving factor behind this surprise, the experts say the lack of fixed capital investment, the main driver behind long-term economic growth, is concerning. Steven Nathan unpacks the parallels, or lack thereof, between the economy and the stock market. Something we've all come to realise given the largest stock market reversal in history, in the middle of a global pandemic. – Justin Rowe-Roberts

Kevin Lings on what hope can be drawn from the increased GDP figures

“From my perspective, if you're looking at the positive side, the fact that most of the sectors recorded positive growth – that's good. In other words, you can talk about a reasonably broad-based recovery even if you don't have the fixed investment side. To me, that's encouraging. Clearly, the commodity cycle, the rebound in global trade – that's a huge uplift, and we've got to take what we can get. And I think that that's a significant benefit right now.

This idea around infrastructure; government is very aware of it, it's not as if the president's office is oblivious to this issue or that they are oblivious to the overregulation of business. So the utterances from them remain encouraging. I think it's down to a lack of implementation and maybe we start to see some movement in that regard. So I think there are a



couple of things on the horizon that could come about in a more positive way.”

Mike Schüssler on his 'glass half full' take on the GDP

“My 'glass half full' [take] is very simple. I think I agree with Kevin. Only one sector was negative – that's the electricity, gas and water (or utilities). So a broad recovery certainly. But I still call it recovery, it's not growth yet. We haven't got those 2019 levels back and gone up there. A lot of talk that I'm getting – and my feeling – is that people are looking and expecting something from the

president; whether it's locking up people or whether it's implementing, as Kevin said.

I think they're just waiting to see action. And then I think things can come into play. And the one thing; yes, our companies have a lot more money in their bank accounts as a percentage of GDP than most emerging markets. We also have not borrowed as much. The emerging market borrowing for companies is 90% of GDP, generally speaking. So if you can get that confidence back and if you can get those first things that grow and take hold, the whole situation can change quite a bit.”

Schüssler on government's mixed messages towards foreign investment

“I would say we've got a government that isn't the government. It's a government that's looking for ways for the ministers to make money, rather than to look for the best outcomes for our population.”

[▶ Listen to the full interview](#)

IN SHORT

SA Covid-19 cases highest surge since Jan

The number of new confirmed Covid-19 cases in South Africa surged by 8,881 on June 9, the biggest jump in infections in about five months. The nation also reported a positivity rate of 16.5% on tests conducted. Africa's most-industrialised economy had reported 12,271 cases on Jan. 24, according to the World Health Organization.

Mkhize controversy raises NHI eyebrows

The South African Medical Association (SAMA) notes that the development around Dr Mkhize has far-reaching consequences for health provision in SA, and casts a cloud on plans to roll out NHI. It says while it remains committed to the ideals of Universal Health Coverage, placing Dr Mkhize on special leave again raises issues about NHI as SAMA has previously commented on.

Possible drop to \$20,000 for Bitcoin?

Another bad week for Bitcoin could be a precursor of more pain to come, according to strategists watching the selloff in cryptocurrencies. Further weakness in its price may bring the \$20,000 zone into view as a downside target, according to Oanda Corp., Evercore ISI and Tallbacken Capital Advisors LLC.

South Africa to boost pollution cut by 2030

South Africa, the world's 12th-biggest producer of greenhouse gases, should improve on its target to cut its projected greenhouse gas emissions by 28% by 2030, members of the Presidential Climate Change Commission said. In a hearing on Friday, members of the commission, which was appointed last year, debated the proposed target of between 398 and 440 tons of carbon dioxide equivalent for 2030.

Nigerian president has suspended Twitter

Nigeria has suspended Twitter – and threatened to prosecute anyone breaching the temporary ban – after the social media giant deleted a tweet by President Muhammadu Buhari, saying the post breached the site's rules. According to the BBC, those who saw the post suggested it could have been taken as a veiled threat towards a secessionist movement in the south-east of the country.

[Visit BizNews.com for the latest business and finance news](#)

South Africa is a step closer to holding the powerful Gupta family to account for corruption and state capture with the United Arab Emirates confirming it has ratified an extradition treaty with South Africa, which is seeking the extradition of three Gupta brothers who are close associates of former president Jacob Zuma.



[▶ View the full video here](#)

Minister Gwede Mantashe has denied corruption in court papers responding to allegations by a losing bidder in a power tender. Mantashe denies that he was involved in the evaluation of the bids for emergency power, the lion's share of which went to Karpowership.



[▶ View the full video here](#)



Prosus' big moves: Mr Market says no thanks



75% of 'born frees' unemployed; FirstRand profits rise as SA recovers; short-sellers hit Anglo



Mixing tax benefits with lifestyle: Pearl Valley by Mantis

William Saunderson-Meyer on Mkhize scandal

Zweli Mkhize and his once-revered reputation as the Minister of Health and ‘one of the good guys’ in the ANC has been rocked by a scandal involving a R150m contract awarded to Digital Vibes by the SA Health Department. William Saunderson-Meyer, the editor of *Medical Brief*, spoke to *BizNews* founder Alec Hogg about Mkhize’s precarious position, providing his perspective on what may have happened and the options which the President has reportedly provided him with.

– Nadya Swart

William Saunderson-Meyer’s perspective on the latest news about Zweli Mkhize

“To quote one of the favourite phrases of our President, ‘I was absolutely shocked that Zweli would be implicated in any way in this.’ And it’s clear that he is implicated. First, the background [of] why I’m surprised; in ANC terms of corruption, R150 million is hardly worth getting out of bed for. And his share of it is really penny ante. We’re looking at



© Zapiro (All Rights Reserved). Originally published in Daily Maverick.

R160,000 for a second-hand Land Cruiser and some minor repairs to a home owned by his foundation.

But the issue really isn’t the amounts, and I think it’s very important – when we deal with corruption in South Africa – that we don’t

judge it on terms of the amount stolen. We’ve become so accustomed to these enormous amounts that did the rounds during the Gupta years that R150 million seems nothing. But of course, it goes directly to his credibility as minister. And I just don’t see how at the time of Covid-19 – where you have an absolute need for a respected health minister, both in local and international terms – how he can survive.”

On this potentially being the end of the line for Zweli Mkhize – a very powerful ally of Ramaphosa

“It seems inconceivable to me that Mkhize or Ramaphosa would lose his undoubted talents. He’s not a Magashule, who is barely competent, or a Gwede Mantashe, who sometimes doesn’t know which side of the bed he’s woken up on. So, I really don’t think [so]. As you say, in terms of the ANC – he’s barely out of the youth league.”

[Listen to the full interview](#)

BizNews Power Hour with Alec Hogg

The BizNews Power Hour, hosted by Alec Hogg, airs weeknights at 5:30 – 6:30pm on Cape Town’s Fine Music Radio and is livestreamed worldwide. Here are some of this week’s top interviews for your listening pleasure.

BizNews Power Hour

A South African living in Somerset in the UK has launched a campaign to get recognition for Job Maseko, a South African soldier and stretcher-bearer for the Allied Forces during the Second World War. Bill Gillespie believes that Maseko - who single-handedly blew up a German ship - should have been given a Victoria Cross. In this interview, Gillespie tells BizNews that he believes Maseko should have been given the same honours as other South African soldiers who fought in WW2.

BizNews Power Hour

In this podcast, South Africa's favourite market watcher David Shapiro provides perspective on the three big stories of the moment - drawing on the wisdom earned through decades of experience in the markets.

Click here to catch the live stream of the BizNews Power Hour, weekdays from 5:30 - 6:30pm.

Will the ban on firearms for self-defence make us more vulnerable to crime?

Magnus Heystek on Eskom - when will this nightmare end?

BizNews Power Hour

SAVCA’s Langa Madonko unpacked the adverse ruling handed down by the Competition Commission on Grande Parade’s sale of Burger King to a private equity buyer. The transaction was blocked due to concerns related to the BEE credentials of the the private equity fund.

BizNews Power Hour

New JSE listing, coal mining group Thungela Resources, was tarnished by a research report claiming the company has massively understated liabilities and is essentially worth zero. The parade-rainer came in the form of a 39-page research report from Boatman Capital.

BizNews Power Hour

Corruption buster Paul O’Sullivan joined the BizNews Power Hour to discuss the news that the United Arab Emirates has ratified an extradition treaty with South Africa so that the Guptas can be brought back into the country. This could be good news given that the UAE is said to be where the Gupta brothers are living at present, but O’Sullivan is hesitant.

FINE MUSIC RADIO

BizNews

POWER HOUR

with ALEC HOGG

OPINION

Kanthan Pillay on use of firearms for self-defence

The *Institute for Race Relations* has said that the proposed Firearms Control Act in South Africa is going to make things even worse for women, who are targeted individuals for violent crimes in SA. *BizNews* founder Alec Hogg spoke to Kanthan Pillay, who founded the Capitalist Party in South Africa. One of the party principles was the use of firearms for self-defence, with a policy on training young women to use firearms. Pillay weighs in on the matter. – Jarryd Neves

On the proposed Firearms Control Act

“Essentially, what the Minister of Police has done is [manufactured] an emergency. It’s a classic play by governments around the world. The way in which you manufacture an emergency, in this case, is you end up not paying the service providers that are essential for actually processing forensic evidence – it’s called the PCM system. Right now we have this absurd situation where there are more than six million pieces of forensic evidence connected to, I think, something like 180,000 criminal cases that are sitting there unprocessed. That’s the first emergency that the Minister of Police creates. The second emergency is they have their own firearm permit system, called FPS. It’s meant to actually track where firearms are. The SAPS has failed to maintain that. So, we have a situation where in Gauteng alone, there’s something like 84,000 SAPS firearms which have been



lost or stolen.”

On where the missing firearms go

“In terms of the other numbers we’re talking about, since June last year – the figures that most of the gun lobby groups have been tracking and they’ve got data to actually back this up – there’s something like 500,000 unaccounted firearms in this country. The level of incompetence that we have is unreal.

You have well-meaning groups like *Gun Free South Africa* who say, “let’s organise an arms collection, let’s organise amnesty.” The firearms get collected and guess what happens? Within the police ranks, they vanish. There’s no track and tracing that takes place. Those end up on the streets and end up being used by criminals. While

people who are using firearms for self-defence end up not being able to go through the legal process of obtaining firearms.”

On training people to use firearms

“We were essentially proposing that primarily schoolgirls should be taught the safe use of firearms. The idea behind teaching is not to provide them with guns, but to actually up-skill them – so that when they become responsible adults, they are able to safely acquire and carry firearms for self-protection. This ties in with gender-based violence and the incredibly high levels of criminality that we have in our country.

I personally think that we need to take this one step further. The solution that we need to be looking at is not to scale back

on the use of firearms. We really need to go full blown Swiss army route – which is to train every single South African in the use of firearms. That pretty much, in terms of the Swiss Canton system, where there’s a high level of autonomy and every Swiss home pretty much has guns. But it is one of the countries that has the lowest rates of violence in the world.”

On what this would mean for women, who are already a target for violence in SA

“It’s making it significantly harder for a young girl to get through the starting gates in order to get trained in the use of firearms. We have the process right now where firstly, the licensing applies to the firearm rather than the person. I’m suggesting – and a lot of other people have suggested this as well – it should be like a driver’s license, where you become competent in the use of the piece of equipment and then go through the process of acquiring it.

This act is now suggesting that your firearm license is only valid for five years. It makes absolutely no sense because if you’re a responsible gun owner and they know exactly where the firearm is, what is the issue? You don’t suddenly need to take your car for a roadworthy and relicensing every five years. You simply pay your fee every year and everything’s fine. At that level, the IRR is absolutely correct.”

🔊 Listen to the full interview

Krugerrands – the hidden investment gem

Independent financial advisor David Mevill, a long-time gold bull, shared his insights regarding the benefits of holding Krugerrands as an alternative investment. Amazingly, David says gold has been the best-performing asset class over the past 50 years. Gold is known as a safe haven asset that performs well during economic turmoil and during inflationary periods, where it is seen as a store of value against eroding purchasing power. – Justin Rowe-Roberts

On the hidden investment gem that is the Krugerrands

“The economist Mike Schüssler did a summary around 18 months ago looking at the different asset classes over 50 years and would you believe it, gold comes out tops, it beats the South African equity index, offshore equity, cash in the bank and bonds. It was quite amazing that he could pick this up and bring it to the fore.”

On the complexities in the Krugerrand price

“People typically look at the spot price of gold. If gold is quoted as \$1,895 an ounce, you multiply that by the USD/ZAR exchange rate (R13.54 to the dollar) which equals R25,658. But that’s just the spot price of gold – that’s having a lump of raw gold in your hand and nothing has been done with it. That’s where the rand refinery



One-ounce Krugerrand gold coins sit stacked at Gold Investments Ltd. bullion dealers in this arranged photograph in London, UK. Photographer: Chris Ratcliffe/Bloomberg

comes in which is in fact the oldest refinery in the world and the biggest – it’s been going since 1921 and owned by the original gold miners. The refinery then melts it and forms it into gold coins, which are Krugerrands. The refinery process adds around 4.5% to the price of a Krugerrand to bring it to the finished product.”

On the diversification benefits of holding

Krugerrands

“I see it as an alternative currency and protecting yourself against the debasing of currencies. For anyone that needs to travel in a hurry, it couldn’t be a better idea to take a few gold coins with you as insurance but also as a very liquid currency, that’s the beauty of Krugerrands.”

🔊 Listen to the full interview

Read also:

📄 Krugerrand? You can’t go wrong. – Experts Peter Major, David Melvill

Keep your money in good health.

ORBVEST

FIND OUT HOW

SECTION 12J

Questions you should be asking the fund manager

The final opportunity to invest in a Section 12J Venture Capital Company ("VCC") and claim the attractive tax deduction is ending on 30 June 2021. This has led to a flurry of marketing activity by the industry to secure investments for the last time. This can be highly confusing for investors, especially those investing in a VCC for the first time.

As part of your pre-investment due diligence, we suggest that you ask a VCC fund manager the following questions before investing in any fund. 12Cape provides its answers for context.

1. What institutional fund management experience do you have? In other words, do you have a history of managing other people's money before Section 12J?

12Cape's executive directors have over 30 years of fund management experience and its board over 60 years. Our core team, unchanged since inception, also has a track record of building great businesses.

Many VCC managers are entrepreneurs that see Section 12J as an opportunity to raise funding but have never been custodians of, nor managed investor capital.

2. Has your investment mandate or strategy changed since inception?

In longer term businesses, consistency in process and strategy is critical. 12Cape's investment strategy has not changed since its inception 4 years ago despite recent changes to Section 12J rules and the Covid-19 pandemic. A review of our quarterly investor letters confirms this. If anything, we are



more convinced of our strategy today than ever before and our Aparthotel's occupancy statistics during 2020 bear testimony to this.

Some VCCs promote a strategy that might attract investors in one year, only to pitch something completely different the next. You cannot build long-term durable businesses in that way.

3. Do you own any operating assets and how did these assets perform in 2020?

Yes, 12Cape has deployed 100% of its capital into operating assets. Its flagship asset, the Latitude Aparthotel in Sea Point, has been operational since November 2019. Despite Covid-19 and the lockdown it had an average occupancy of 72% from January to December 2020 confirming our belief in

our strategy and the quality of the asset.

4. Are the assets / businesses you are investing in being acquired from non-related bona fide sellers?

Yes, 12Cape purchases its assets on an arm's-length basis and no 12Cape director has any personal interest in the transactions.

In instances where VCCs apply investor capital to purchase assets from sellers with a personal financial interest in the VCC, ensure that the transfer price is not inflated. In instances where sellers or VCC managers have a personal interest in a service provider providing services to those assets, like the hotel operator, understand how they manage these obvious conflicts of interest.

5. Does the VCC comply with Section 12J rules, and how can you confirm this?

As of today, 12Cape is already compliant with Section 12J rules (note that costly penalties are imposed should a VCC not comply). A well-known legal firm recently confirmed this in a 32-page due diligence report conducted on behalf of one of South Africa's top wealth managers. We have scheduled another review later this year to ensure continued compliance.

6. Does your VCC already have sufficient capital to be sustainable, or are you relying on this final capital raise to reach that sustainability threshold?

12Cape has enough capital to be sustainable. It owns the successful Latitude Aparthotel in Sea Point, is unlevered, and has cash on hand. We are now raising growth capital to acquire a highly attractive pipeline of assets currently available in our area.

Sustainability is critical given the 30 June sunset clause and ties in with (5) above. Many VCCs will be facing this predicament after 30 June and investors will carry the cost of non-compliance.

7. Do you guarantee investors an exit after 5 years, and if so, who is providing this guarantee?

12Cape doesn't guarantee investors an exit, but we have adopted a liquidity policy that provides a mechanism to facilitate an exit.

[Read the full article here](#)

Don't miss the June deadline for tax benefits

Brought to you by Lucid Ventures

Investors only have until 30 June 2021, to take advantage of the generous tax deductions available by investing in a Section 12J Fund. And by making that investment into the Lucid 12J Retirement Living Fund offered by venture capital specialist, Lucid Ventures, you not only enjoy the tax break, but you also benefit from a solid investment with outstanding long-term growth potential.

While time is running out for investors who want to take advantage of the Section 12J tax breaks, Gidon Novick, founder of Lucid Ventures, emphasises the importance of not rushing into just any Section 12J fund to beat the deadline. Instead he advises the same level-headed approach that a discerning investor would normally take when contemplating any investment opportunity – including rigorous due diligence and careful consideration of all the factors that typically make up a good investment proposition.

Novick, who is a former CEO of Comair and Discovery Vitality and the founder of two successful airlines, Kulula.com and Lift, urges investors to also ensure that the

investment they choose offers the potential for good long-term returns that will continue long after the Section 12J tax incentive has closed.

"While the Section 12J incentive offers a significant saving on tax, it's worth noting that this is a once-off rebate in the year of the investment," he explains, "so funds that have based their investment proposition solely on the 12J benefit, and little else, don't necessarily provide a compelling long-term value proposition."

Instead, Novick advises prospective investors to fully interrogate the Section 12J investment opportunities they are considering on a number of other essential criteria that, if met, could deliver far more value than just the once-off tax rebate. And he cites the Lucid Ventures Section 12J investment offering, known as the Lucid 12J Retirement Living Fund, as a good example of this combination of tax breaks and proven investment growth fundamentals. The first of which is a robust asset underpin.

The Lucid 12J Retirement Living Fund opportunity is built on prime real estate developments, located in high-value areas. Land parcels for the first two of these developments has already been purchased in the sought-after Houghton and Rosebank

suburbs in Johannesburg, and the planning for the buildings has been finalised.

"A strong asset underpin is a tried and

tested store of investor value," says Novick.

[Read the full article here](#)

Another deep dive in the final 12J investment season, as the tax incentive window closes on June 30. A follow up webinar on 12J with Key Solar Exchange will unpack all you want to know about the tax implications and what funding options they have to offer. In the hotseat: Futureneers' Jaco Gerber and tax expert Albertus Marais. KSE provides solar energy and energy storage solutions to medium-sized Commercial and Industrial ("C&I") customers. Projects are secured by an upfront concluded 25-year power supply and purchase agreement ("PPA") – offering investors a predictable income stream combined with a Section 12J tax benefit of up to 45% of the total investment value. After successfully raising R30m for Fund 1, investors can now participate in a pipeline of C&I alternative energy projects through Futureneers Capital's KSE Fund 2.

Leveraging 12J benefits for the future

With tax expert Albertus Marais and Jaco Gerber of Futureneers

SPONSORED

Why not everyone should be an entrepreneur

The entrepreneurial spirit is alive and well in South Africa. 2020 brought about a new way of life which forced many South Africans to forge their own path. Necessity is indeed the mother of invention. Profmed, South Africa's largest restricted medical aid scheme for professionals, is producing an eight-episode vodcast series which explores how we can take care of today, while simultaneously building a positive vision of the future. The first episode featured Rapelang Rabana, serial entrepreneur and founder of Rekindle Learning. – Nadya Swart

Rapelang Rabana on why not every person should be an entrepreneur

"There are so many answers to this question. But for me, it starts with; it's not this idealised thing that is the ultimate end goal for everyone. I think that life has always been about picking a struggle. You're either picking the struggle of; 'I want to build and do stuff that I think is important and I will tolerate, you know, the predictable cash flow and wherever it takes me', or you're picking the struggle of; 'I want to navigate a large corporate and get to the top of that, and I want that kind of influence



Rapelang Rabana is the founder of Rekindle Learning

and power', or 'I want to build an NGO that is going to do stuff'. But it's all about picking a struggle. And whatever you pick is going to be a struggle. There's no easy way through life. There's no simpler way.

And a lot of the time when people think 'I want to be an entrepreneur', it's because they think it's an out from corporate or an out from a job. But it's just a different kind of struggle. And you should be able to understand yourself

well enough to actually figure out which struggle you want to do and what you're suited to do. I did my one corporate stint at corporate for one year, first time since university, and I knew for sure then what I knew when I was 22 – that it's not the struggle I want to fight."

On entrepreneurs appearing glamorous on social media

"It's a catch 22. Because I am really for being authentic. I'm really for walking within your truth and living to your highest values and stuff. And that's why I'm (so) pretty weak in social media, because I just don't know how to play that game and I'm just not investing the energy into it. But at the same time, the entrepreneurs who may not be doing real businesses but have that game tapped are getting that limelight or attention and whatever support. And, yeah, it's a tricky one because you don't want to ever look like you are less successful because then a client will be like; 'Oh, but are you still going to be around next year, is your business viable?' So, it's always a tough balance to me."

On her role at the World Economic Forum

"I'm not employed, but the World Economic

Forum is really one of those multilateral organisations; it's got lots of networks and communities. So I started in the Global Shapers Community – which is really, really fun. It's for young leaders below the age of 30, and you run your own hubs. I was in the Cape Town hub and we did some awesome projects. We planted a whole line of trees and Riebeeck West – it's a beautiful road now, thanks to that. We did entrepreneurship training workshops. We did horticultural training for prisoners in one of the prisons in the Western Cape.

We launched a platform for volunteers to be able to track the effort and time and the skills they learned, so that young people who are trying to get a job can enhance their CV by showing the things that they volunteered for. It was probably the most impactful time and lots of hard work. And then I got too old to stick around... as it happens. And I was selected as a Young Global Leader a couple of years ago, which is the older people.

It's a very different community, but you get a lot of these executive education things where you get to go to Harvard or Yale, etc., and access to big regional events and Davos."

[Watch the full interview here](#)

Now's the time to diversify – currency expert

The rand is strong – quite possibly as strong as it is likely to be for some time – which makes it a great time to diversify investments outside South Africa. This was the resounding message from Andre Cilliers, currency strategist at TreasuryONE, when he joined Jackie Cameron for this week's Currency Focus Podcast. According to Cilliers, you could be disappointed if you wait for further rand strength. "To try and wait for a turning point, you might just miss the opportunity," he explained. "Diversify whilst you're getting good value. Do it continuously, do it little bit by little bit, but do it."

On factors influencing the rand's performance over the past week

"It's simple. The story is supply and demand. There's more sellers than buyers. The commodity space is continuing with good figures. The Federal Reserve – we've alluded to this before – is still continuing with the same old story. We will not change short-term interest rates. We will continue. The non-farm payrolls, once again, disappointed on Friday afternoon, once again was lower than what was expected. And I think the biggest



disappointment on Friday was not really that the non-farm payrolls missed the objective target of 650, but that the revised figures for the previous month was only increased, because you must remember, the figures that came out on Friday is the expected figure for May. The revised figure that comes out when the expected figure for June comes out in the beginning of July, then they revised the figure for May to the actual one. Now, the actual one that was revised for April was only increased by a dismal 12,000 people. So

not only did we miss the targets, [but] the revised figure was also disappointing. And that simply tells us that maybe, just maybe, the significant growth and fantastic growth that was expected out of the US economy is not as fantastic as was generally expected. And it might take a little bit longer for the economy to really show that growth.

In the meantime, everybody says, OK, well, if there's not going to be any movement in interest rates in the short term in the United States – and the commodity space is still

doing well and we can still get relatively good yields in the emerging markets space – then people are going to move dollars over and currencies over to the emerging market space and then once again link to a commodity space that's still doing well. There you have it. There's more dollars flowing in, there's more currency flowing in, and not enough people to buy that currency. And hence, the currency strengthens. And that's going to be the story. As long as that continues, that's going to be the story. And then the rand can benefit."

On whether it's a good time to diversify and take money offshore

"It is a fantastic time to diversify your investment portfolio. Get some of your funds offshore – take the opportunity now. You know, to try and wait for a turning point, you might just miss the opportunity. Diversify whilst you're getting good value. Do it continuously, do it little bit by little bit, but do it. Do not sit back and let these wonderful opportunities that prevail in the market at the moment slip past your ability to take your money offshore."

[Listen to the full interview](#)

Welcome to BizNews Radio

Where we interview thought leaders and business people from South Africa and the globe on the BizNews Power Hour, live weekdays at 5.30pm with the show rebroadcast here at 7pm and 7am.

Outside those hours, enjoy carefully selected smooth music that might just be the soundtrack of your life.....

MOTORING

Style and substance: Audi Q3 Sportback

By Jarryd Neves

Audi's Q SUV range is growing from strength to strength. From the eminently cool, boutique Q2 to the range-topping RSQ8, there's no denying the overall desirability of the line-up. There's something for everyone, too. Need seven seats? Q7. Something small and practical for a young family? Q3.



At the summit of the Q-family sits the Q8, a striking crossover coupé that features the latest tech Audi can offer, a sumptuous cabin and – depending on which powertrain you go for – an immensely powerful engine. But you certainly pay for all the privileges that come with driving a Q8. With a starting price of R1 586 000, it's certainly not what you would call cheap. But not to worry – if you're

looking for Q8 style at a fraction of the price, Audi has got you covered. The Q3 Sportback is a more rakish, coupé-esque variant of the conventional model. The profile resembles that of the Q8, sporting the same dramatic roofline and squat rear end. Our 40 TFSI quattro test unit, painted in an exquisite shade called Turbo Blue (a R2,620 option), turned many heads and received plenty of attention from passers-by.



Rakish roofline and muscular proportions give the Q3 Sportback plenty of kerb appeal.

Under the bonnet is a 2.0-litre, four-cylinder turbo-petrol, which produces 132kW and 320Nm of torque (a decent increase over the 35 TFSI's figures of 110kW and 250Nm). Paired to a seven-speed dual-clutch gearbox, the Q3 Sportback is capable of hitting 100km/h in a claimed 7.8 seconds. On the road, the Sportback feels agile. The turbocharged four-

pot feels sprightly and works well with the quick-shifting seven-speeder most of the time. On the long road, the Audi is equally impressive. Aside from the comfortable and refined highway ride, the quick-shifting gearbox gives the Q3 Sportback impressive overtaking abilities, making use of the 320Nm of torque brilliantly. Audi claims fuel economy of just 8.3 litres/100km. On a trip to Hermanus and back, I managed 9.1 litres/100km. With a bit of dynamic driving, that figure can rise to just under 10 litres. When driving in a spirited manner, the Q3 shimmies through corners with confidence. The steering is nicely weighted and grip levels are very high (courtesy of the all-wheel-drive quattro system) but feedback is lacking. It rides rather well, though, dealing with bumps and potholes with ease. On the motorway, tyre and wind noise is kept to a minimum – the Q3 Sportback is nicely hushed at all speeds. The interior of the Q3 Sportback is an excellent place to spend time in. The sloping roofline does have drawbacks, though – space in the rear isn't as commodious as the regular Q3, with taller passengers struggling for headroom. Legroom is decent, while the seats are comfortable and provide plenty of support (and adjustment, too). The boot is surprisingly large, offering up to 410 litres of luggage space. Fold the rear bench down and

a cavernous 1,280 litres of packing space is up for grabs. From behind the wheel, there isn't much to complain about. The transmission tunnel isn't intrusive and the optional heated and electrically adjustable seats (part of a R22,580 comfort package) are first-rate.



Navigation is part of the comprehensive MMI infotainment system. It's easy to use, too. The cabin is solidly built.

The armrest design could be improved upon, though. Tall drinks in the cupholder can interfere with the positioning. Build quality is top-rate, with most of the interior materials feeling plush and solid. The interior does have its fair share of harder plastics, sitting at odds with the otherwise luxurious (and minimalist) innards.

[Read the full article here](#)

Paddock diary: Zwartkops in a new data filled light

By Miles Downard

Thursday 13h00
I swing past the Garmin head office in Rosebank to speak to a new acquaintance about an exciting new device from the world's best known GPS company. It's called the Catalyst and is supposed to help hone one's driving on track. More on that later.



Thursday 21h00
Normally I'd be frantically checking and rechecking I'd packed everything needed for a race weekend by now but being a 'local' race at Zwartkops it wouldn't be a complete disaster if I'd left something at home. A less stressful evening then which afforded me some time to get to grips with the new toy, the Garmin Catalyst. It's quite a device, comprising a 7-inch tablet along with a separate camera unit. The device itself has an inbuilt 10hz GPS unit to track your speed while on circuit, while the camera records the exact lines you follow. The combination allows the device's AI to explain, in fairly plain English, what your best sectors were, why they were better and how to repeat

them consistently. **Friday 06h45**
Another benefit of a local race is not needing to leave home at the crack of dawn. Accordingly, there's no loss of brownie points for waking up the wife. With the VW Caravelle loaded and the trailer hitched, I set off for Zwartkops. Then my woes commenced. Rush hour, sort of, meant progress was slow and the start of our first practice session was looming.



Friday 08h02
I'm frantically trying to get my suit and shoes on in the hope I'll get a couple of laps in before the end of the session. Something that never happens at race meetings is the schedule running early but it was and I hadn't even noticed. As I did up my helmet to get in the car I saw the chequered flag waving for the end of practice 1. This did allow me some time to fiddle with fitting the Catalyst to my dashboard, which in a Lotus 7 is a lot more difficult than a car with a windscreen where you can just use the supplied suction cups. I also needed

to wire the device into the car's electrical system, another thing you wouldn't need in a conventional car. **Friday 19h00**
I sat down on the couch having had a fair day's worth of practice but nothing that blew anyone's socks off. The car had run quite well, albeit with a slight misfire. I had been quick enough to be fighting for the last step of the podium but now I was really going to get into the Catalyst's data to try and understand how I could improve for qualifying the next day. It's truly a remarkable system that Garmin has developed here. The Catalyst puts together what it calls "opportunities" from each session, highlighting what you did in each sector of the track that made you faster on a given lap, over your average. It told me that I was being very inconsistent in turn 1 and could gain 0.3 seconds. Turn 2 it said I was trying to carry too much speed which affected my ability to get on the accelerator early and power my way down the long straight to come. Then in turn 4 it said I was braking too much and could gain a few tenths if I was braver. Overall that

meant I could gain nearly a second worth of lap time. That's massive. Being able to review the video footage side by side with that level of inbuilt data interrogation is also incredibly useful. It allowed me to see brake markers, turn in points and general inconsistency in my lines through corners right there on the fly without the need to wade through hours of GoPro footage. I was feeling confident for qualifying early the next morning but needed some sleep, so off to bed for an early night.



Saturday 08h40
I roll back into the pits with a broken spirit. The car sounded rather rough during warm up in the morning but I thought maybe it was just down to the cold weather. I was wrong. While wiring the Garmin into the car I had obviously loosened a wire off the ECU which was the cause of my misfire and it had got a whole lot worse in qualifying. I had almost considered abandoning the session because the misfire was so bad but fortunately I persevered.

[Read the full article here](#)