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**WESSEL EBERSOHN
ON THE NEW BIGOTRY**

**THE TEFLON CLUB
WEALTH AND
PATRONAGE IN DURBAN**

**FORGET THE ANC –
MOELETSI MBEKI**

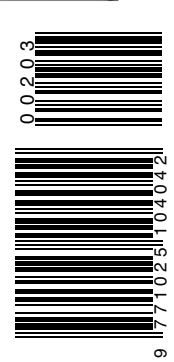
**ECHOES OF
MURDER
IN THE
WINELANDS**

203 SEPTEMBER 2016



Payday in Tshwane

**FATCATS AND 40,000 MIDDLEMEN
SKIM CREAM OFF MUNICIPAL DEALS**



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Prince Buthelezi back on his KZN throne

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Shareholders to blame

YOUR ARTICLE ABOUT GOLD FIELDS and South Deep [*All that glisters, nose202*] is directed at the GFI executives and all the money they have earned while the South Deep mine has been losing money. Agreed this type of issue should be addressed, but the people that should be addressing it are the shareholders (and, perhaps, the employees who face retrenchment in the value destruction process).

Across South Africa we often see value destruction in companies while the directors continue to be paid handsomely. This will continue for as long as they know they can get away with it – and the shareholders are too apathetic to do anything about it.

The ultimate blame lies with the shareholders, who have the power to remove executives who continually lose money for them. Next time, write: Gold Fields shareholders approve more value destruction for fourth year in a row...

Shane Hunter
By email

Undervaluations under scrutiny

AS A PROFESSIONAL VALUER I FOUND YOUR article “Valuation Scandal” (*nose202*) not only very interesting but also extremely worrying. I am also a principal estate agent specialising in commercial property and have a comprehensive database of commercial properties throughout the Tshwane Metro.

I specialise in commercial property valuations in the area and can confirm that an alarmingly high number of municipal values of commercial properties in the region are undervalued, if the required valuation criteria as prescribed in Chapter 5 of the Municipal Property Rates Act No 6 of 2004 (MPRA) are applied. Clause 46 (1) of Chapter 5 clearly stipulates that “Subject to any other applicable provisions of this Act (MPRA), the market value of a property is the amount the property would have realised if sold on the date of valua-

tion in the open market by a willing seller to a willing buyer”. The Act also clearly stipulates in clause 3(3)(a) in Chapter 2 that “A rates policy must treat persons (entities) liable for rates equitably”.

There are far fewer commercial properties in any municipal area than residential ones and it is understandable that mass appraisal techniques are applied when valuing residential properties. However, there is no reason why a municipal valuer should not deal individually with commercial property valuations by the tested conventional methods.

Also worrying, is that continued annual rates tariff increases, especially for commercial properties in the Tshwane Metro, have resulted in municipal valuers being reluctant to value them strictly in accordance with the Act. This became apparent to me not only from market information on my own database but also when one of the chief municipal valuers at the Tshwane Metro told me he values low to avoid trouble. From this I deduce that, should commercial properties be valued strictly in accordance with

the Act, many owners would object to paying the resulting higher rates and appeal their municipal property values. Municipal valuers would be constantly subjected to legal scrutiny by top lawyers, spending endless hours attending to such appeals and facing potential humiliation, as was Robert McLaren’s experience.

Maybe if the municipal rates tariff for commercial properties was lowered, the municipal valuers could be more inclined to value in terms of the requirements of the Act. As a matter of interest, the Tshwane Metro commercial/business property rates tariff applicable from 1 July 2016 is 0,03362 cents in the rand compared with 0,018287 in the Johannesburg Metro.

Gerrie Minnaar
Principal Professional Valuer
CRI Properties C.C
License Partner of Engel & Völkers
Southern Africa (Pty) Ltd
Ashlea Gardens, Pretoria

The fact that Johannesburg’s rates tariff is a third of Tshwane’s does not appear to have been any incentive to value high-value commercial properties in Johannesburg more accurately.

I note you exclude corruption as a possible reason for the consistent failure by the politically well-connected contractor, eValuations, to value high-value properties belonging to the political elite, the ultra rich or major corporations, properly – or at all.

If they are not taking backhanders for the favour, maybe, as you suggest, they simply fear their entire system will not stand up to the legal scrutiny that only the rich can afford – should they be provoked. See update, page 22. – Ed.

■ YOU REPORT THAT THE JOHANNESBURG Rates Appeal Board has granted a costs award against a Good Samaritan who uncovered falsely low property valuations (*nose202*) prompts me to ask: Is there not one lawyer who subscribes to *Noseweek* who will offer to take, pro bono, this costs award on judicial review to seek to get it reversed?



Ageing Cyclops



This will be a public service, enabling the objector to resume acting in the public interest.

Keith Gottschalk
Claremont

Dozetas revisited

PLEASE NOTE AND BE READILY ADVISED that both your reporter Alan Elsdon and Mr Jacob Dozetas are not telling the full and correct truth in relation to the allegations and contentions made about me in the article "Destroyed by SARS" (nose201). Let me place the true and correct facts and circumstances on record:

- I was working for Dozetas on a commission basis for one year. I never met the late Jackie Selebi nor did I ever speak to Selebi about Dozetas, as alleged or at all.

- I never undertook any military training in Russia. In fact, I was studying in Russia for a short period of time.

- Never in his lifetime did Selebi ever ask me for money.

- Six months ago Elsdon emailed a false and incorrect statement with numerous untruths and incorrect facts and circumstances, he asked me to sign, such that Dozetas would be able to obtain and extort money from SARS and from SAPS. [He said he wished to sue them for wrongful arrest and prosecution. – Ed.]

- I refused to sign such a statement and continue to refuse to sign same because it contains a multiplicity of untruths, incorrect statements and submissions. It would appear that Elsdon and Dozetas have written this article about me due to my reluctance to agree to sign the statement.

ity of untruths, incorrect statements and submissions. It would appear that Elsdon and Dozetas have written this article about me due to my reluctance to agree to sign the statement.

I am sorry for what happened to Dozetas with SARS and SAPS. However, I am not prepared to tell untruths and to testify about things that are not correct in each and every respect. Please be informed that the

other things that *Noseweek* and Elsdon say about me in the article are correct and all my WhatsApp messages to Dozetas are 100% true.

I wish to categorically place on record that I am a man of class, style, stature and good and sound moral value. I will never sell my integrity, dignity and good name at all, whether for money, fame or otherwise. I have an impeccable reputation in South Africa and everybody will remember



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Letters

me for such a reputation.

I am sorry that my previous relationship with Dozetas turned sour, but it had to happen for some mysterious reasons which are beyond my understanding, comprehension and control.

I am currently not living in South Africa, but I will come back to the beautiful South African paradise, in due course, to restore my pride and dignity against all and any malicious fabrications, untruths, propaganda and the like, levelled against me.

Please find below nice and royal pictures of myself, which are much better than the previous one that Elsdon copied from an old issue of the *Sandton Chronicle*. You might consider using them in publishing a suitably worded retraction article in your next edition of *Noseweek*.

Hicham Gamroni
Morocco (by email)

It's a pity you chose not to respond to Alan Elsdon's entirely professional and proper requests for your comments before our article was published. If you had, your comments would undoubtedly have been included. Faced with your refusal to comment, we published your earlier WhatsApp responses to Dozetas's messages on the subject. And, faced with such serious allegations, any reasonable person would have expected an immediate, explicit denial from you if they were false.

But in your response to Dozetas, it is noteworthy that you made no direct reference to his request for written confirmation of your alleged dealings with Police Commissioner Selebi, but simply apologised "for harm that I caused you". If you thought that by simply ignoring it, the problem would go away, you were clearly wrong.

On your planned return to South Africa, I am sure the whole of Sandton eagerly awaits your arrival to once more set standards for taste and style in those hallowed malls. – Ed.

Love and life

SINCE WHEN DOES AN "INVESTIGATIVE publication" need to devote five pages to a non-issue [a profile / interview with famous South African writer Andre Brink's widow, in nose202]?

Shurely (as your friends at *Private Eye* would say) there are scandals and political matters more deserving of the efforts of your team? I subscribe because I want to know the real low-down on these!

Rather keep on digging up the dirt.

Peter Albert
Milnerton

*Criticism duly noted. I have also noted that many readers enjoyed the piece. Maybe the occasional reminder in *Noseweek* that some people still manage to live by decent values is in order? – Ed.*

Helkom

MAY I SUGGEST TO SIMON MILLIKEN ("HELL to pay at Telkom," Letters, nose202) that he contacts Hello Peter (*hellopeter.com*). I've had most of my issues with large, obdurate organisations solved by using the website. Even Telkom responded. It only took two attempts!

Pam Herr
Sun Valley

It's gratifying to report a success story. – Ed.

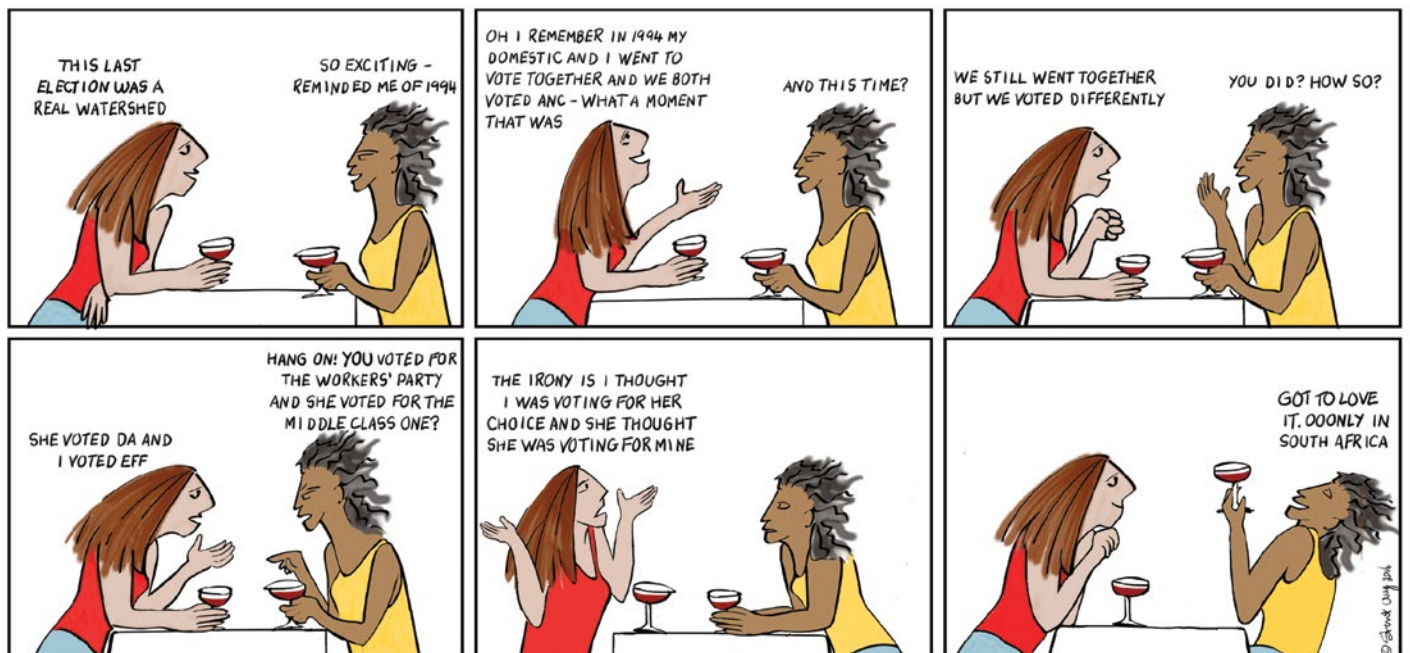
To be or not to bee

HERE'S ANOTHER SORT OF SCAM THAT HAS been perpetrated on some kindhearted people. Last year on John Maytham's show on *Cape Talk* radio I heard this guy, Greg Aberdeen, talking about what sounded like a worthwhile project: crowd funding for beehives in the Western Cape. You gave money and in return, received honey down the line.

I paid in June 2015, and again in September, thinking this was a good cause. Well, surprise, surprise, no honey. Excuses, excuses, and then the stories. Every time you asked what was going on there was some reason... Aberdeen now seems to have disappeared and is apparently a serial crook, though unusual for his choice of victims: eco soldiers.

Penelope Gracie
Sea Point

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Ripping the veil

ANC ELECTIONS HEAD NOMVULA Mokonyane recently said that the party had spent R1 billion on its campaign in the local government elections. The enormity of that sum is hard to comprehend and, predictably, he backtracked a few days later. But, assuming the ANC did spend close on R1bn, who donated such large sums of money?

Opposition parties too have run expensive campaigns. But no one really knows how much was spent – because of a complete lack of transparency in the funding of political parties.

It's an old chestnut with a long history in South Africa – and one that has not been addressed. In July, the advocacy group My Vote Counts announced it will take to the courts once more, referencing the Promotion of Access to Information Act (Paia), in a bid to get parties to disclose their sources of funding.

The Institute for Democracy in Africa (Idasa) first took the matter to court in 2005 – without success. As Institute for Security Studies consultant Judith February noted, some fatigue on the issue may well have settled in – and another extended court battle is exactly what political parties will hope for. But, as she also points out, examples abound of the toxic effect of money on the political process. The voices of the poor and marginalised are drowned out, while big money influences policy decisions.

All political parties agree that transparency is a good thing, but they appear to lose their appetite for it when it comes to disclosing their sources of funding.

We all know about the corrupt doings of the ANC. No surprise, then, when in the local government elections the DA raised their anti-bribery-and-corruption flag as their banner on the battle front. But when we last looked, that party, like all others, was made up of human beings, all of them potentially vulnerable to corruption.

And when it comes to party funding, the mass of DA supporters are not known to be eager payers of DA membership fees, nor regular small-time contributors to party funds; on the contrary, they all too often believe they are doing the party enough of a favour by taking time out on election day to actually vote for the party. Like all the other political parties, the DA therefore relies on (mostly secret) big donations from corpo-

rations and very wealthy individuals. Is it unreasonable to think they might expect or even be offered a quid pro quo (a property rezoning, the relaxation of a height restriction, a road construction contract, a preferential purchase of some public land are examples that come to mind) in those towns and cities where the party holds power?

In Cape Town, for instance, the DA mayor's support for the proposed Tafelberg and Maiden's Cove developments on the Atlantic Seaboard (contrary to the advice of her own planning department officials) has raised eyebrows, given the level of public hostility to the schemes. Some have alleged a close friendly tie between the developer and Mayor Patricia de Lille.

The same applies to the threatened rezoning of the Philippi farmlands, traditional source of fresh vegetables for the city, which would see agricultural land used for township and yet more shopping-mall developments; her support for a high-rise building in the historic Bo-Kaap on the slopes of Signal Hill is widely regarded as cultural sacrilege. Most recently, there has been enthusiastic hype from the mayor's office in favour of a massive high-rise development planned for the River Club stretch of the Liesbeek/Black River estuary floodplain. The pop catch-phrase to be used – and repeated with breathless enthusiasm by morning radio talk show host Kieno Kammies – is "affordable housing close to the city" Gee! Wow! This, while studiously ignoring the fact that developing below the floodline is never cheap, let alone ecologically desirable. And of course, omitting to say just how much is to be regarded as affordable? And by whom? If you're a loyal friend of the DA you are apparently not expected to raise such questions.

In January, the ANC's Truman Prince wrote a letter on the municipal letterhead calling for "sympathetic" construction companies to win tenders, removing all doubt he went on to write: "We want to see construction companies sympathetic and having a relationship with the ANC to benefit, in order for these companies to inject funds into our election campaign process".

Thankfully, the voters of Beaufort West took the first opportunity to see Prince out on his ear. Cape Town's Auntie Pat will, hopefully, have taken note.

The Editor

Echoes of murder

ON JULY 10, THE IOL NEWS SITE reported that a squad of bounty hunters was thought to be searching for a pre-World War I Cartier fob watch and chain after a R300,000 reward for its recovery was advertised on the front page of the *Cape Times*.

The man advertising the generous reward was David Jenkins, aged multi-millionaire owner of Franschhoek wine estate La Roche. (He had been robbed at knifepoint of the Cartier fob watch and other items of value by a four-man balaclava gang who broke into his home-stead on the night of June 29.

The robbers are believed to be the gang that has robbed wine estates in the area about 20 times in the past two years, according to a highly placed police officer quoted in the IOL report.

Jenkins's grandfather bought the piece of jewellery in 1912, but it was stolen by the "highly educated and organised" gang, known for traversing the mountain range above the Franschhoek Valley, according to the policeman. He said the robbers gave Jenkins and his guests extra blankets for the cold, and fetched the oxygen tank that Jenkins needed to help him breathe.

The IOL report went on to remind readers that Jenkins and his company, Multistar, had first made news decades ago, when embroiled in a murder and foreign currency investigation. (Someone at Independent Newspapers obviously subscribes to *Noseweek*, and made good use of our online search facility.)

Jenkins's company, Multistar Container Transport, has long been famous for offering wealthy South Africans the chance to invest in shipping containers as a means of moving money offshore. It was the subject of an investigation by inspectors of the SA Reserve Bank and the British police in the early 1990s.

The news report then abruptly ends with a bizarre statement: "Jenkins was not linked to the murder." Unattributed, the choice of words, alone, suggests the panicked intervention of an Independent Newspapers lawyer, more commit-

ted to playing it safe than to the risk-laden truth.

So back to *Noseweek's* archive: *Noseweek* reported at the time how, on 21 April 1991, Jenkins's British accountant and frontman for various of his illegal offshore enterprises, Simon Law, was abducted from his home in the English countryside and murdered by two hitmen who had been hired and flown in from South Africa for the purpose. Several witnesses testified to the fact that, at the time, Jenkins and Law had been involved in an extremely heated dispute, with Jenkins accusing Law of having secretly handed incriminating information about his offshore activities to the South African authorities.

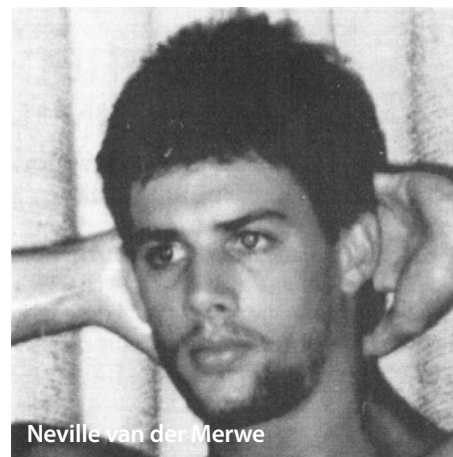
Law's body was never found, but a British court declared him "presumed dead" and Interpol warrants were issued for the arrest of the two hitmen (who had been quickly identified) on charges arising from his abduction and murder.

But then, Glenn Chait, the elder of the two hitmen, a South African ex-policeman, committed suicide – or more likely was himself murdered – in a Johannesburg police cell where he was being held pending his extradition to England to face trial for the abduction and murder of Simon Law.

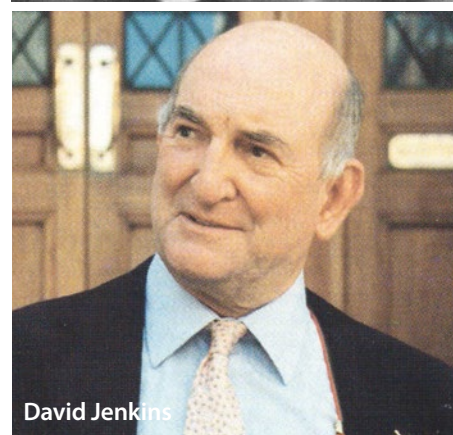
The senior hitman's much-younger partner, Neville van der Merwe, a body builder, was tracked down years later in the US, where he was working as a gigolo/stuntman in Hollywood, using a false identity. He was then extradited to England but when put on trial there, successfully claimed he had merely gone along to England for the ride, as the true hitman's companion, and that his lover kindly made sure he was not present when the murder was committed, telling him, "You don't want to be there".

The body builder also did not know who had financed their murder mission. The real murderer (by this account) was dead by then of course and no longer around to contradict this version.

The jury, at a retrial (the first trial having ended with a "hung" jury) found the surviving, junior member of the "hit



Neville van der Merwe



David Jenkins

team not guilty.

Perhaps the most intriguing element of the story was the lengths to which the South African Reserve Bank and police and prosecuting authorities were prepared to go in sabotaging the British murder investigation and cover for Jenkins and his senior political collaborators in the Afrikaner nationalist government of the time. And the lengths to which they went to punish the whistleblower in their ranks.

An extraordinary detective thriller, the complete story is there for the reading in *Noseweek's* online archive. Read "An Offshore Murder Mystery parts 1-3" (*noses*25-27) then you judge as to whether David Jenkins was or was not linked to the murder of Simon Law. ■

KPMG in suspended audit animation

ON 9 MAY THIS YEAR, JCI, THE erstwhile listed mother ship of the late Brett Kebble, advised shareholders that audits of its annual financial statements would be completed by the second week of August. There is a twist to what appears to be innocuous: the audits referred to would be for the financial years 2013, 2014, 2015 and 2016.

A number of shareholders have been fretting over the situation, not least because of the JCI's status as kingpin of the greatest unprosecuted fraud in South Africa's history. The damages claim – which has yet to make it to court – now totals close on R50 billion.

Since Kebble was booted out of JCI in August 2005, its auditors have been KPMG, famously also the auditors of Investec who, as bankers, had been intimately involved in the affairs of both Kebble and JCI since 1997. For the years 2006 through to 2012, KPMG racked up auditing and forensic fees from JCI to the tune of R93 million.

JCI's accounts for 2006 to 2008

were published as “unaudited and disclaimed”. The 2009 to 2012 financial statements were published as audited.

So what's the apparently insurmountable problem, starting with the 2013 financial statements? We know that JLMC, forensic auditors at Randgold & Exploration, Kebble's key victim, had reported significant details of Kebble's defalcations by mid-2006.

These reports would have been available to KPMG who were also appointed as auditors to Randgold (by Investec, who took control of both JCI and Randgold in August 2005, see *nose190*).

The reports made clear most of the R1.9bn that Kebble raised by selling shares stolen from Randgold were routed via CMMS, a 98% subsidiary of JCI.

Did someone mention “reputational risk”? Yes, of course, KPMG famously resigned as auditors from various Gupta-family companies earlier this year...

Barry Sergeant ■

Health insurance to be chopped

TALK IN THE CORRIDORS OF POWER IS that the Treasury has told Health Minister Aaron Motsoaledi, in no uncertain terms, that his white paper proposals for the ambitious National Health Insurance (NHI) scheme are completely unaffordable under current or foreseeable circumstances.

The White Paper, released by Motsoaledi in December, proposes major reforms to the healthcare sector, with a view to narrowing the gap between rich and poor when it comes to the availability of health services.

The paper envisages mandatory NHI membership, while the role of medical schemes is reduced to provid-

ing only “complementary services”.

Motsoaledi, who spent much of his Health Budget vote in May punting the NHI, now has a major problem.

The DA has warned for months that, if implemented as is, it could be the country's next big disaster. DA shadow health minister Wilmot James said months back that the NHI would require a “monumental amount of money” (to be raised with extra taxes) to run and would be the next-biggest fiscal risk (after nuclear energy) that the nation faces.

The DA is to present its own offering on NHI, within the next few weeks. ■

Youi OUTed

THE COMMERCE COMMISSION OF NEW Zealand has filed 15 charges against insurance firm Youi New Zealand Pty Ltd, a member of South Africa's OUTsur-

ance group, for using deceptive methods to lure customers. The regulator, which lodged the charges in the Auckland District Court, alleged that between July 2014 and February 2016 Youi employed misleading sales techniques when attempting to sell policies to consumers who were only seeking a quote.

“Youi has co-operated with the commission's investigation and has indicated that it intends to plead guilty to the charges,” the regulator stated.

Youi is accused of making false or misleading representations regarding consumers' ability to obtain a quote online and in telephone sales calls, when consumers were told that their bank or credit card details were required to generate a policy quote.

Youi then claimed payment for unsolicited insurance policies by sending letters of demand or charging consumers' bank or credit card accounts without their permission or knowledge.

Invoices for unsolicited insurance policies did not specify that the consumer was not obliged to pay for the policies.

The insurer has been operating in New Zealand since July 2014, offering home, contents and vehicle insurance products.

Youi is a wholly owned subsidiary of OUTsurance International Holdings, part of the Rand Merchant Insurance Holdings Group, registered in South Africa.

www.insurancebusinessonline.co.nz ■

Sweet Willie

Willie Hofmeyr wants to be our next Public Protector because he is underutilised at the National Prosecuting Authority (NPA), where he works for only about three hours a day. All the juicy political stuff he used to handle has been redirected into Zulu hands. (Hallo Ms Jiba!)

It's well to remember however that Willie, like equally charming Pravin Gordhan, is/was a Party cadre, deployed to look after the Party's interests, not the public interest. ■



The Tshwane Papers

Swarms of middlemen are profiting from outrageous mark-ups on municipal deals. By Jean Wallace

THE COALITION GOVERNMENTS THAT will run South Africa's municipalities for the next five years face a mammoth task, having inherited bankrupt and corrupt municipalities that have become synonymous with ANC rule.

Tshwane offers a perfect example. Barely-concealed corruption is to be found in most areas of local government, ranging from crony appointments and inflated tenders, to contracts awarded to unqualified middlemen who add no value to the product they supply. Deals are often the result of a single phone-call made by the middleman, or

so-called vendor, who only then pops around to the manufacturer, wholesaler or neighbourhood supermarket to buy the required goods. By the time the product is delivered to the municipality, however, the mark-up can be as much as 400%.

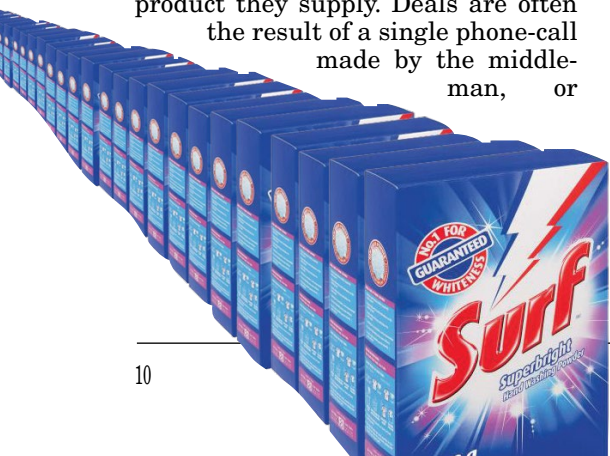
In the City of Tshwane business groups with family and friendship ties to the inner core of the municipality's supply-chain management are allegedly operating syndicates that give quotes and counter-quotes to ensure that the books balance, with no questions asked. Insiders say that many vendors are connected to powerful senior officials in the metro who dish out orders in return for cash, overseas holidays and payment of their children's school fees.

Anything from combat boots to ink cartridges, kitchen cutlery, pole transmission terminals and pool chlorine are all ordered from a multitude of vendors – many of them recently registered shelf

companies operating from residential addresses – now on Tshwane's database of suppliers.

Noseweek has obtained computer printouts of orders placed and payments made to some of the 40,000 vendors who do business with the municipality. From these, a pattern emerges: one example is the thousands of energy-saving light bulbs that the municipality purchases nearly every day from swarms of small vendors. With few exceptions, each order is for 100 units at R300 a bulb. Wholesale, the identical light bulb costs R79. But who cares when the ratepayer is footing the bill?

The tip of this iceberg emerged last month in a special edition of eNCA's investigative programme, Checkpoint. Checkpoint called one of the vendors, Angelique Lombaard, who had submitted a quote to supply Tshwane with 100 of these light bulbs at R300 each. She told them her company, called Batlegang Trading, was



a registered vendor to the municipality, but that she did not personally “deal with this”. She suggested they call her “business partner”, Le-Roy, to explain why these bulbs now cost R300 each. His explanation was: “They are specialised parts that are not readily available and have to be imported; it’s a high-risk item that’s dependent on the rand/dollar exchange rate.”

He went on to claim that the wholesale price was R200, with VAT still to be added. He did eventually concede that Batlegang Trading is not registered for VAT.

The telephone numbers on the next two quotes, submitted by Gemini Trading and Azania Hydraulics, “do not exist”, according to Telkom’s automatic reply service, but the number on the fourth quote was answered. The telephone of this company, Tloxile Supplier, was answered by ... none other than Le-Roy who Angelique had told Checkpoint was her business partner.

Did he think it acceptable for him to be involved in two companies that both quoted for the same order? “Why not, she buys her stock from me,” he said, referring to Angelique.

Noseweek has yet to establish why Tshwane needs some of the household products it buys – at exorbitant prices. For example, the multiple orders that are placed for Kiwi Shoe Polish: 2,000 small tins at R30 each, whereas Makro sells them for R10 a tin, Dis-Chem for R11.45 and Pick n Pay for R11.99.

Next to the boxes of shoe polish on the storeroom shelves are hundreds of small 500g packets of Surf washing powder. Wholesale, these cost just under R16 each, but Tshwane ordered 6,000 packets in four months for R30 each.

The municipality’s acquisitions include 1,000 bottles of Handy Andy at R30 each, 100 three-point plugs at R70 each (R15 each at Makro); and 175 large tins of Ricoffy at R179 each. That represents a mark-up of R100 on Makro’s price: R79. The same size tin costs R84.95 at Woolworths.

The magic amount on a quote seems



to be R30 per unit or a total of R30,000 per order. Almost all the household products are packaged in small formats and supplied for that amount, no matter the number of units ordered.

The purchasing documentation shows, for example, that 1,000 Duracell AAA batteries were bought for R30 each (yes each, not per packet) in February this year. In March, Tshwane ordered 650 similar batteries and the price suddenly shot up to R49.98 each. One week later they ordered another 600 and the same little battery then cost R49.90. The reason for the price variance emerges when you note that the total amount for each of the three orders miraculously stayed at around R30,000, suggesting this could be the cut-off amount before some inconvenient regulation comes into play.

Why is the bottom line always around R30,000? The answer lies in that tax clearance certificate that is often a spoke in the wheel of many a chancer. Vendors who supply government institutions do not need to submit proof they’ve paid their income tax if their quote is for R30,000

or less. None of these vendors have offices or shops. Business is done on a cell phone and the goods are often delivered by taxi. Which means that Tshwane’s favoured vendors are probably also not registered with SARS.

Between February and April this year, the municipality ordered 77 small-size distribution transformers at R33,000 each, totalling R2.5 million. Had they been bought directly from the manufacturer, Tshwane would have paid R22,000-odd – making the wasteful expenditure more than R800,000.

While expensive equipment and spare parts are often supplied via a tender, the process to award them can take a long time, during which orders are placed with suppliers, who then often purchase the very same product from the company that is waiting to sign the tendered deal.

Two months ago Tshwane awarded a tender for several differently sized transformers (ranging between 16 and 1,000 kVA) but nevertheless continued to order from vendors at double the price, on one occasion spending almost R500,000 instead of just more than R200,000, which was the tendered price.

Most of these orders were placed at a co-operative – one of many that the metro established in the city to create “entrepreneurial” jobs for unemployed youth. The programme is called Tshepo 10,000 – referring to the 10,000 youths who were taught “entrepreneurial skills” over the past four years.* It was the brainchild of former Tshwane mayor Kgositso Ramokgopa. It was Ramokgopa whom the ANC decided should be replaced by Thoko Didiza for the local government elections. Her nomination resulted in the protests that caused millions of rands of damage in the administrative capital. Now *Noseweek* readers can guess at the probable reason: a patronage network of 40,000 “vendors” and 10,000 “entrepreneurial” township youths saw their livelihoods at risk should their chief patron be removed from office.

*[It does not appear to require much entrepreneurship to rip off the Tshwane municipality, but then they are by now all graduates of the ANC school of business. – Ed.]

See Editorial on page 7. ■



Prince Buthelezi back on his KZN throne

The IFP claims there is no truth in the rumour that their leader is reluctant to relinquish power. By Desiree Erasmus

THE INKATHA FREEDOM PARTY'S resurgence in KwaZulu-Natal in local government elections may have come as a surprise to some, but the IFP's earlier by-election successes and the chaos in the breakaway National Freedom Party (NFP) offered a fair indication of where things were headed.

Although the IFP remains a small and mostly stagnant force in the eThekweni Metro – with voter support at just 4.2%, giving it 10 seats and fractional increase on its 2011 local elections results – if voter support in the northern, rural areas of the province are a reflection of voting trends for the national/provincial elections in 2019, it could again become the official opposition in the province after losing that position to the DA in 2014. (Most of the IFP's eThekweni vote is garnered from hostel dwellers who have left the party's traditional stronghold in the Zululand area to find work in the metro.)

Of the seven local municipalities controlled by the IFP before the recent election – all in the rural north of the province – it managed to retain only five, but won two others. Not all their wins were outright victories; some will need coalitions. (An ANC-IFP coalition is anathema to both parties.)

Importantly, the IFP now also takes control of the Zululand District Municipality (ZDM) through its proportional representation vote. ZDM was once the throne of the breakaway NFP,

where its president, Zanele Magwaza-Msibi, served as mayor.

The NFP was disqualified from standing for election this year because it missed the registration deadline, but the illness of Magwaza-Msibi, who is also the deputy Science and Technology minister – and on whom the party largely depended for its identity and inspiration – also dealt the NFP a severe blow. Magwaza-Msibi suffered a stroke and has been out of public life for two years. Her absence and the peculiar secrecy that surrounded her recovery and whereabouts contributed

to the forming of factions and made it easier for NFP councillors to break from the nationally agreed NFP/ANC alliance set up in 2011.

While many NFP voters appear to have heeded the IFP's call to “come home” when casting this year's vote, the party has been at pains to point out that it has consistently gained NFP and ANC votes since the 2011 elections. (Of course, all parties make such claims.)

The day before the local government elections, IFP national executive committee member Albert Mncwango said an NFP announcement that it would throw its weight behind the ANC was “confusing”. “This is nothing more than a last-ditch attempt by the leadership of the NFP to secure positions... as all of them will be unemployed,” he said.

Before the 2011 local government elections, the IFP controlled 32 municipalities in the province; afterwards, it was left with only Ulundi and Msinga. Since then, by-elections saw it take control of Hlabisa and Nkandla, Big 5 False Bay, Ntambanana and Mthonjaneni.

After the latest ballot the IFP won majority control in Nongoma (with 52.96%); Ulundi (73.13%); Mthonjaneni (56.58%); Msinga (66.14%); Nkandla (54%) and Hluhluwe/Somkele (52.25%).

In Nqutu, the only area the NFP was able to contest because it paid its registration fee independently of the mother body, the IFP won 44.09% of



NFP leader Zanele Magwaza-Msibi

votes (15 seats); the ANC 42.02% (14 seats); and the NFP 5.96% (two seats). Nqutu had previously been an ANC-NFP coalition rule. A coalition would again be needed here to secure control.

Another area where the IFP could be victorious is Abaqulusi, where the ANC has 21 seats; the IFP 19; the DA three; and EFF one seat. Similarly, Jozini is also within the IFP's grasp, where it managed 46.18% (18 seats) to the ANC's 47.88% (19 seats). The DA, EFF and an independent each won one seat.

In Mtubatuba, the IFP and ANC drew, with 18 seats each. The DA has two seats while the EFF and AIC have one each.

The DA in general (the eThekweni Metro being the exception) has previously performed poorly in much of KZN. The party may relish the chance to get close to power via a coalition and to help it cast off the mantle of being an urban, white-serving party. In theory, the DA and IFP have fairly similar quasi-libertarian policies, which should ease the frustration of a coalition.

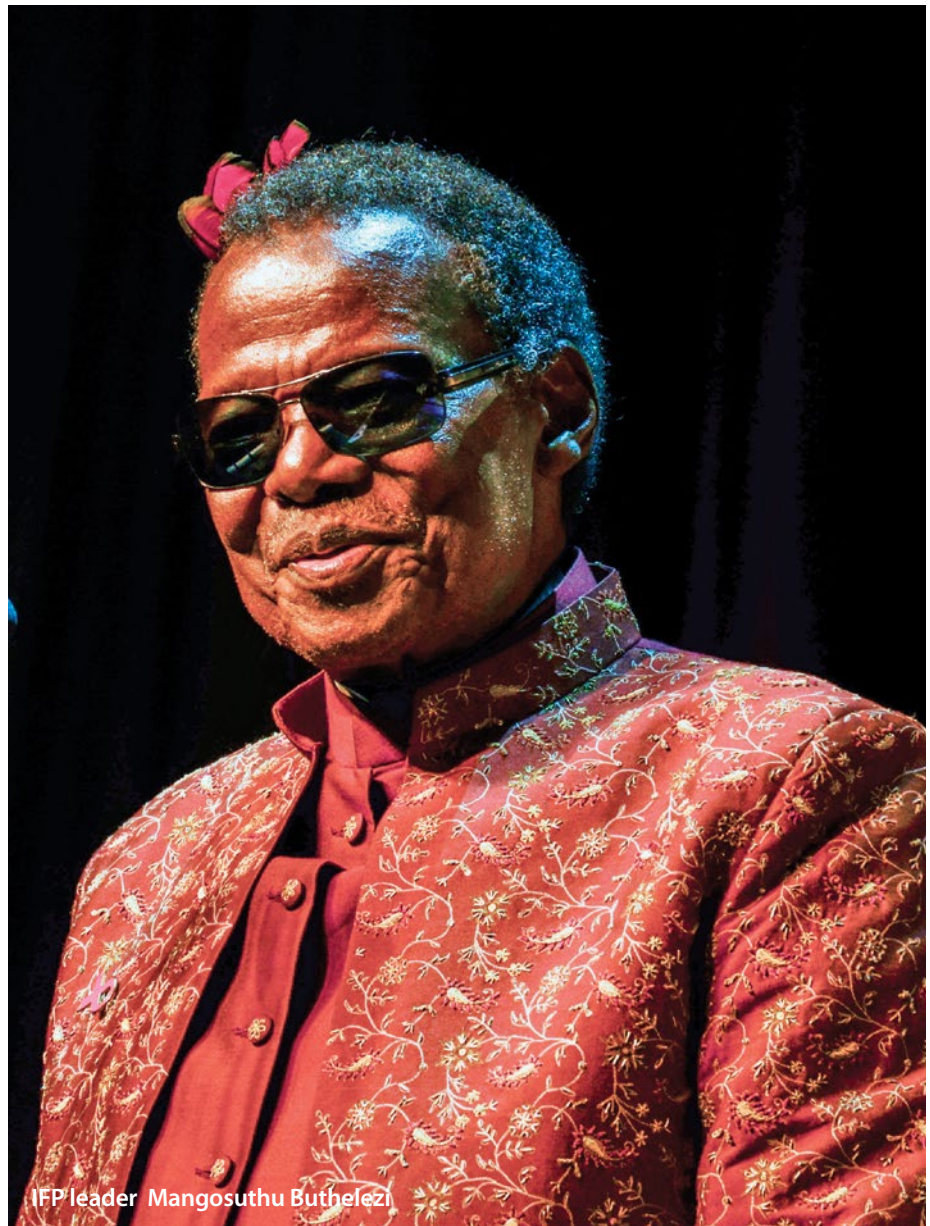
Whatever the outcome of coalition talks, the IFP will have to increase its professionalisation drive in its councils. While it boasts clean governance, it failed dismally in Msinga and left Mtubatuba in a mess in 2010, having to expel its mayor – who subsequently joined the NFP – after he refused to step down.

Mtubatuba was claimed by an ANC-NFP coalition in the 2011 local government elections and was placed under administration in 2012. The council was eventually dissolved in early 2015, leading to a by-election, which the ANC-NFP coalition again won.

An IFP-DA coalition in Mtubatuba could see a pause in the ping-ponging between parties with long and hostile histories.

In 2009, Msinga was ranked one of the worst municipalities in the country, delivering basic services to only 18.6% of its households. This year it was again a poor performer according to advocacy group Good Governance Africa's (GGA's) Government Performance Index.

IFP treasurer and 2016 campaign leader Narend Singh, however, sees it differently: "One really has to re-examine the credibility of GGA's indices,



IFP leader Mangosuthu Buthelezi

An IFP-DA coalition in Mtubatuba could see a pause in the ping-ponging between parties with long and hostile histories.

as Msinga, which has been mentioned, had a clean sweep of voters by the IFP. One then wonders why that would have happened if the majority of the citizens who voted IFP in 2016 were not satisfied with how the municipality was managed. Surely, we must respect the intelligence of the said voters for having reaffirmed their trust in the IFP," he told *Noseweek*.

"We take note of shortcomings in the governance of IFP-run municipalities and have provided in the IFP constitution for the establishment of a political oversight committee which would oversee and monitor how our councils

and municipalities perform, and take firm action against errant councillors and administrations.”

Besides governance issues, the IFP still has to tackle the elephant – nay, mammoth – in its political room, in the form of party president Mangosuthu Buthelezi, who turns 88 this month.

Although still respected by many as a solid statesman, it has been Buthelezi’s alleged reluctance to relinquish his role that has led to much of the infighting within the party.

“There is absolutely no truth [*in the rumour*] that Prince Buthelezi is reluctant to relinquish power,” said Singh. “On the contrary, it is he who wanted to retire but his thousands of followers – who, by the way, matter the most as we are a membership-based party – requested him at a national conference to manage the transition to a newly elected leader. This he has done with aplomb and the tireless leadership of the prince into our 2016 campaign has certainly paid dividends for us as a party.”

As party founder and strongman, any attempts by underlings to assume power over Buthelezi have ended with bruising in the IFP’s structures, and support and tongue-lashings for those attempting to usurp power. Buthelezi prizes loyalty.

When Magwaza-Msibi tried to use internal processes to have herself elected leader when she was still IFP chairperson, she was “dismissed”, “abandoned the party”, “resigned” or “fled” – depending on whom one talks to. The manner of her departure now being irrelevant, she did take a good chunk of self-proclaimed “reformist” IFP members with her to form the NFP.

At the time, Buthelezi said: “Having suffered so much treachery and deceit, divisiveness and even violence, we are somehow relieved that our former national chairperson has finally come clean about her extraordinary personal ambitions. While it comes at a cost to the IFP, Magwaza-Msibi’s abandonment leaves us room to unify, refocus and regain our strength.”

In 2005, Ziba Jiyane, then IFP chairperson, left after a spat with Buthelezi over the direction of the party and Buthelezi’s perceived dictatorial style. He formed the National Democratic Convention (Nadeco) and through

the now-defunct floor-crossing rule claimed four seats in the national assembly and four in the provincial legislature.

Nadeco also split, with Jiyane then forming the South African Democratic Congress (Sadeco) in 2008. Both parties had fizzled by 2009. In 2011, he joined the DA in the Richard’s Bay area. Nevertheless, the episode weakened the IFP.

Singh told *Noseweek* that the IFP had been the target of splintering, courtesy of the ANC, which led to “orchestrated breakaways”, as in the cases of Jiyane and Magwaza-Msibi.

“This, we believe was not based on any ideological differences, but on patronage. We saw [*Magwaza-Msibi*] being rewarded with a deputy minister position and a coalition being formed at local government level in KZN in 2011,” he said.

As for its 2016 campaign, Singh said its “ace” and “trump card” was Buthelezi. Campaign branding featured the leader’s face next to the words “Trust Us”.

“*[For the campaign we showed]* Prince Mangosuthu Buthelezi as a person ‘you can trust’, one not involved

in corruption of any sort, a person of honesty and integrity. These qualities coupled with our party’s record of governance and performance of our members in Parliament and legislatures resonated well with the voters, young and old,” said Singh.

He said that final figures for the IFP’s election expenditure were not yet available, but that most of the resources came from the IFP itself.

“No particular community or business contributed significantly to our campaign. We have always believed in self-help and self-reliance as pillars of the IFP philosophy,” he said.

That, however, is not quite true. In Durban on 30 July, in a prepared speech for the 22nd AGM of the African Taiwanese Chamber of Commerce (ATCC), which Singh read on behalf of Buthelezi, the prince thanked the “Chinese and Taiwanese business community” for their “generous donations towards the IFP’s election campaign...”

“I must thank in particular the President of the ATCC, whose substantial donation enabled us to print manifestos and flyers, brand vehicles, and secure gazebos for election day,” he said in the speech. “We have also had donations in kind, such as scarves and blankets, and cash donations to assist with T-shirts, food for our party agents, and various other campaign necessities. This, I believe, is an expression of the friendship between the IFP and the Taiwanese community.”

While often mocked by the ANC in particular as being a backwater party, the IFP is obviously eager to become a national player, although its overall support today sits at only 4.25%.

Besides KZN, it also campaigned in Gauteng and Mpumalanga (where it has councillor representation elected by mostly migrant workers) Limpopo, North West, Free State and Eastern and Western Cape.

Through canvassing outside KZN, Singh says the party believes it has “established some sort of base and leadership to work with in the run-up to the 2019 national elections”.

“The positive results we have received in KZN will be accompanied by good governance of the municipalities we will control, with a focus on corruption-free service delivery. We will use this as a springboard to regaining the province in 2019,” he told *Noseweek*. ■

When Magwaza-Msibi tried to use internal processes to have herself elected leader when she was still IFP chairperson, she was 'dismissed'

Spotlighting South Africa's invisible illicit industries

Organised theft of gold, platinum, copper and diamonds has taken on alarming proportions within the mining industry. **By Barry Sergeant**

DID YOU HEAR THE HOWLING protests from various heavy-weight South Africans uniting against a report on mis-invoicing, released in mid-July by the UN Conference on Trade and Development (Unctad)?

SARS, the Chamber of Mines, and Statistician-General Pali Lehohla, completely rejected Unctad's finding that mis-invoicing of gold exports to South Africa's leading trading partners totalled US\$113 billion over the 15-year period to 2014.

Unctad was saying, in other words, that the vast majority of South Africa's gold exports are unofficial. The Unctad report put the massive "gap" down to smuggling: most gold that leaves the country does so on an unreported basis. The real question, and it is an intriguing one, is whether Unctad could have been right (in principle), but for the wrong reasons.

SARS reacted by complaining that the numbers "touted" by the Unctad report were due to classification anomalies and were easily refuted. SARS said the matter had been "raised with the UN statistics department way before the release of this report".

The issue referred to by SARS is simple: up to 2011, gold was classified by South Africa as a monetary asset, and after that, as a commodity. So, for the greater period covered by the Unctad report, there would be a massive apparent gap in the reportage of gold commodity exports. To aggravate the situation, after 2011, South African gold commodity exports were not

specified as to individual country.

The furore over the Unctad report completely overshadowed, if not obliterated, the fundamental question of just how much illicit gold does leave South Africa, officially or otherwise, whether smuggled, or laundered into "official" gold. As will be shown, substantial amounts of gold are laundered through South Africa's main gold refinery. In this way, illicit metal becomes part of official gold commodity exports.

At the same time, it is undoubtedly not to gold mines' advantage to allow illicit gold to become a public issue. Reacting to the Unctad report, the Chamber of Mines made the startling claim that "South Africa boasts a world-class regulatory and tax-enforcement regime and the opportunity for mis-pricing is small".

The Chamber added that its members, most of the country's mines – of any size, undergo "regular, stringent audits in accordance with international accounting standards, and report in compliance with legislation and listing requirements". Here, it may be asked, just what do auditors know about gold theft? Has the phenomenon even been brought to their attention? If something is "invisible", it cannot, by definition, taint the audit.

The Unctad report also found that there had been platinum mis-invoicing totalling US\$19bn for the 15-year period to 2014. Ignoring for a moment the overall and specific attacks unleashed on the Unctad report, it will be shown that substantial amounts of platinum leave South Africa classified as other

kinds of far-less-valuable metals. Once again, Unctad could have been right, but for the wrong reasons.

While Statistician-General Lehohla had little good to say about the Unctad report, unlike the Chamber, he at least "emphasised" that he was "not suggesting that mis-invoicing didn't exist".

Ironically, it was the Chamber (along with the European Union) which 16 years ago commissioned and sponsored a report from the Institute for Security Studies on South African gold theft. The ISS found that despite a rotten gold price – at the time – gold theft, smuggling, and related illicit activities were already "prevalent and widespread".

It is sometimes easy to forget that metals and minerals crimes – at many different levels – have become significant industries in South Africa. On 1 June 2016, for instance, new laws came into force in terms of the Criminal Matters Amendment Act, that include punitive new measures to protect "essential infrastructure".

This refers to many potential matters, but given the history of the new law, under which convicted offenders can be incarcerated for up to 30 years, it is aimed at cable thieves, mainly in the illicit copper trade.

According to government estimates, cable theft costs the economy R5bn-R7bn a year. The damage – until the stolen materials are replaced – can affect public safety, electricity supply, provision of water, communications and transport.

There is, however, a major gap

between the reality and law enforcement. It is no secret that syndicates are running cable theft, a virtual industry, and that all kinds of people are co-opted into everything from stealing the material, to processing it and recycling it for domestic use, or export.

There are cases of small-time thieves being caught, and cases where they have electrocuted themselves. But there have been no major cases of syndicates being infiltrated.

A long time ago, the ISS study on gold and platinum theft was adamant that “far more work” was needed on “the role played by organised criminal groups in the theft of gold and platinum-group metals.”

Since the ISS study, the so-called global commodities supercycle only served to fan investment in illicit metals and minerals. The gold price, for instance, troughed out around the time of the ISS study at about US\$250/oz and joined the commodities “supercycle”. The price, as we now know, would eventually peak at close to US\$2,000/oz during 2011.

Commodity prices in general have remained at elevated levels, compared to the long-term, despite the global market crashes of 2008, and the general, but erratic, bear markets in commodities since 2011. The bullion price rose 25% in dollar terms during the first half of 2016, its best first-half performance in 35 years.

The temptations have been irresistible, for many. It was rising bullion prices, along with deteriorating conditions in South Africa’s law enforcement systems, that coalesced to fuel the onset of illicit underground miners – the Zama-Zamas.

During 2009, in one incident alone, Harmony Gold announced that it had brought to surface 294 “criminal miners” at its Eland shaft in the Free State; the bodies of more than 60 Zama-Zamas were recovered from the same shaft.

Jaco Kleynhans, spokesman for trade union Solidarity, puts it this way: “It is a grey area that nobody wants to touch.” The Unctad report has – perhaps unwittingly – thrown some light on this grey area.

The Zama-Zama phenomenon was notable for two reasons. First, most of the detective and enforcement work in identifying and combating the scourge

There are cases of small-time thieves being caught, but no major cases of syndicates being infiltrated

was conducted by private sector individuals; police and other law enforcement agents were not much more than onlookers, having long been deprived of skills and experience.

Just as important is that law enforcement, such as it is, has no apparent appetite for its job. During the Harmony operations at the Eland shaft, of 114 people arrested by the police (who are willing to take the kudos without having done any work), no fewer than 19 were mine employees; five were employees of Harmony contractors. Inside information is paramount to the modus operandi of syndicates who work in metals.

Gold theft has long developed its own sub-sector in the economy; the ISS study found all those years ago that, in the Free State, gold ores were stolen on the mines, and that this “illicitly obtained metal is stored in disused shafts and then retrieved over a period of time, often in collusion with runners who are employed in the mine”. It is then transported “to one of the more than 170 smelting houses in G Hostel and elsewhere in the Free State gold fields”.

The wheels and cogs of handling and processing illicit gold are well-oiled. It is also smuggled into South Africa from elsewhere in Africa, reprocessed, and smuggled onwards out of the country, and is no small business. Most of this gold arrives in South Africa, impure, and is mixed with other metals – “alloyed” – and then laundered as sweepings from jewellers, mainly through the Rand Refinery, in Germiston.

This is a world-class facility, owned by major South African-based gold miners AngloGold Ashanti (42%), Sibanye Gold (33%), DRD Gold (11%), Harmony Gold (10%), and Gold Fields (3%).

Ask those familiar with the gold underworld and they say that the Rand Refinery simply must know that something fishy is going on.

At the same time, it is no secret in the gold underworld that VAT fraud is a very serious sub-activity. Once again, illicit gold is alloyed and sold as sweepings to refiners. An elaborate system of paper fraud enables the VAT to be claimed back.

South Africa is known as the only region in the world where raw illicit gold can be, and is, sold (in dollar-converted local-currency terms) at a premium to the London bullion price. The reason is simply that the VAT fraud allows for a 14% turn; no return on the metal, as such, is required. For reasons that are unclear, South African authorities have failed to take action against an activity which, by itself, generates illicit amounts running into hundreds of millions of rand a year.

Hefty amounts of this illicit cash are then laundered through the property markets, and into exotic investment areas which include so-called rare game. Banks play a key role in financing this overall business and quite clearly, treat it as “business as normal”.

While the Chamber in its modern manifestation has opted to project the activities of its members as being as pure as driven snow, back in its 1998-1999 annual report it mentioned, more usefully, that “the theft of gold, platinum, copper and diamonds has taken on alarming proportions within the mining industry”.

In the platinum sector, take the single example of Gauteng-based Giandomenico “Mario” Mugnaioni, who was arrested in September 2011 on charges including money-laundering, racketeering, theft and the illegal possession of, and dealing in, precious metals.

Mugnaioni was arrested along with a number of others, including his brother Marcellino, sons Gianluca and Stefano, family friend Jean-Claude Nicol and a former girlfriend, Lynette Pretorius. The “family” were arrested after a complicated and highly dangerous five-year sting operation.

The matter is yet to come to trial; like other well-organised groups, Mugnaioni and his cohorts have spent years paying lawyers millions to stress the system on technical and other matters that tend to delay the journey of justice. (It is no secret that South Africa's law enforcement system as a whole is under-resourced and generally challenged as to skills, but that is another story.)

Law enforcement agents had been trying to finger Mugnaioni and his gang since the 1990s. It was only in 2008, when an external agent (whose exact role is not up for discussion) became involved, that effective infiltration commenced. Mugnaioni, a gambler of note (he gambled – and lost – millions each week) was introduced to the agent in March 2008 at Emperors Palace on the East Rand.

There were subsequent meetings at Sun City, Silverstar Casino, Carousel Casino, Montecasino and restaurants such as Rhapsody's and News Café in Centurion, Pretoria.

There were two key external factors. First, the family's Tembop Recovery business at Hammanskraal, north of Pretoria, contained materials that the plant was incapable of producing. Platinum, of which South Africa ranks as the world's largest producer, is extracted from an ore that contains an amazing bouquet of so-called platinum group metals (PGMs).

Along with the platinum there is palladium, rhodium (the world's most expensive metal), iridium, ruthenium, and so on, along with base metals such

The material was bought from low-level syndicates which were stealing from mines, concentrators, smelters, and even refineries

as copper, and also nickel. The refining of metals from South African PGM ores requires great skills and takes a long time. The precursor material to refinery production is known as matte.

The family's Tembop operation was supposedly meant as a cover. The audacity was extraordinary, given that the only functioning PGM refineries in South Africa are operated by the big three miners – Anglo Platinum, Impala Platinum, and Lonmin. Northam Platinum sends its matte for refining overseas. Most smaller PGM miners opt for toll refining with one of the Big Three.

The other external factor in this case was the question of where the family was acquiring its PGM materials. Here, the agent soon established that the material was bought from low-level syndicates which were stealing directly from mines, concentrators, smelters, and even refineries.

All the big players were victims and, in all cases, employees were involved. PGM miners – in sympathy with the Chamber of Mines – are in blind denial that it is possible to steal anything from a platinum operation. It seems that if illicit activities are unseen, the rest of the operation is then "world class".

If this wasn't enough, the PGM materials were exported directly out of South Africa via Johannesburg's OR Tambo Airport. Moreover, the materials were exported as base metals, rather than exceptionally valuable PGM materials. Duties paid were a fraction of the real amount that could have been charged.

It is to be noted that when the arrests in the case were made, customs officials (who were in the know and more) and law-enforcement agents (providing protection while the PGM materials are transported from source to airport) were spared. So were the employees on the various mines.

It has been unofficially estimated that the Mugnaioni clan was exporting around R50 million a month worth of PGM materials from South Africa – for well over a decade.

For as long as the country continues to ignore these cases, and continues to cover up the substantial illicit industries operating under their nose, so genuine progress will remain an elusive notion. ■

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KZN's Teflon Club

The ANC patronage system in Durban has created a wealthy elite whose performance is subject to ridicule. By Jonathan Erasmus

WILLY GOVENDER, OWNER OF eValuations, the company that endeared itself to Johannesburg's wealthiest residents by massively under-valuing their properties to ensure they paid little or nothing in rates and taxes, is a member of KwaZulu-Natal's esteemed Teflon Club (chief patron: J. Zuma).

Govender is one of that select group of Durban tenderpreneurs who have made their fortunes from state contracts, despite having been the subject of several scandalous exposés – none of which stuck.

In a 2011 interview with *Entrepreneur* magazine he admitted: "Ninety percent of our work is in the public sector." Then, his businesses already had a turnover of more than R250 million – and he planned to have upped that to R1 billion by 2016.

As reported in *nose202*, Johannesburg's property valuation roll was in such a mess after the 2013 general valuation – done at huge expense by eValuations – that the city itself felt compelled to object to tens of thousands of cases, an exercise practically unheard of in the industry.

Noseweek also reported that Howick pensioner Dr Robert McLaren had cottoned on to the inconsistencies and lodged 961 objections to the valuations of properties belonging to the city's uppercrust to make sure they paid their fair share of tax.

He had some remarkable successes, such as having a property owned by billionaire Johann Rupert revalued from R0 to R88.8m and a Gupta-owned property, from R480,000 to R22m. Others included buildings owned by Growthpoint, Melrose Arch and Ac-

celerate Property Fund (mistakenly rendered as Accenture in *nose202*). But eventually the city lost its nerve and during McLaren's appeal over the rates paid by the Oppenheims, he was chased off and hit with a costs order of R24,488 by the valuations appeal board, ostensibly because he was unable to provide floor plans of the Oppenheimer properties; a requirement that eValuations (full title: eValuations Enjanched Property Apptraisals [Pty] Ltd) had routinely themselves not met.

Govender told *Noseweek* that McLaren was not a valuer and his "credibility was questioned by the City of Johannesburg [COJ] Appeal Board due to the poor quality of information lodged with appeals" and is simply on "a campaign to discredit eValuations and the municipalities where we produce the valuation rolls".

He further clarified the number of objections lodged, stating there were in fact 94,565 and not the 86,000 reported in *nose202*. He said 71,552 were lodged by the city council.

"The overall value change [from the objections] to these properties was a reduction from R290bn to R284bn, the difference therefore being R6bn. Considering that the overall value of the General Valuation (GV) roll was R912bn, this reflects a less-than-1% roll reduction."

In other words, in the main, there had been a R6bn over-valuation of properties. McLaren found that it was generally properties at the low end of the market that were overvalued.

Govender said McLaren's objections had already been flagged for review.

He said that in total there were 16,800 properties valued at zero but added that there was a plausible ex-

planation, such as zero-rated-value properties belonged to sectional title schemes being registered.

Asked, whether he was embarrassed by the undervaluation of the super-wealthy, Govender said the roll was audited, and that "internal finishes and other variables that, in particular, apply to high-value properties are not considered in the valuation". He added that, "without access to all properties, it is impossible to model these variables into the valuation".

Joburg has since asked for tender submissions for the 2017 general valuations roll – for which eValuations has so far put in the lowest bid, offering to value the city's approximately 891,000 properties for a fee of R99.8m.

The company has in the past won the right to carry out valuations in almost all the country's metros, such as eThekweni, Ekurhuleni and Nelson Mandela Bay – some, with equally chaotic consequences.

eValuations' work on the Durban 2008 roll came in for scathing criticism in February 2009 by (then) DA party leader Helen Zille. She said the ANC had awarded the valuation contract to Willy Govender, "a well-known backer of the ruling party" and that the "valuation process has been a total shambles with both over-valuations and massive under-valuations".

Who belongs to the Teflon Club?

Patrick Bond, a director at the University of KwaZulu-Natal's Centre for Civil Society wrapped it up nicely in a speech he gave at the "Alternative Socio-economic Model" conference in South Korea 2014. He said Govender was part of the "ANC patronage" system in Durban that has created a "small, wealthy elite whose perfor-



Martin Cele

mance [in delivering on state contracts] has been the subject of ridicule”.

The names Bond bundled together included RDP housing queen Shauwn Mpisane (noses100;109;125;150;195); failed Durban bus service operator and builder of an illegal mall which collapsed killing two people, Jay Singh (nose195); Jacob Zuma backer and horse racing owner Roy Moodley; and casino and property tycoon Vivian Reddy (noses52&150). All claim to be philanthropists. All have been the subject of intense media criticism, exposés and accusations by opposition politicians for having received preferential treatment. But the accusations never seem to stick. Govender would not comment on Bond’s claims.

For Govender, eValuations is just one cog in his ever-expanding empire. The big money started with the help of the eThekweni Metro when Mike Sutcliffe, better known as “Metro Mike” to *Noseweek* readers, was the city’s municipal manager.

Much of Govender’s business comes from providing IT-type services. Most of this is outlined in a forensic report, known as the Manase Report, completed in January 2012 and made public in July 2013. The 7,000-page report was commissioned by the KZN Department of Cooperative Governance and Traditional Affairs in 2011, led by MEC Nomusa Dube-Ncube (nose196).



Willy Govender

Such was the lack of political will to pursue the findings that Dube’s spokesperson, Lennox Mabaso, said at the time that the department would not be responsible for any legal action against the media or any party resulting from the use of the report.

This wasn’t surprising since it fingered the former Durban mayor and

now the country’s High Commissioner to the UK, Obed Mlaba, and a host of ANC benefactors such as Shauwn Mpisane, Jay Singh and Willy Govender, as well as city councillors and employees, for milking the city dry.

Much of Govender’s good fortune with city contracts stems from the city’s quasi-private Section 21 company SmartXchange. SmartXchange was meant to be an incubator for ICT projects, with dreams of turning Durban into another Silicon Valley “hub”.

In October 2003 the city appointed SmartXchange as the “delivery vehicle for the entire municipality’s required ICT systems”. It was to work closely with the city’s Geographic Information and Policy Office (GIPO).

But the floor wax was barely dry at its (then) plush, now rundown Walnut Road offices in the city’s CBD, when the hub’s co-founder and CEO Theresa Davies was booted out. The reason: she had claimed the hub was being used “as a conduit to hide irregular financial activities”; that the manager appointed by the city, Martin Cele, was compromised, facing bribery charges, and that there was a growing

It fingered the former Durban mayor and now the country’s High Commissioner to the UK, Obed Mlaba, and a host of ANC benefactors

perception of “bias” in favour of Govender. Govender had already been the preferred supplier to run a subsidised call centre from the hub and he was awarded the contract to develop the city’s multi-million-rand revenue management system.

Prior to joining SmartXchange, Cele was accused by the NPA of having paid a Transnet official a R1m bribe to steer the SAPS system contract in the direction of Siemens between 2001-2003. According to the Manase Report the city (i.e. Sutcliffe) “did not see these allegations as an impediment” to Cele’s appointment. Nothing more was heard of the bribery case.

A “bromance” between Govender and Cele blossomed. The Manase Report said no evidence could be found that SmartXchange was being used to move cash illegally. This is likely correct. But the accounts were not where the action was happening. Instead SmartXchange became a nucleus for connected individuals who were able to steer contracts towards each other and, when their role was done, jump through the revolving door. The Manase Report clearly shows this.

SmartXchange had the best of all worlds. It had direct access to the city’s treasury; got paid for facilitating the transactions; and, best of all, there was no requirement for an open tender system.

Govender’s CityWorks company and partner, the India-based technology firm Ramco, won, in late 2003 – without tender – a four-year contract to develop a revenue management system for eThekweni. It was estimated the RMS would cost between R90-150m. Instead it took 12 years and, at last count, costs had ballooned to R620m.

SmartXchange was instrumental in all of this and according to the city treasurer Krish Kumar “they were involved in the procurement process in the initial stages”.

Lunga Madlala, who at the time was the city’s Deputy Head of Information Technology pushed for City Works to land the RMS contract. He then left the metro to work for City Works.

The system finally officially came on stream in July 2016 – but currently resident and business bills are not being issued or received – and contractors are not being paid.

In 2007 Cele left SmartXchange and

joined a new venture called H2O South Africa, a fibre-optic company. According to CIPC records Govender joined H2O in 2013.

Between 2009 and November 2011 the company landed three contracts – at least two of which were “irregular” – to the combined value of R80,671,507 to lay fibre-optic cables through the city’s sewer system. H2O was not on the city’s contractor database.

The city’s own internal audit system flagged the shared office space when the second award was made in 2010. It first pointed out that Cele’s relationship with the city could have “unduly influenced” the award of this contract and that “the physical location of the enterprise is 1 Kingsmead Boulevard, Durban”. It said “the enterprise sub-leases the premises from Data World (Pty) Ltd (also owned by Govender)”.

“The assessment has revealed that the two entities share office facilities and are involved in the Information Technology field... Procurement Monitoring would like to report that the independence of H2O could not be guaranteed.”

Included in the gang was one Rakesh Dhavraj, who worked at the city’s GIPO unit, resigning in November 2007 to join H2O shortly afterwards.

Cele and Govender shared directorships in no fewer than five companies, namely LinkAfrica; H2O; Networks SA; Curaflor; and Dreamworld Investments 593. Cele has since resigned from all of them. LinkAfrica is a wholesale fibre-

**Currently resident
and business bills
are not being issued
or received – and
contractors are not
being paid**



Jacquie Subban

optics sales company, and lists Durban as one a client. Both H2O and LinkAfrica were formed in 2008 by Cele.

A name that rang throughout the report was a Jacquie Subban, head of GIPO. Both Cele and Dhavraj used to report directly to her. She motivated for H2O to be awarded its irregular contracts.

Govender’s ties to Subban and Sutcliffe go back to the heydays of the 1990s and the KZN Demarcation Board. Subban was on the first KZN Demarcation Board after 1994. Sutcliffe would later chair the board during the 1999-2001 period. In the 1999/2000 demarcation annual report, Sutcliffe said he used Govender as a consultant with skills in geographic information system space. Sutcliffe became the city’s municipal manager in 2002.

Govender declined to comment on the Manase Report.

● One thing Govender cannot be accused of is skimping on his own rates. He lives on Durban’s Berea in Esswood. His home is valued at R4.8m, well above that of his neighbours of R3.1m and 4.1m respectively. ■

Taxing day for the wallet doctor

An eyewitness account by journalist Tony Beamish

A SIGNIFICANT MEDIA VICTORY WAS scored in July when I, as a representative of investigative television programme *Carte Blanche*, gained access to the taxation (vetting) of an attorney-client bill of costs at the Palace of Justice in Pretoria. Taxation is usually a fairly informal procedure that takes place in a back office where members of the public don't venture – but it has consequences that can bankrupt most of us, putting us out of our homes and onto the street. (Contra: It can also establish the extent of theft committed by an attorney.)

In this case, open justice and common sense prevailed when Taxing Master Anusha Chetty allowed me to attend when Ronald Bobroff & Partners (RBP) sought to claim R2.1 million in fees from their former client, road accident victim Etienne Rübbers.

The road to open justice in this instance was not an easy one.

Carte Blanche wrote to Pretoria High Court Deputy Judge President (DJP) Aubrey Ledwaba requesting permission to attend this taxation. RBP alleged that Rübbers owed it R2.1m, as assessed by cost consultant Hennie "Hayder" Rosslee. But another legal costs expert had told Rübbers that he might owe only R200,000.

DJP Ledwaba's office responded: "Your request has been referred to the Chief Registrar Mr Mniki, who stated that he will make the necessary arrangements with the Taxing Master."

Making "the necessary arrangements" was the last thing on Mniki's mind. He is not a follower of the open justice school. This, despite the fact that his boss, Judge President (JP) Dunstan Mlambo, had declared in 2014 (when giving the media the right to live-broadcast the Oscar Pistorius criminal trial): "At this day and age I cannot countenance a stance that seeks to entrench the workings of the justice system away from the public domain."

Mniki has a reputation. In 2013 I

discovered that bogus Bedfordview attorney Ben de Wet regularly paid Johannesburg High Court clerk Prince Makhondo to unlawfully remove affidavits from court files and hide them in an effort to defraud creditors. "Glenfiddich" Makhondo (so named for obvious reasons) also manipulated the court roll to keep "friendly sequestration" applications far away from "difficult" judges such as Phineas Mojapelo, Kathy Satchwell and Moroa Tsoka.

When the scam came to the attention of the Justice authorities they appointed Mniki to investigate Makhondo. Mniki tipped off Makhondo. Three weeks later the evidence had vanished, Makhondo denied the allegations and Mniki's subversion of due process had worked. Makhondo still brazenly operates his Johannesburg High Court cash business.

It was subsequently discovered that Makhondo was in the pay of Ronald Bobroff, when an insider provided *Moneyweb* with a Bobroff cheque requisition for R100 paid to Makhondo for copying a court file.

In order for me to attend this taxation, Mniki was required to do no more than comply with the instruction of DJP Ledwaba. Instead he decided the public had no interest in observing the workings of the justice system. He refused me permission to attend, saying he would only provide reasons for his decision if required to do so by a judge.

Notwithstanding, I presented myself at Taxing Master Chetty's office on the appointed day. In attendance were Estelle Veldsman, representing the Law Society of the Northern Provinces; attorney Johan Jooste for Rübbers; and the two legal cost consultants: Rosslee for RBP and Cora van der Merwe for Rübbers.

Chetty confirmed her commitment to the principle of open justice and, in passing, asked the two attorneys whether they had an objection to the media being present. They did not.

Rosslee presented his argument

in defence of the bill of costs he had drawn. Rübbers had signed three different fee mandates on the same day in 2011 and another one in 2015. This, argued Van der Merwe, indicated there could not have been a "meeting of minds" on any of them, making them all invalid.

Recent RBP court cases reveal that the multiple mandate pack signed by RBP clients was intended to deceive the judge who would ultimately hear the matter and to reverse engineer fees for RBP in order to justify its illegal and outrageous fees.

Van der Merwe impressed upon the taxing master that she should not rely on any mandate for which Rosslee could not produce the original. In support of her argument she produced an RBP fee mandate in the matter of their former client Christine Maree. This, she demonstrated, was a forgery created by fugitive attorney Darren Bobroff to deceive Judge Brian Spilg who had heard Maree's case.

- The staple mark pattern on the last page differs from the staple mark pattern on identical pages 1 to 10 (which are identical).

- The left bottom corner of pages 1 to 10 bear the watermark "rs" – the initials of Ronald Bobroff's long-suffering secretary Rachele Stein. Documents from Stein's computer only started bearing the "rs" watermark two years after Maree purportedly signed it.

- Pages 1 to 10 have two punch holes whereas page 11 has just one. Darren Bobroff pasted the bottom half of a later agreement on this page to backdate the mandate, making it appear legal.

Taxing Master Chetty's questions were pointed and her explanations lucid. Rosslee was given ten days to produce an original mandate for inspection. He was unable to do so; it did not exist. By all accounts, Rosslee, "the wallet doctor" to Ronald Bobroff, has been stripped of his title.

The Rübbers's taxation is due to be finalised on 28 September. ■

Who are the racists?

History will judge those who practise discrimination under the guise of democracy, says author **Wessel Ebersohn**

SOUTH AFRICA, WHICH ALREADY HAS A probably unequalled phalanx of laws prohibiting discrimination, is about to get a new one to punish racist behaviour. The ruling party says the purpose of the new law is to take action against those “glorifying apartheid”. If the ANC is correct, the creators of this piece of legislation are aiming it at racist whites only: the Penny Sparrows of our ken.

According to their view, black students wearing T-shirts with the wording “Kill all whites” and ANC politicians singing songs about mowing down boers with machine guns apparently do not fall into the same category.

Sadly the racist laws of the apartheid regime have resulted in a reaction, in the face of which the current government, seems helpless. In Parliament the President had said this to opposition parties: “We have more rights because we are the majority. You have less rights because you are the minority. Absolutely, because that is how democracy works.” Perhaps. But not according to our Constitution, which says “Everyone is equal before the law and has the right to equal protection and benefit of the law.”

Or perhaps he is right. The Constitution does also give government a way out when it feels the need for some form of discrimination. According to clause 9 (5), “Discrimination on one or more of the grounds listed in subsection (3) is unfair unless it is established that the discrimination is fair.” Hands up, anyone who knows what that means.

“On each side of the arch there was a bell-handle; one marked ‘Visitors’ Bell’

and the other ‘Servants’ Bell’ – Through the Looking-Glass, and What Alice Found There

In the past, many jobs were simply closed to black workers. Today, the racial element remains. Government guidelines say that posts must be filled according to national demographics, which means that if a business follows government guidelines, but in its region minority groups have a higher percentage of skilled managers, it could have weaker management than it requires. Merit plays no part in the thinking behind either the apartheid way or the democratic one.

For decades black businesses struggled against racist laws that interfered with their functioning at every step. Black people were not allowed to own more than one business, manufacturing businesses had to be situated in the homelands, they could not employ whites and so on. The success of business people like Habakuk Shikwane, Sam Motsuenyane and Richard Maponya was nothing short of miraculous.

To compensate for the past disadvantages of such black entrepreneurs, today’s BBBEE rules give black businesses an advantage of 10% or 20% depending on various factors when selling to government entities. But whether that rule is applied depends entirely on the leadership of the entity with which you are dealing. Many in fact deal only with businesses that are 100% black owned, regardless of the service they receive. The small white-owner-run, or partly white-owned business, often has no chance of supplying them.

In the past, sporting activities too were rigidly segregated. Only whites were selected for national teams. After 1994, efforts were made to apply quotas to national teams. In one incident, a white tennis player, Adele van Niekerk, had to return her medal because, according to the authorities, the racial composition of the team was wrong.

Since then, teams have been selected largely on merit. But in the heated atmosphere of the local government election campaign the flower of non-racialism seemed to have withered, if not died, with the minister’s determination to impose a 60% minimum of black players on all teams. Presumably he is talking about all teams that currently have a majority of white players. He has said nothing about a minimum of white or Indian players in the national soccer team. Of course, such a minimum would be as absurd as the minister’s intention is with cricket and rugby.

In education, the picture is more complicated. Under apartheid, vastly more money per head, was spent on educating white children in the Model C schools. Today, the system is essentially unchanged, excepting that the black middle and upper classes have been absorbed into the former Model C schools. Some township and rural schools are no better off than they were under apartheid. The parents of middle-class kids (now no longer only white) in urban Model C schools invariably pay hefty school fees, so that the level of teaching and facilities remains substantially higher than at rural and black township schools.

At university level before 1994, some institutions defied the apartheid authorities to allow mixed classes, and staff members who were not white. Since then, university administrations have continued to struggle with the concept of race. The University of Cape Town came under attack in 2013 for having only 48 black academic staff out of 1,405. On the other hand, white students have been turned away from the University of Pretoria's veterinary school, the only one in the country, despite having far better school results than many who were accepted.

"I was thinking, which is the best way out of this wood: it's getting so dark. Would you tell me, please?" – Through the Looking-Glass, and What Alice Found There

At the University of the Witwatersrand, admissions to all faculties, excepting medicine, are on the basis of merit. Vice-Chancellor Professor Adam Habib has written: "The danger with differential requirements for distinct racial groups is that, while it enables historical redress, it simultaneously runs the risk of undermining the constitutional goal of building a new identity.

"Young white students feel they are being asked to pay for the sins of their parents. It has also the perverse consequence that privileged black students, the children of the BEE barons and the politically connected, are put on an

The racist laws of the apartheid regime have resulted in a reaction, in the face of which the current government seems helpless

equal playing field with the most disadvantaged within the community."

Of their faculties, the one under most pressure is medicine, where only 230 can be accommodated from as many as 8,000 applicants. While all other Wits faculties select students on a strictly merit basis, the Faculty of Medicine found that to serve the needs of both community and constitution a broader approach was needed.

"We felt that a bald choice between affirmative action and merit was not the only way. As our thinking developed we asked ourselves why an outstanding matric pass makes someone a more promising candidate for a career in medicine than someone with a caring attitude, someone with an active social conscience or someone who speaks five indigenous languages and is able to communicate more easily with patients."

Fully 27% of the students in the medical school are white, very similar to the rest of the university where merit is the only criterion. "We see no conflict here," says Habib.

There is no doubt that race is almost as important today as it was in Hendrik Verwoerd's time. Upliftment programmes, grants for old age homes, and many other elements of life are again being decided on the basis of race, rather than need. If you are white and you open an orphanage for abandoned and premature black babies, don't go looking for government assistance. Just such a refuge exists on the outskirts of Johannesburg and the good people who run it receive no government help at all. The irony of it all is that if such decisions were made on the basis of real disadvantage and need, the vast majority of beneficiaries would be black anyway.

"Curiouser and curiouser," cried Alice. – Alice in Wonderland

From the tangle of racial devices and diversions emerges the word "transformation". It is not to be found in our Constitution or in our laws, but it is used by some as if its efficacy is beyond question.

Professor Pierre de Vos of UCT, referring to transformation, asks, "Do they mean that we should continue as before, but should have less white people with their snouts in the trough and

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more black people benefiting from the spoils of a system that remains – in its essential structure at least – not much different from that which operated under apartheid? ...transformation has become a catchphrase to justify greed and self-interest and prevent the fundamental changes needed to actually address monumental poverty... it has become a hollow and empty word, devoid of any real meaning.”

Racism has many names. Transformation’s poor relative, representivity, also relates to race. A few years ago the police left a dozen or more posts for helicopter pilots empty although there were plenty of white pilots available. The minister said that it was a matter of representivity.

A white colleague who worked for the Government Communications body was told that, although his work was good, he could not be promoted. The next promotion would have to go to an Indian woman. Presumably this too would meet representivity requirements.

“But how curiously it twists. It’s more like a corkscrew than a path.” – Through the Looking-Glass, and What Alice Found There

Among the strangest of a strange administration’s devices were those that affected the coloured community under apartheid. Their identities according to their identification books were divided into Coloured, Other Coloured, Mixed, Griqua, Zanzibari and others – a total of ten or more different categories. Together with the African groups, Indians and Chinese, San and Khoi, each South African citizen fell into one of some 20 official groups. Your rights, where you lived, with whom you were allowed to cohabit, the job for which you qualified, the business you were allowed to start, the schools to which you sent your children, your social status: all were determined by your official identity. It was an Alice-in-Wonderland world that had an extremely damaging effect on the majority who fell on the wrong side of the divide.

Even stranger than the position of the coloureds was that of the Chinese. Under the Group Areas Act they were white and were allowed to live in white areas. Under the Mixed Marriages and Immorality Acts they were coloured –

There is no doubt that race is almost as important today as it was in Hendrik Verwoerd’s time

heaven help them if they were caught sharing a bed with a white person. Under the law, Chinese were not allowed to live in coloured areas and coloureds could certainly not live in white areas. If a Chinese person married someone classified coloured, heaven knows where they would have lived. If this was not bad enough, they were subject to a range of laws and ordinances, covering mining precious metals, owning land in the Transvaal, admission to schools and so on.

Thank God for a new democratic dispensation, our Chinese citizens must have thought. But at the Financial Sector Charter meeting in June 2005, this was decided: “The DTI is absolutely clear that the definition of black people as contained in the latest draft of the codes will stand. This excludes the classification of Chinese people as black for purposes of BBBEE.”

A last word on the new anti-racism law: according to a recent poll, only 4.7% of South Africans see racism as the biggest challenge facing the country. On the other hand, 55.9% feel that unemployment is the country’s biggest challenge. Perhaps if you are helpless to address the country’s real crisis, it may be in your interest to create your own.

Who then are the racists? Those who once voted for apartheid and now cannot get over the country’s change of leadership? No doubt, they are. But what about those who practise racial policies under the guise of democracy, and have the power to implement them? How will history judge them? ■

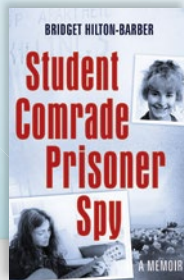
NEW ON THE SHELVES

THE LATEST NON-FICTION MUST-READS.

Good Cop, Bad Cop is a personal account of the perilous and often conflicting work of a SAPS officer. Brown illustrates how difficult the job of the police is, and how easy it is to react with undue force. Yet he argues passionately that the role of the police is to be a service to communities and not a force to suppress social discontent. Gripping and thought-provoking.



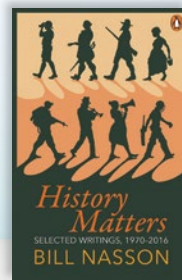
In his new book, Richard Calland explores possible futures for South Africa, showing how the next few years are the most critical since the 1990s, and how South Africa can set itself on a path to either success or failure.



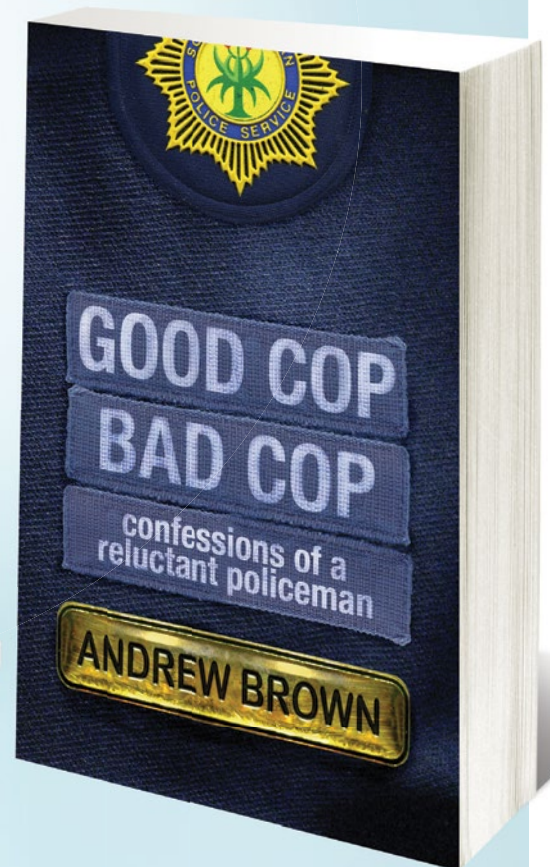
A story of friendship and betrayal: the book recreates Bridget Hilton-Barber's friendship with Olivia Forsyth, and Olivia's participation in anti-apartheid activities, before it was discovered that she was a police spy.



Fred Khumalo runs riot, contemplating the pressing issues that continue to confound, infuriate and exasperate the nation – or to sink it into further controversy.



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How to save South Africa

Moeletsi Mbeki says we need to take dramatic action to avoid social and political chaos. His new book postulates four possible outcomes. By Sue Barkly

MOELETSI MBEKI, POLITICAL analyst, thought-leader, entrepreneur and brother of the more famous Thabo, has made some powerful assertions: he says speculation that Jacob Zuma will fall from the presidency is “exaggerated” and he’ll serve his full term until 2019 because there’s no real will within the ANC to recall him; South Africa is experiencing a hidden civil war, as a result of endemic poverty that will eventually boil to the surface; and South Africa’s “Tunisia Day” when the masses take on those in power, will come in 2020 “when China concludes its minerals-intensive industrialisation phase,” forcing up the price of South African minerals... the prices will drop and the ANC will be forced to cut back on social grants, causing the masses to rise up against the powers that be.

Whatever the case, people should stop obsessing about the ANC, because it is “not the future of South Africa”.

In May, Mbeki found himself at the centre of a Twitter controversy after saying (at the Franschhoek Literary Festival) it was a myth that white people control the South African economy.

Given his propensity for hard-hitting commentary, his latest book, *A Manifesto for Social Change: How to Save South Africa*, will not go unnoticed. In it he draws attention to the fact that the largest social class in South Africa is made up of people who do not work and therefore live in poverty. Through



sheer weight of numbers, it is this underclass that decides who gets elected.

“As the majority, they should be among the country’s key decision-makers. Instead they get crumbs from the government in the form of social welfare grants.” This, says Mbeki, is why South Africa has arrived at similar crossroads to that which the French reached in 1789, the Americans in 1860, and the Chinese in 1978.

“The great majority of South Africans today expect economic changes that go beyond social welfare programmes. There’s something very, very wrong with South Africa,” says Mbeki, “and something very wrong with how

the current political elite are managing South Africa.”

Uncannily anticipating the local government elections outcome of coalitions being formed between the DA and EFF, he says what is needed to turn around the country’s poor economic growth is a new coalition between the owners of capital and the huge underclass – the two key groups that support economic growth.

The book was written in collaboration with Moeletsi Mbeki’s niece, Dr Nobantu Mbeki, daughter of his late younger brother, Jama, a lawyer who was killed in 1983 by apartheid agents while he was active for uMkhonto we

Sizwe in Lesotho. Nobantu teaches economics at Wits University.

The authors attempt to answer the question: Why is South Africa's economy not growing? They deduce that this is because there is a gridlock caused by the conflict between the political elite, which controls the state, and the economic elite controlling the business sector.

"This conflict, which is behind the low economic growth, the high levels of poverty, the lack of investment, is about how to distribute the country's gross profit or its economic surplus. The political elite tax the profits and the income produced by the business sector and pay themselves phenomenal salaries.

"Even the IMF, in their recently released country report, complained about how highly paid the public sector employees are in South Africa... saying they take a huge part of the national cake for themselves. The money that is taxed out of the production sector, and consumed by the civil service and the political elite, should instead be creating new infrastructure and going into job-creating investment."

These two elites – who effectively make up the ruling class of South Africa – comprise just 105,000 members: "you could fit them all into the FNB stadium comfortably".

"Our fate in this county is controlled by decisions made by a handful of people, consisting of 0,44 percent of the working age population," says Moeletsi Mbeki. "What is needed to break the impasse is a new coalition."

We are meeting at The Book Lounge in Cape Town, just before the launch of the book – the third in a three-volume series which started seven years ago – looking at the causes of development obstacles in South Africa and Africa.

It is only days since the IMF has warned that South Africa must slash its bloated public servants' wage bill. A few days after our interview, the Reserve Bank would leave interest rates unchanged and forecast zero growth.

Moeletsi Mbeki, recognised in South Africa as a key ideas man and for his relentless criticism of the ruling ANC, comes across as urbane, sophisticated and well-travelled. He is also intensely private. Attempts during our interview to get him to speak about his childhood and his family life as the son of strug-

gle heroes Govan and Epainette Mbeki, fail dismally. "My memory is not good," he says. "You can find all that in Mark Gevisser's book on my brother." He is talking about the masterful 900-page biography, *Thabo Mbeki: The Dream Deferred* which offers brilliant insight into the illustrious family.

He is also determinedly mum about his private life, only confirming that he lives in Johannesburg with his wife Thandeka Gqubule, one of the SABC journalists who were recently suspended then reinstated after speaking out against the COO, Hlaudi Motsoeneng.

"I don't normally talk about family matters... I have a big famous family, and we don't get involved in personal issues," he says.

Besides his work as political analyst and writer, Mbeki is also deputy chair of the SA Institute of International Affairs (SAIIA) and serves on the council of the London-based International Institute for Strategic Studies (IISS). In this capacity, he has just returned from a conference in Singapore, on Asia Pacific security – "a massively important annual conference about the state of the world and the security challenges faced by nations," he says.

Moeletsi Mbeki is also a partner in and chairman of KMM Review Publishing Company, and a shareholder of the TV production company, Endemol Shine SA.

A Manifesto for Social Change comes more than 20 years after apartheid ended. Since then, Mbeki says, a new society has come into existence. The

**The political elite tax
the profits and the
income produced by
the business sector
and pay themselves
phenomenal salaries**

book sets out to investigate the phenomenon of the "gridlocked" nature of our society and to unpack the root elements of "this current crisis".

After apartheid ended, the world imagined a South Africa at peace with itself, but more than two decades later, the country appears to be retreating further and further from this vision, he says. "Almost all the hallmarks associated with the old, repressive, white minority regime seem to remain in place, including a brutal police force, arrogant mining companies, rampant infectious diseases, millions of young people condemned to a futureless existence by a failed education system, growing inequality, especially amongst blacks, and runaway corruption.

"Old South Africa lives on. And now the situation has reached boiling point."

How did we get to this dire state?

"We had a breather, but we actually never left the old system," he explains. "South Africa is an old economy which was founded on the use of violence against the workers and it continues on that route."

Mbeki says the machinery for violence has always been in place, starting with the Dutch East India Company introducing slavery in 1657. "A slave-driven economy is a violence-driven economy. Slavery lasted till 1838, and by 1839, another stream of violence had started, which was the dispossession of the native population. The second stream of violence in the economy went on until 1899, when the Boer republican army led by Paul Kruger defeated a black army on the banks of the Limpopo. By then, a third stream of violence, the mining industry, had come into being, which again forced rural African peasant men to go and work in the mining industry. That stream of violence continues to this day...

"The South African production system is founded on the use of violence and force against the people who work in the major industries of this country. The latest rendition of this was at Marikana in August 2012, where the state slaughtered miners wanting better working conditions..."

In South Africa today, says Mbeki, there are five core social classes: the economic elite (directors and shareholders that control the country's pro-

ductive assets like banks and mines, as well as comprising the highest levels of skills employed by them, such as managers, engineers and accountants); the political elite who control the state; blue-collar workers, who are the manual workers in the economy; the underclass and unemployed, who do not work; and the independent professions made up of lawyers, doctors, engineers and consultants etc and those who work for non-profit organisations.

Figures from Statistics SA show that the economic elite comprise 84,766 people: the political elite comprise 20,270 people, the economic and political middle class comprise about 2.3 million people; the blue-collar workers are made up of just over 9 million people; the underclass and unemployed, 11.7 million people; and independent professionals and NGOs 431,517.

The most striking thing about the social structure of South Africa is that the largest social class is the underclass. "Of the estimated 23.6 million South Africans between the ages of 15 and 64 in 2014, half fall into the category of the underclass, the bulk of whom are unemployed." This, he says, helps explain South Africa's massive inequality.

"It is clear that the blue-collar workers and the trade unions are not the culprits responsible for the low growth in the economy," he says.

Mbeki cites economist Thomas Piketty who identified the centrality of political power as the determinant of how economic benefits are distributed in society. It is no accident that, in his book, *Capital in the 21st Century*, Piketty states over and over again that "inequality is neither God-given nor spawned by forces of nature; inequality and its counterparts, especially social conflicts are an outcome of the social structure of a particular country.

"Understanding the social structure of South Africa is therefore central – not only to addressing our inequality and its deep conflicts – but to understanding why our country's economy barely grows, dogged by high levels of unemployment and poverty."

South Africa, says Mbeki, is a stunted capitalist society because its economy is unable to absorb, in a productive way, nearly half of its working age population. "A society in which almost

The coalition we propose is between the underclass, as the largest constituency of our country, with the owners of capital

half of its adult population is literally pensioned off cannot develop in a significant way."

The key weakness of the economic elite is that it does not control the state, resulting in numerous "hold-ups", as a result of their dependence on the state for electric power, rail transport and ports.

"The insecurity of the owners of capital is one of the central development problems South Africa has and it is a major contributor to the stunted capitalist society."

Mbeki says the difference between the previous Afrikaner nationalist elite and the current African nationalist elite group is that the Afrikaner elite, which dominated between 1910 and 1994, were owners of property and productive assets.

"The elite who took power after 1994 did not own productive assets so their consumption has been financed through state revenues. Broadly speaking, this is what has happened throughout much of sub-Saharan Africa: the use of state revenues to finance the private consumption of elites means ever-increasing direct and indirect taxes.

"The consequence of diverting resources to the private consumption of the elite is that we have fewer and fewer funds available for investment to create employment. Today, one-third of GDP goes to government spending and more than half of that spending

goes into salaries and social welfare.

Above and beyond the shrinking private investment by enterprises of scale in South Africa, the only resources that are available for productive investment are loans, foreign direct investment and foreign aid. "It should therefore come as no surprise that South Africa has one of the highest unemployment levels in the world."

According to Mbeki, South Africa's blue-collar workers are "not what Karl Marx would call the grave-diggers of the capitalists' system, but rather a minority caught in the middle of two powerful opposing forces: the ANC-controlled state (keeping in mind that the underclass forms the largest voting bloc in the electoral system and accounts for nearly 70% of the people who vote for the ANC) and capital.

"What we have to do in South Africa is reconfigure the political and economic elite, who control the economy. The coalition we propose is between the underclass, as the largest constituency of our country, with the owners of capital. How do these two create a new coalition? Well, we are open to suggestions... but what is common between them is that they are the two key classes that support economic growth: for the underclass, if there is no economic growth, their children and their children's children will be stuck at the bottom of the pyramid forever.

"They've been stuck there since Cecil Rhodes started building the mining industry and they will be stuck there for another 150 years if they don't capture political power themselves. But they need allies to do that. Capital also knows that if capital doesn't grow it will decay.

"These are the two key constituencies in South Africa that want economic growth and that is the new political coalition we advocate in the book."

Mbeki is at pains to elaborate on the size of the so-called underclass in South Africa. "Looking at the rest of Africa, you would not find that proportion of the population that is not in employment. If you compare South Africa to the rest of sub-Saharan Africa and look at youth (15-24 years old) unemployment, 11% are unemployed in sub-Saharan Africa, compared to 52% in South Africa (excluding those at school).

"The main reason we have so many

unemployed is because of the destruction of peasant agriculture.

“Cecil Rhodes and his team, in setting up mining in this country, set out to destroy peasant agriculture; first in the Eastern Cape, then Natal, then in the rest of South Africa.

“In the rest of sub-Saharan Africa you have low unemployment because people between 15 and 24 work on the family farm, growing maize, wheat, cotton, tobacco, tea or coffee. A peasant in Tanzania may be poor but that peasant is growing crops for his/her own consumption and the world market. Twelve million South Africans don’t produce anything.”

Mbeki’s interest in this phenomenon might tie into his own family background, which is described so well in Mark Gevisser’s book. Mbeki’s father, the struggle icon Govan Mbeki, came from the Mfengu (Fingo) people, who were Christian converts that benefited from their relationship with the British in the Eastern Cape. As Gevisser writes: “They were the avatars of Cape liberal capitalism... educated, aggressive and unhampered by the feudal restrictions imposed by traditional hierarchies. They thrived... and became the first Africans to ride horses, farm commercially, build four-walled houses; teachers, preachers and clerks.”

Mbeki’s mother, Epainette, was from a very similar background in terms of status, as a Moerane, from the elite Bafokeng clan. Gevisser writes: “When Epainette was growing up, her family’s destiny as landed gentry seemed secure: her father’s dairy farm, sorghum and wheat fields were so lucrative that he was able to send all seven of his children for tertiary education.”

Poignantly, Gevisser later describes how, 40 years later, a young Moeletsi watched his “family heritage crumble”, with his father Govan in prison in Port Elizabeth, his mother struggling to survive in Mbewuleni and his brother Thabo getting ready to go into exile.

Gevisser writes: “The story of the Moeranes and the Mbekis, from aspirant gentility to near-penury and rebellion, describes the quiet, but devastating drama of the black South African rural experience in the 20th Century. Africans were needed for labour in the mines, so the thriving peasant economy that families like the Mbekis and the Moeranes epitomised was ruth-

lessly and deliberately eroded.”

According to Mbeki the new political elite has entrenched its power over the past 22 years; an elite that will not give up power voluntarily because the control of the state and its revenues is the means of sustenance of the current elite.

As explained in *A Manifesto for Social Change*: “The economic interest to be protected is contingent on and embedded in the control of political power. So the face-off between the underclass and the current ruling elite has arrived. The result is that there is really no non-violent alternative as long as the social structure of South Africa remains, broadly, as it is today. There are only different grades of this endemic violence embedded in any given alternative.”

He foresees four potential scenarios: “The first is that we all passively step aside and let the situation as it stands play out to its logical conclusion.

“The second is that this hidden civil war erupts into outright conflict as the underclass revolts, which would lead to anarchy... and when the state resists, it could lead to a massacre.

“The third, is what we would consider a more orderly and organised escalation in violence as either internal or external parties provide support for a violent insurrection by the underclass.

“The fourth, though stabilising, is still less than ideal – and the least likely. This society could simply agree

The story of the Moeranes and the Mbekis describes the quiet, but devastating drama of the black South African rural experience in the 20th Century

to hand political power over to the underclass as a precursor to the underclass forming an economic coalition of its own choosing. That is, the political elite agree to diffuse power but with an inbuilt responsibility attached to this right.”

One means to this end, says Mbeki, is constitutional change to allow for constituency-based voting. “Since it is not in the interests of the ruling party to acquiesce, then it’s the quid pro quo that must form the basis of negotiation for any political coalition which can now no longer subsume the interests of the underclass.” But this will just postpone the inevitable, says Mbeki.

He argues that, for South Africa to become productive and stable, the underclass must emerge from its current status of “perpetual bondage”. How this underclass gets and maintains political power is key. The underclass must be mobilised to become viable commercial players – as they might have become if the mining industry had not destroyed peasant agriculture. Simultaneously, legislation should be used to open up markets to small cooperatives.

“In order to get this political power, the underclass must join with the blue-collar workers who are losing work through dying industries and with a section of independent professionals as part of their coalition. This would form the political arm of a new movement for the re-industrialisation of South Africa and result in new partnerships.

“In short, the only way to save South Africa is for the underclass to control the state, albeit in coalition with sections of the various social classes as outlined above,” say the authors.

“The new coalition must have a different focus from living off society and paying itself these massive salaries, into a new elite that includes the poor and the owners of capital, and that creates an economy which provides employment for all those willing to work. That is really the crux of our challenge to South Africa: to create a new coalition to rule the country that is not as self-centred as the existing coalition.”

Mbeki concedes that the new coalition proposed in the book requires a massive rearrangement of the political dynamic.

“Well, South Africa is an old country which has been through many phas-

es... There have been very big changes in this country that have been resisted with a huge amount of energy by those who benefit from the existing system. The Great Trek is a good illustration of people who opposed the abolition of slavery. They said, 'we are out of here, we can't live without slavery'.

"We are in another cycle... I believe this new coalition is possible."

It is not just South African affairs that absorb Mbeki, who spends a great deal of time travelling in his work for the IISS – and, of course, reading. Sir Thomas More's *Utopia*, Karl Marx's *Das Kapital* and Eric Williams's *Capitalism and Slavery*, as well as CLR James's *The Black Jacobins* come to mind as having influenced him hugely. He also loves Chinua Achebe and Ngugi Wa Thiong'o. And Piketty. And South Africa's own Sampie Terreblanche, whose *A History of Inequality in South Africa, 1652 to 2002*, which he says "is the classic of post-1994 South Africa". He devotes a lot of time to reading about China and the UK, where he was given political asylum while in exile.

"I learnt a lot from the British, notwithstanding the troubles they created for us in South Africa, and from the Americans and Latin America. South Africa is more like Latin America than Europe and Asia, so one has to keep up with what is going on in Latin America to get an idea of where South Africa is going.

"For instance, the newest party in South Africa, the EFF, was inspired by Hugo Chavez in Venezuela. The EFF's politics is more Latin American populist politics than the traditional class politics of Europe and Asia."

Mbeki offers a quick synopsis of the state of the world: "There is a massive arms race building up in Asia, on the Asia Pacific. It is very relevant to us, as the Asia Pacific is linked to the Indian Ocean through the Straits of Malacca. A huge part of world trade goes through Malacca, through the Indian Ocean. So when you have a contest like that, over who owns the South China Sea, it is a huge threat to world peace because you have these very powerful countries like the US, the UK and their allies – and then China itself – which are facing one another down. Then, Britain's leaving the EU is creating turbulence... and we have all those unstable countries in Africa.

South Africa is more like Latin America than Europe and Asia, so one has to keep up with what is going on in Latin America to get an idea of where South Africa is going

"So, interestingly, the continent that is normally very turbulent, South America, is possibly today the most peaceful... but I might be speaking too soon because the crisis in Venezuela is not going away."

On the state of South Africa, Mbeki says: "There are many things that are disturbing about South Africa but also there are many positive things. It is not a desperate situation like Zimbabwe. We have very powerful universities. When I started as political analyst for Nedbank, there were hardly any blacks who were asset managers. The black asset managers were mainly Zimbabweans or Kenyans. But over the years, I could see young black South Africans coming into the industry. So there are lots of positive changes happening in South Africa."

How does somebody like President Zuma get to be so shamelessly corrupt?

"Well, you have to look at the ANC when it was still in exile. The ANC in exile was a state within a state in the frontline states. The leaders of recognised liberation movements had the protection of the governments that gave them refuge. To avoid the liberation movements from getting involved in domestic insurrections against host governments, those same governments gave the liberation movements the status of a state within a state.

"If you look at the ANC, PAC, Zanu, Zapu, MPLA, Frelimo etc, the leadership were in many respects a law unto themselves and protected by the host countries like Tanzania and Zambia.

"There was no rule of law within the liberation movement, so corruption and the use of violence against members were a feature of those periods. Those who had the courage transferred this way of life to a more democratic South Africa... and that's how I understand the very quick rise of corruption in the ANC.

"On the other hand, you had the Bantustans, which were incorporated into the government and brought with them their culture of corruption; and the operatives from the apartheid government itself who got incorporated into the new government. So we do have a very unhappy brew. Nelson Mandela had the authority to keep it at bay but obviously Zuma doesn't. And, anyway, he's a player in that space himself."

Why is there no strong appetite within the ruling party to recall its leader?

"The reality is that Jacob Zuma has no competitor in the ANC. That's what is at the bottom of it. He has no-one competing for his position, unlike during Thabo Mbeki's time when Zuma was competing for the leadership of the ANC.

"So in the absence of anyone competing, there is no motivation for Zuma to be removed by the NEC of the ANC. Secondly, Zuma purged most of the people who were instrumental in putting him into power in Polokwane after he got into power. People like Zwelinzima Vavi and Julius Malema. He got rid of the people most likely to want to get rid of him, some time ago."

Why do people – clearly being let down by the ruling party – continue to vote for the ANC?

"It takes a long time for the effect of the heroes like Mandela, Sisulu and my father to wear off. But they have started stopping to vote for the ANC," says Mbeki. "Just look at the last two elections."

When people stop voting for the ANC, the organisation will "hopefully, pack its bags, go to the opposition benches and start again with a new programme – not ignore the elections and terrorise the voters, like in Zimbabwe". ■



JSE blunder. Monopoly gone nuts

MONOPOLISTS HAVE A WAY OF occasionally losing touch with reality, and proceed to dig holes where previously there was smooth-running roadway. This largely captures the near catastrophic situation that emerged at the Johannesburg Securities Exchange (JSE) – a monopoly for more than a century – towards the end of July.

To be precise, it happened on 21 July, when a stockbroker, in an email to its clients, asked: “Record foreign buying of SA equities has been widely reported in the press the last few weeks – but is the data reported by the JSE correct?”

If foreign buying had continued at the rate postulated by the JSE, foreigners would have owned the JSE two or three times over by Christmas!

According to the JSE, reported the broker, “the exchange had experienced 34 consecutive days of net buying of SA equities by foreigners. In June alone, the data suggests the JSE saw record net inflows of R63.8 billion. This would far surpass inflows in any previous month on the equity market, particularly strange in light of the Brexit in June.

“We temporarily stopped reporting the data on our daily morning report due to our suspicions. We engaged with the JSE to share the results of our data investigation and in a meeting yesterday with the JSE it was confirmed that the current reports seem to be erroneous. The JSE is investigating the matter.”

It did, and on 25 July, a Monday, there was a flood of headlines, such as this one from CNBC Africa: “JSE hit by R98bn computer blunder”. Ouch.

“A computer glitch at the JSE” caused the bourse to misrepresent foreigners as net buyers of SA equities

to the tune of R98bn from May to 20 July.

The JSE blamed a programming error (which, note, continued day after day, week after week, under the noses of more than 500 extravagantly paid staff at the JSE) that affected the manner in which it extracts data from its core transactional systems.

Instead of reflecting purchases by non-residents of domestic shares totalling R98bn it should have reflected an outflow of R36bn over the period.

On the Thursday prior to the JSE’s reawakening, the Reserve Bank, the central bank, had, in its monetary policy committee (MPC) statement, painted a positive picture of the rand that it said was supported by the global search for yield. The bank said that since the beginning of June, net purchases of equities and bonds by non-residents of R107.3bn (whoops!) had been recorded.

On Monday the bank was quick to say that it had taken note of the JSE error: “The JSE has reassured the Reserve Bank that steps were being taken to prevent a reoccurrence.” So much for the supposed “global search for yield”.

The JSE “glitch” has, somehow, impacted monetary policy, which has consequences for every single person in the country.

On the Friday, the Financial Services Board, which oversees the JSE (at least in theory), released a statement to the effect that it “is looking into the circumstances of the lead up and causes of the error, and will be taking appropriate steps in this regard.”

According to a report on Moneyweb, Nicky Newton-King, the JSE’s CEO, was “however doubtful that investors would have based trading decisions on this data as it was distributed to a

relatively small audience.”

Is the entire country, as impacted by decisions of the SARB a “small audience?” More to the point, how can the head of the JSE venture that specific data is only made available to a “small” audience?

Why, then, bother to gather, analyse and distribute data if you don’t expect it to affect trading decisions?

In the world of open markets, the word “small” is fraught with difficult connotations, not least the possibility of “inside” information available only to some, who can trade to their benefit to the detriment of others. What was Newton King thinking?

We are dealing with smart people, according to the numbers, anyway. The JSE’s annual report for 2015 shows that it employed 506 people (more than double the number of 10 years previously) and paid them a total of R496 million. This rounds off to average remuneration per employee of about R1m a year, which must rank the JSE as one of the most incredibly generous employers in the world.

Yet not one of these people had the time, inclination or savvy to peruse outgoing data, to give it a “common sense” test.

There are other questions over the apparent lack of talent at the JSE. The bourse’s major asset is an electronic trading platform which is headquartered at the London Stock Exchange.

The JSE is busy migrating its various trading platforms to the London Stock Exchange’s system. The JSE is one of more than 40 organisations and exchanges around the world that use the LSE’s MillenniumIT trading, surveillance and post trade technology.

Why does the JSE battle to produce data with integrity, when it is using such a well-proven system? ■



Men in the mirror. ANC's time for reflection

YES INDEED MY NOSEY ONES, WE ARE experiencing exciting times in this here Mzansi and there are many issues on which I want to express my “so-highly-regarded” opinion – but without the “French” of course, as per a kind request from one of you *noseys*.

OK, people from the RSA have shown we are not your typical African country. We voted peacefully and there is no-one saying the votes were rigged or sending out little militants to cause havoc.

But, oh my my, poor Juju and his EFF – hate the little boy anyway – did not get a single municipality. Let's put it this way, we are damn lucky that the EFF did not do as well as they envisioned. For crying out loud, do we need a reincarnation of Idi Amin Dada? No.

Remember my friend in Parliament representing the EFF, one Dr Younus Cassim Vawda? I warned him, I said, you don't know the black mentality. Our people will talk a lot of crap, support you, da da da, but when it comes down to it they will vote with their stomachs for their bread and butter, Boeti, and there is only one party that can guarantee that, the ANC.

Mind you, I made that comment to the good doctor after the announcement of the early results. I was over the moon at Juju's “failure” and of course at what I thought was again an insightful observation, prediction. Boy was I wrong. And if anyone had an egg on their face it wasn't me; instead I had a carton not even thrown but viciously smeared on me. You see we had to wait a few more days for the complete results to be announced. And when they were, I was surprisingly enlightened by the fact that not only were the people not swayed by bread and butter issues, they did not fall for the ANC's last-minute campaign

TV slots focused on the organisation's past glory and desperate attempt at reminding us of the bad “white man” and his now black-fronted party.

Well, I have written on several occasions how I support this party of comrades. Some *nose* readers have called me a hypocrite, however, I stuck to my guns and hit back explaining why I support them. But this time, while I did not render my vote for another party, I also held it back from the ANC as my personal protest. I would never try to persuade others not to vote, but clearly I did not need to, because the final results indicated there were millions of Mzansi people who felt as I did.

So, if the comrades want to know why I and clearly a million others turned our backs on the party that no longer resembles anything the likes of Mandela founded, all they have to do is ask the first person they see in the mirror. But just in case that person tells them it's not my fault, then maybe they need to listen to what some political analysts have said: “The ANC took the voters for granted”. If that does not convince them to do some serious soul-searching, allow me to help them with a few specifics.

Let's see... the selling of our country to the Gup-tas; the pathetic denials on Nkandla (who the heck does not know what is being done on their property?); the even-more pathetic Nkandla apology that was

offered as a result of being nailed by the court. Let's not forget about the killings of ANC councillors in KwaZulu-Natal and other provinces because the comrades are fighting for the financially lucrative councillor positions; and of course the inexcusable violence in Tshwane following the mayoral candidate announcement.

The list goes on and on.

Yes, I have egg on my face because despite my personal decision to withhold my vote, I truly believed the masses would still support the



Idi Amin Dada: Channelled by the EFF?

ANC; double egg on me for arrogantly thinking the masses would continue to be bought for a measly loaf of bread and a slab of butter.

Losing Nelson Mandela Bay – and the capital of Tshwane of all places – and barely holding on to our economic hub of Jozi (surely that should wake you up?) but knowing your modus operandi, I'm afraid you will need more than a strong cup of coffee to smell before you wake up.

And, by the way, the President's singing and dancing is no longer entertaining. But at least he has never butchered the national anthem, like that horrible singer at the EFF's campaign-ending rally in Limpopo.

Now that I have been man enough to admit my faux pas, allow me redeem myself, brag, boast, toot my own horn and basically tell myself I am the man who still has a keen sense of observation. Not too long ago I wrote that the government cannot, or should not, expropriate land until they deal with outstanding claims. Now the court says, hey boys, you cannot open the Land Claims window while you still have outstanding claims. Hello, it does not take a genius to figure that out. Thank you, yes I am the man. And I should be appointed Minister of common sense.

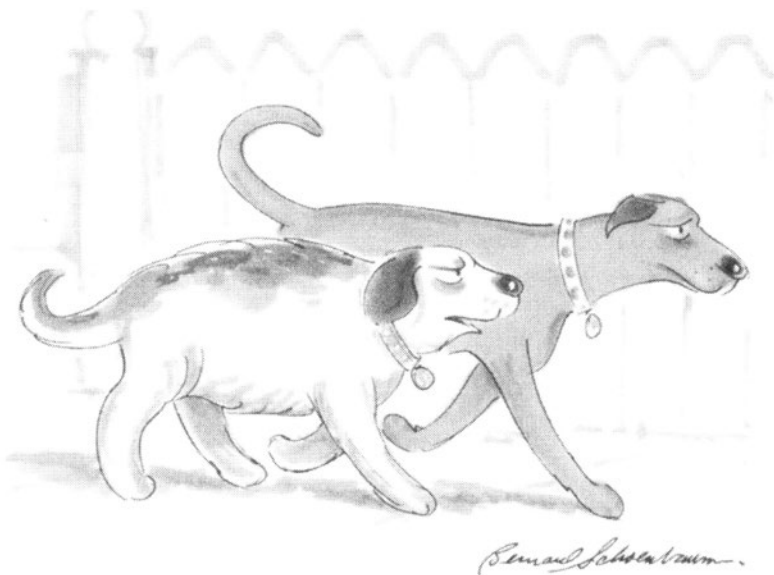
And I cannot ignore the SABC matter. We don't want censorship. How-

ever – and I know I'll get a lot of flak for this – I fully support Hlaudi's decision of not covering violent protests. Hey, it's not news anymore. Talk to the men and women on the ground about a so-called service delivery protest and they'll just shrug and say, *sesijwayelo loko* (we are used to that nonsense).

Moreover, for a scribe on the ground like me, these protests are now putting my life and those of other journalists at risk. They have become very violent. This is not the late '80s or early '90s where there was something for journalists to risk their lives for, such as exposing the so-called black-on-black violence that threatened to plunge this country into civil war.

Sorry, but being caught in the crossfire of warring ANC factions or tribal disputes – as seems to be the case in the Vuwani, Limpopo matter – is not worth being threatened by protestors or taking a rubber bullet from our public order police, who always react when the situation is already out of control. So much for the police's intelligence. Its operatives must be the dumbest in the intelligence game. Twenty-four schools burnt in Vuwani? They couldn't figure something out after the third, fourth or fifth?

No, I will never ever again cover another protest. Unfortunately Hlaudi's arrogance clouded a good decision. ■



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Tangled. Politics and other shark tales

AFTER EIGHT DAYS ON TENTERHOOKS while votes were counted, PM Malcolm Turnbull declared: “It’s always a good time to deliver a victory speech”. His coalition was left with a majority of only one, while the Labor opposition was strengthened. Among an assortment of independents and fringe parties elected was One Nation, headed by Queensland’s Pauline Hanson. Her platform: Australia is being “swamped by Asians” and she also wants a ban on the construction of new mosques. One Nation senator Malcolm Roberts, a climate-change denier, says there is “political fabrication of global warming alarm” and that climate science is controlled “by some of the major banking families in the world” who are colluding “in a tight-knit cabal with the UN”.

“I started finding out things about the CSIRO (Commonwealth Scientific and Industrial Research Organisation of Australia) and the Bureau of Meteorology. That led me to the UN, which has been driving this. Then I started following the money trails.” These, he said, could be traced back to a few families making “trillions” of dollars. One Nation, which is also protectionist, anti-free trade and anti-foreign investment, has four senators and the largest crossbench senate bloc in the new parliament, other than the Greens.

The popular independent senator for South Australia, Nick Xenophon, says the Turnbull government is fundamentally misguided to believe that a concerted public advocacy effort will turn around the broad-based electoral backlash against globalisation and free trade. Xenophon’s main platform has been an anti-gambling push, and he wants online games such as the hugely popular *Counter-Strike* series defined in law as gambling. “This is the Wild West of online gambling that is actually targeting kids,” he warns.



Shark tangled up in an Australian dragnet

It would make a huge international news story if it weren’t so remote, says James Cook University Professor Norm Duke of the death of 7,000 hectares of mangrove shoreline in the far-north Gulf of Carpentaria and in Karumba, Queensland; the result of El Nino conditions and virtually no wet season in 2015. He said that remote sensing had indicated the death of the trees occurred in November and December.

“It’s a major event in habitat response to an adjustment in climate... it may be just the beginning of a chain of events caused by the rotting of the trees’ roots. Mangroves prevent erosion of mud banks and, as they’ve died, a lot of the sediment is going to be released and make the water dirtier and that will kill seagrass and coral. If it involves seagrass, then the implications extend much more broadly, you’re talking about turtles and dugongs... the rangers who are observing locally what’s going on say they’ve seen lots of dead leaves and the shellfish living under the trees are now dying or dead.”

On a more positive note, WWF has bought a \$100,000 commercial shark fishing licence for Great Barrier Reef to prevent anyone else getting hold of it. The licence permits the dragging of a 1.2km net anywhere along the

length and breadth of the reef, to target sharks, but it also permits fishing with lines to catch almost anything it passes over, including endangered dugongs, dolphins and turtles. Shark catches on the Great Barrier Reef almost doubled between 2014 and 2015: from 222 tonnes to 402 tonnes – about 100,000 sharks.

WWF says protecting apex predators is particularly important after the unprecedented bleaching event that has devastated the reef. Removing them from coral reefs disrupted the ecosystem, making it harder to recover. “After bleaching, algae spreads, and where sharks are removed by overfishing, smaller predators like snapper became more abundant. These kill the algae-eating fish and the algae then overwhelms young coral.”

The New South Wales government has banned greyhound racing after a report found that the industry appeared “incapable of reform” by condoning and participating in the mass slaughter of thousands of healthy dogs annually – estimated over the past 12 years at up to 68,000. Industry officials were found to have been aware of the illegal practice of using smaller animals such as possums as live bait for the dogs.

Greyhound racing is a working-class sport in NSW, attracting wagers of

about \$1 billion-a-year and employing about 1,000 people. The industry body, Greyhound Racing NSW, protested that there were many thousands of responsible participants “who treat their greyhounds like family”.

Residential tenancy law reforms will see victims of domestic violence in NSW able to flee faster and without penalty for abandoning a rental property. The new laws, to be introduced during the first half of 2017, will allow tenants who provide evidence of domestic violence through a provisional, interim or final Apprehended Violence Order, or court order, to terminate residency immediately. Agents and landlords will not be allowed to list them on a database where a debt or property damage arose because of a violent partner.

The owner of a store which sold a \$4.95 charger is facing legal proceedings after a woman was found dead, with burns on her ears and chest while wearing headphones – the result of a high-voltage electrical pulse into her phone, which transferred to the ear-

The owner of a store which sold a \$4.95 charger is facing legal proceedings after a woman was found dead, with burns on her ears and chest

phones she was using, connected to a laptop. Maximum penalties for those selling unapproved electrical products are up to \$55,000 and/or two years’ imprisonment for an individual and \$550,000 for a corporation.

Read and weep. A young man whose brother died in 2012 after being “king hit” (one random punch) by a drunk in the centre of Sydney late one night, has taken his life at the age of 18. His family had championed a campaign against inner-city late-night drinking and was subjected to online vilification, abuse and verbal abuse. The “viciousness betrayed a worrying trend in public discourse”, said one commentator. Intentional self-harm is the leading cause of death for Australians aged from 18 to 44 years old. One in three of the deaths of 15 to 19 years old is due to suicide.

Make Bullying History founder, Brett Murray says students acting up by cyberbullying are in search of emotional validation that they should have been getting from parents.

“Their parents are probably so busy with their multi-million-dollar corporations that they can be totally disengaged as parents. Children have all the devices and internet access they want and upper-echelon parents are “clocking off,” he said. ■



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Battler. Drooping the colour

COLONIAL EMPIRE-BUILDERS ARE, OF COURSE, personae non grata these days, and nobody sheds a tear at the sufferings of their pawns. Which is unfair. *Diary of Captain James Maurice Primrose: 43rd Regiment of foot* is a rare daily record of a young British officer's experience of the mostly inglorious and exhausting business of suppressing the Xhosa rebellion during the Ninth Kaffir War.

Intensely PC readers should reach for the smelling salts at this point – the K*#\$@-word litters the diary because that was the term employed by the invaders, without prejudice. Dr Jackson's introduction mentions a possible Portuguese origin for it, as thought to describe "people without religion". Of which, of course, there are vast numbers today. Agnostics, that is. Or perhaps Ag%#2& in PC.

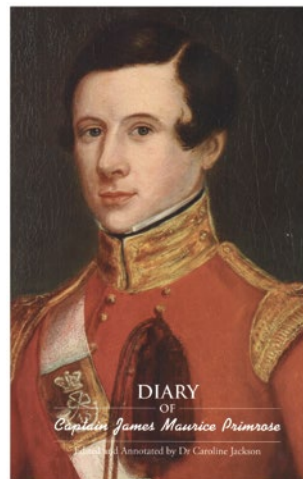
Jackson, a former Research Fellow of St Hugh's College Oxford, states in her acknowledgements that the book is as much a contribution to Xhosa history as it is a record of the exploits of the British army and settlers in the 1850s. The project originated in England, when Susan Tyler drew Jackson's attention to the diaries and paintings of her great-grandfather. The family had stored them in an old deed box. A second diary was found, written in 1879-1880, when he was in charge of British forces in Afghanistan during the second Anglo-Afghan war.

The African experience is recorded with soldierly wryness at the demands made on human beings by the overlords. Apparently the Afghan diary is, unsurprisingly, redolent of exhaustion and defeat.

Primrose's officer father died when the boy was 14. He was packed off to Sandhurst military college, where the records show he was a diligent student of arithmetic and mathematics, French, fortification and military drawing. Watercolours of his African sojourn, some of which feature in the book, are more than competent. The battles were often bloodthirsty, but the pictures are calm depictions of troop encampments and travel in idyllic landscapes.

Primrose's gentlemanly accomplishments survive his active involvements in violent

**DIARY OF CAPTAIN
JAMES MAURICE
PRIMROSE**
Edited and annotated
by Dr Caroline Jackson
(Rhodes University)



sorties aimed at breaking the Xhosa spirit of rebellion, with gunfights, indiscriminate slaughter and military promotional politics.

Jackson notes that other diaries of the period exist, but the Primrose papers are rare, in that they are a daily diary of historic people, times and dangers. The gallant Primrose had previously battled rebels in Canada and assisted the Irish in a time of famine. Trained to obedient discipline, he keeps a cool head despite the horrors of killing and destruction of Xhosa lives and crops. The soldier survives and observes.

Governor Sir Harry Smith is recorded as having demanded that a chieftain kiss his boots (Jackson conjectures he might have developed a taste for such excesses in India).

Primrose is sceptical of his successor Sir George Cathcart's long-term policy of extricating British forces, leaving towns defended by forces raised locally from the white population. He has little time for the people of King William's Town, accusing them of "fattening on the military. Everything is at war price. Provisions dreadfully dear and as for other things they have risen 20 per cent..."

The essential soldier in him was horrified by his first impression of British troops who had been in the African field for long periods. "What a sight!... All the men and officers had grown long beards and some were nearly black from exposure in the atmosphere night and day... their accoutrements had never been cleaned since they started on Patrole [*sic*]. The horses were in wretched condition... no one who has not witnessed the return of a Patrole can possibly conceive the appearance of the whole party – the rags, the dirt, some without shoes...". Soon enough, Primrose was sleeping rough on wet ground, and surviving on short rations.

The 43rd Regiment moved on to India (more tiresome rebels to be suppressed), and marriage in Bangalore to Elizabeth de la Poer Beresford, of distinguished Anglo-Irish ancestry. They had five daughters.

It was an understandably weary General Primrose who eventually retired after the disillusionment of war in Afghanistan, land of eternal war. ■



Weighty matters. Body of evidence

WAY BACK IN THOSE GREEK DAYS there was a lad name of Milo who when he was but small made himself the model for all bodybuilders evermore. This, simply by watching the family cow during pregnancy, and the moment the calf appeared, by picking it up and placing it upon his shoulders; every day over the years he did this until the calf was a bloody great bull and he to match, more or less. Also, of course, he ate great quantities of nutritious nosh to match the exercise, turning this into living flesh and bone.

And here we had our very own lad, name of Tromp van Diggelen, who started in depression days on a diet of pap en koffie and by the time of full manhood would go about lifting above his head motor car engines and the like, bulls being as unfamiliar to townfolk as the beasts of the Kruger National Park. Of course there were those who facetiously supposed he'd now grow as big and strong as a motor car, such sarcasm appearing in open letters to the *Outspan*, a weekly magazine of great popularity for its breadth of opinion and good cheer in those hard times. There, too, appeared advertisements about signing on for a full Van Diggelen course of physical and moral regeneration, which turned out to be exactly what the Prisons Department had in mind for its population of one thousand of South Africa's most ugly criminal long-term bandiete in Pretoria Central Prison.

An evil bunch, to be sure. Why, I vividly remember the Chief Psychologist preparing newcomers for moral life in Central, in the Observation Section known as the Madhouse, where a newcomer would sit solitary for six weeks with a New Testament Bible to sort out his antisocial attitude with the help of Jesus before this psychologist would observe him for suitable work. My cell being near to the psycho office I took note of the psychotherapy: mumble

mumble... silence... a yell – Kyk hierso, jy laaik my nie en ek laaik jou not a vok! Drie maaltye! Three meals, which means three no-meals tomorrow.

Ah well. Then again, long-term incarceration demands that the body somehow get exercise, and here arose a problem: the bandiet community had no access to any sports field, and in any case outdoor running was much discouraged. But indoor sportsmen particularly favoured boxing, half the community being here for GBH, grievous bodily harm, and much enjoyed beating folks to the ground with bare knuckles. Here Tromp van Diggelen prescribed the use of boxing gloves and lifting great big stones over one's head and a diet for all as follows: Pap. Kaapse stokvis, brought to Pretoria in wet sacks, fried in animal fat (lard). Cabbage, boiled. Mielierys, boiled. Animal fat poured on the cabbage and mielierys. Koffie, made from a bean unknown to botany.

And here one morning when I'm doing my silent solo indoor exercise, walking up and down between the cells, I see the Observation Section cleaner bandiet, one Blackbeard, pestering the Observation Section warder, one Pieterse, who is trying to write something down at a sort of desk. Blackbeard is a breker, a street fighter, composed almost entirely of scar tissue, now he's bragging about his prowess in fist-fighting.

The reason is that Pieterse is the Transvaal Middleweight boxing champion. On goes ou Blekkie. "I know if I took you on you would eventually win," says he, "but I'd give you a good go."

Eventually Pieterse puts down his pencil and moves to his office. His movement is that of snake, a rinkals.

He comes out with a single boxing glove which he puts on his left hand. Okay, says he, give me a go.

Blekkie lunges and Pieterse dodges his head ever so slightly to the

right like a rinkals and lands

ou Blekkie an overhand left

moerse vokken vuisslag

to the middle of his forehead

which spreads him out

on the floor. He returns

the glove to his office

and goes about his

writing. That's obser-

vation for you.

Then there's

King of Bandiete

Johnny Scholtz,

he's pushing the

Indeterminate,

9-15 years, he's

in year 10, his

buttocks are like

an old truck re-

tread from all

the lashes he's

taken over this

menacing prison

time for

staff and now he's just realised

if he can get paroled for good behav-

our he might yet get to sit on a sunny

beach eating ice cream, with a pretty

missus nogal. They've rewarded him

with A-group status which allows

writing certain friendly letters to peo-

ple outside, and his first letter is to

the *Outspan*, thus: Dear Tromp van

Diggelen, before taking your course I

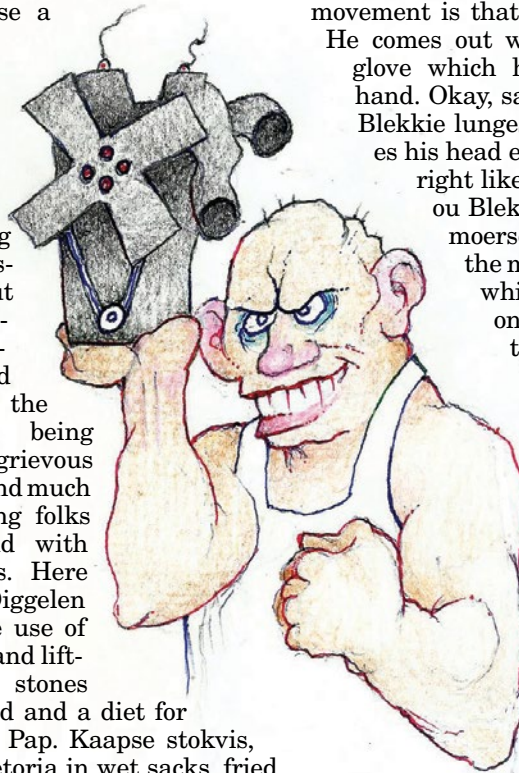
used to get such an erection I couldn't

bend it over the edge of a table using

both hands. Now I can easily bend it

double with two fingers. Am I getting

stronger or weaker? ■



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