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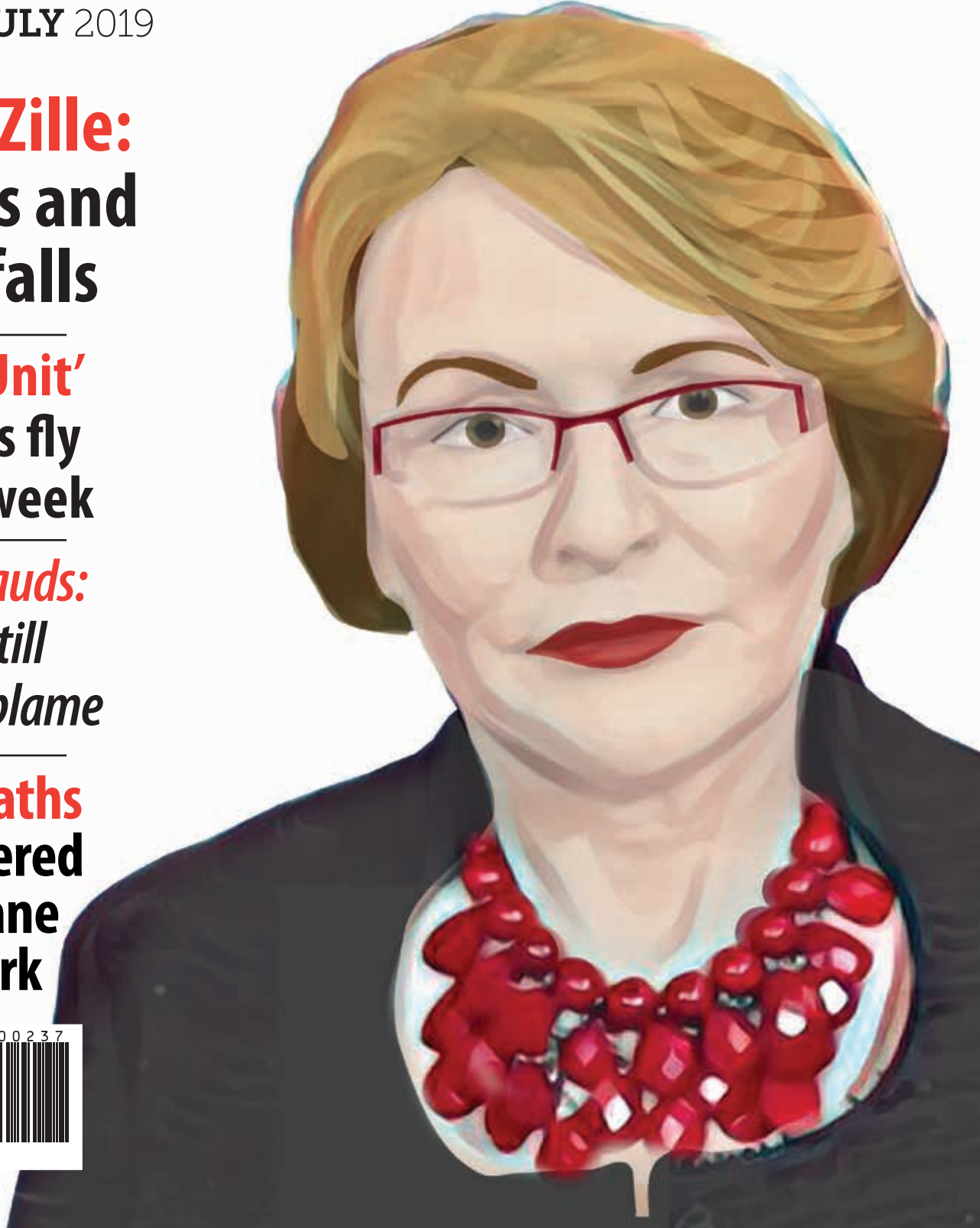
ISSUE 237 JULY 2019

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politics and
its pitfalls

'Rogue Unit'
chief lets fly
at Noseweek

Kebble frauds:
Investec still
dodging blame

Child deaths
unanswered
at Tshwane
waterpark



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Letters

Judge Anton Steenkamp 1962-2019

MANY OF THE PRACTISING LABOUR LAWYERS who are also loyal readers of *Noseweek* want to express our condolences to Judge Steenkamp's family and friends on his untimely passing. Labour Court Judge Steenkamp is celebrated as not only a solid and fair jurist but a great friend to all of us.

Michael Bagraim
Cape Town

Evangelical prayers

RE: *NOSEWEEK'S* EXPOSÉ OF VACATION HUB International's "evangelical" marketing style (*nose236*). The National Consumer Council (NCC) has received 219 complaints about VHI over the past two years and now plans to prosecute VHI at the National Consumer Tribunal.

A prayer answered
Port Elizabeth

■ Sounds exactly like those arch scammers The Holiday Club!

Micky T
Randburg

Optimist on twitter

I HONESTLY THINK SOME SOUTH AFRICANS are smugly satisfied when our nation fails. It reinforces their belief that our country could never have succeeded under a democratically elected majority government. It's almost as if they will be disappointed when South Africa rises again. And it will.

Simon Grindrod
via Twitter

Pessimist's response

WHEN?

Nigel Lees
via Twitter

Iqbal's chin

VERY SHORTLY AFTER IQBAL SURVÉ SACKED Alide Dasnois and others, it finally became clear to me that Survé was also a promoter and apologist for the ANC.

Even the readers' letters were selected to reflect this. The rebuttal letter from Helen Zille that wasn't published is a case in point.

I cancelled my subscription to the

newspaper and am very happy to be a subscriber to *Noseweek* instead.

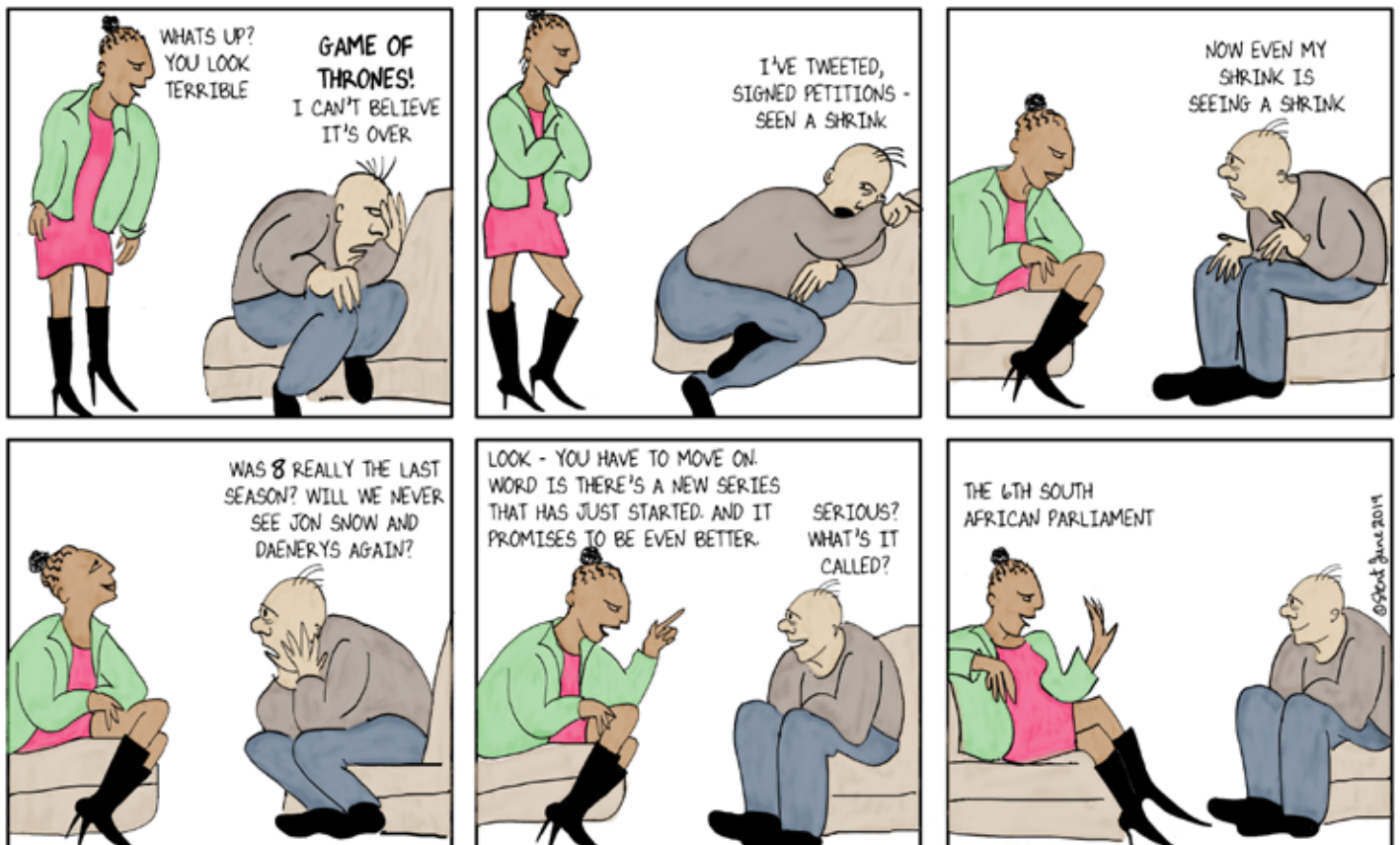
Keep attacking this conceited blowhard.
P Gecko
Cape Town

Cannabis an economic cure

CONTRARY TO THE MYTH THAT CANNABIS IS responsible for causing mental health issues, there are many studies on the benefits of cannabis in management of anxieties and depressions. There is quite a bit on how helpful it can be in managing Post Traumatic Stress Disorder, for instance.

I have been thinking about our conversation, the questions you asked, and the points that you made. I took away a feeling that you have a deep scepticism, and you seem persuaded by very painful, close experiences that cannabis can be causal in severe mental illness. I feel this pain, but evidentially, there is no found causal link between mental illness and cannabis consumption, despite there being a correlation, usually in teens predisposed to schizophrenia genetically. ["No causal link" but there is "a correlation"? Surely the

Stent



correlation suggests a causal link? – Ed.]

You asked me if I thought weed is a miracle cure. I don't. Nothing cures cancer, otherwise we'd have it in capsules by now. Nothing fixes schizophrenia other than psychiatry. You can't rub weed oil into an open wound and expect a cure.

I like it. It balances me; levels me. I'm in my fifties and for the first time in my life, I can be comfortable and rock the dope smoking. There are myriad pundits extolling the virtues and the properties of the weed.

There is enough evidence to suggest that an enabling policy environment could facilitate broad scale local economic development. What I want to achieve here, is to buy more time for policy making, to accommodate research on the socio-economic impact that a less regulated set of licensing laws, and legalisation for adult use of cannabis and cannabis products. Keep it semi-scheduled until science has had time to do some proper research, but make it legal for people over 18/21 whatever the number, to use at their own discretion, grow, trade and distribute.

This also opens up the medical market as small businesses begin to grow the herb for private consumption. Run the tests on how it affects driving ability and ability to operate heavy machinery etc, but allow the people of this country to have an economic stake.

I want to make a point on licensing. I think there should be a system for licensing at different entry points, with the home grower allowed to do their own thing, and for micro-enterprises to get an entry level licence, that sort of thing.

I have launched a social-media campaign and judging from the enthusiastic response, the idea of economic opportunities from cannabis cultivation, production and distribution for entrepreneurs and growers is a popular one. It is sensitive because of privacy and confidentiality issues, but it is rapidly gaining a following and people are engaging constructively on this very issue.

I have posted a promo video on YouTube too, and it is getting a few views. [Links can be found in the online version on this story at www.noseweek.co.za]

I am a member of an online group at 420Magazine.com, and confidentiality is a big deal with that. You can peruse their resources too. There are a number of South Africans who share info there.

I do not have a commercial interest in cannabis. I grow my own window weed. My interest in the Local Economic

Development angle comes from decades of work in that field. What an opportunity for the man in the street to learn a new skill, improve household income and invest capital and general spend in his/her locality.

Thank you for taking the time to grapple with some of the big issues.

Carmen Anderson
Gauteng

Beached condoms

CLEARLY CONDOMS ARE NOT BEING USED (nose236). We need to find another way to prevent the spread of HIV and STDs, reduce unwanted births and promote responsible sexual behaviour.

Noelene Palmer
Newlands, Cape Town

■ TALKING ABOUT SMALL, THERE ARE 195 countries in the world and in about 195 of them the governments have had to order specially big condoms for their citizens. Like our MAX condoms. Normal would never fit, no way.

Effell
Montclair

SARS Rogue Unit

AS A LATE ENTRANT TO YOUR TWITTER WAR regarding the supposed rogue tax unit, as far as I'm concerned, it does not matter how the tax authorities go about catching the many crooks and scumbags who seem to have proliferated in our lawless society, so long as they are caught and brought to book. I'm sick and tired of seeing our hard-earned rands being wasted and pissed down the drain by crooked politicians and so-called businessmen.

Nick McConnell
Howick

Two wrongs don't make a right. See page 10. – Ed.

■ YOU SEEM TO BE AWFULLY CONCERNED about SARS's rogue unit (I will leave it to others to decide whether that should have been within inverted commas) – see, eg "Sikhakhane pressured to withdraw report" in nose236.

I obviously know less about the facts than you do (or than your reporter does). I know only what I have read and heard in the press (including in *Noseweek*). Nevertheless, I have to wonder at your concern. Do you really think that the illicit tobacco trade and tax dodgers need your protection from rogue units? Again, your

(or your reporter's) knowledge is better than mine.

So can you answer these questions for me, please? Are the members of the illicit tobacco trade better, or worse off for the closing of the unit? Are tax dodgers better or worse off for the closing of the unit? Are honest taxpayers better or worse off for the closing of the unit? And then the clincher: Justice Nugent, in his letter to Adv Sikhakhane SC, asked "on what grounds... [were the unit's activities] unlawful?"

There is mention in the [Sikhakhane] report of the National Strategic Intelligence Act but I am not sure what section you referred to as prohibiting the "conducting of covert intelligence gathering" so far as it relates to, for example, "gathering evidence on the activities of the illicit tobacco trade".

Can you answer these questions for me and other readers? I have to admit that against the background of all your reports about incompetent and corrupt police and prosecution services I wouldn't be all that concerned about technical contraventions that might prevent eavesdropping other than by the apparently corrupt, but still I would really like to hear your answers because I am always open to persuasion.

John Mullins SC
Pretoria

Do thieves and murderers really need defence lawyers? See Editorial and page 10 – Ed.

Van Loggerenberg 'misconstrued'

I AM NOT ON BAIL AS STATED BY YOU ["Notes & Updates", nose236] and you have deliberately misconstrued and misrepresented that charge I (and others) currently face. I deny the charge emphatically.

Johann van Loggerenberg
By email

The above is a single sentence extract from former senior SARS official Johann van Loggerenberg's 3,000-word letter of protest; a more extensive extract appears on page 15, and the full text, in our online edition.

We did incorrectly report that the accused were "out on bail": the prosecutors had asked for bail of R5,000 to be demanded of each of them, but the court decided to release the accused on a warning. We apologise for the error. With regard to the charges they face, we believe our description was a fair summary. We once more note Van Loggerenberg's denial of the charges. – Ed.

Letters

Aliar exposed

THANKS TO MARTIN WELZ AND *NOSEWEEK*'S responses on Twitter to Jacques Pauw's lies and in "Breaking News", *Noseweek Online* we now know more than we bargained for!

Transformer Naga
Gauteng

See page 10. – Ed.

Desalination and sewage

I READ THE ARTICLE ON THE FAILING of desalination plants ("Raw deal: desalinator's job is to remove salt, not sewage", *nose236*) with equal amounts of resignation and schadenfreude. I have been warning municipalities of their failing systems since 1998 and so have a few brave colleagues.

Poor decision-making and general unwillingness to take note of any caution or warning from experts outside the municipal system regarding such expensive undertakings as desalination plants led to this mess. At the centre of the problem of the failing desalination plants lies the failure to manage sanitation systems – and the inability to provide valid and reasonable specifications for such tenders. If a municipality cannot even understand the nature, limitations or specifications of a job it requires outside experts to do for them, how can they manage their own operations?

The World Health Organisation recently stated they are concerned that sanitation is not receiving the attention it deserves when the issue of climate change is being considered. The *Noseweek* article refers to a situation where these two concerns (drought due to climate change and desalination failure due to polluted water) collided on our doorstep.

Unfortunately most municipalities treat persons with expert knowledge who are outside their organisation with suspicion or even aggression. They do their utmost to keep information about the real situation they face under wraps. Obfuscation, delayed disclosure of test data until it is too late to identify the source of problems and even demeaning attacks on people who are trying to help or warn have become the norm in many cases. Municipalities react with some version of spin that they reckon sounds convincing. I can't help but think of the old adage "You can't talk your way out of problems you behaved yourself into".

This country is facing a slow disaster of failing municipal sanitation services. We cannot afford to write off rivers. Leaking or overflowing sewage is contaminating rivers and even groundwater sources and reducing our ability to withstand drought. It sickens and even kills people and it seriously undermines our already shaky economy.

As an epidemiologist I am really concerned about the risk of outbreaks of waterborne disease, but there are many other risks in this terrible situation.

But that does not seem to move municipal officials to do their jobs. Transparency and accountability of municipalities have become a sham. How can this alarming state of affairs be addressed? Maybe some powerful people reading *Noseweek* have constructive ideas on this?

Dr Jo Barnes
Somerset West



■ YOUR WATER DESALINATION PLANT STORY (*Noseweek* June 2019) speaks to the problems that arise when the fox guards the henhouse.

The seawater quality data that I and my colleagues published in the *South African Journal of Science* in late 2017 under the leadership of Leslie Petrik, showed that chemical and microbial contamination of seawater in Table Bay was clearly linked to sewage disposal in the sea.

Our investigation began in response to the aerial photographs of the Granger Bay sewer outfall provided by Jean Tresfon, and the on-the-water photographs provided by kayakers. Because the City continued to argue that the marine sewage outfalls had no demonstrable impact on seawater quality, and that E.coli counts were from

surface run-off, we specifically looked for – and found – pharmaceuticals that could only have passed through the human gut. And we argued that putting up a desalination plant close to a marine sewage outfall was inappropriate. That research made front page news in many national newspapers.

Rather than addressing findings published by the leading science journal in South Africa, however, the City of Cape Town Water and Sanitation leaders attacked the researchers in a meeting in early 2018. They have also served a legal letter on Jean Tresfon; taken *Carte Blanche* to the Broadcasting Complaints Commission, and published a libellous article about Leslie Petrik and me in *Daily Maverick* after our research extended to the pollution in False Bay seawater where the city's two other desalination plants were unable to function for much of the summer.

The untruths, distortions and half-truths in their attack on us, lead-authored by MayCo member for Water and Sanitation Xanthea Limberg along with four other leaders of CoCT Water and Sanitation, are ample evidence that CoCT Water and Sanitation officials approach seawater quality management as a matter of reputational warfare, rather than a question of evidence. The only evidence that has been allowed to count, is theirs. Everything else is "fake", requiring reputational attack.

But if CoCT water managers were so sure that their ocean water quality data in Table Bay was so reliable, why did they make it the tenderer's responsibility to source their own seawater quality data?

In what sense is it reasonable or rational to argue, as Limberg has done subsequent to the breakdown of QFS-CoCT Mediation, that the tenderer was to supply their own water quality data across the seasons, when the plant was required to be up and running within a matter of months?

When the fox has guarded the henhouse for so long, the chicken numbers will eventually demonstrate the problem. The City of Cape Town has demonstrated that water management data must be independently managed, independently paid for, and contractors subject to regular independent review.

The stakes are too high to do otherwise.

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Beware a peeping State

WAS THAT CONTROVERSIAL COVERT SARS unit “rogue” – unlawful – by definition? Or was it unlawful because of things it did? And is there any point in making the distinction? On page 10 we take a closer look at the arguments.

That is immediately followed by an angry letter from Johann van Loggerenberg accusing *Noseweek* of malicious reporting, and protesting his and his SARS unit’s innocence on all counts.

A last-minute addition to the argument: Any evidence that SARS obtained by unlawful means could not be used in court to prosecute a tax fraud. At best, the delinquent taxpayer could be extorted into agreeing to a confidential settlement, usually entailing the payment of an amount considerably less than the outstanding tax debt and penalty.

Quite apart from being a form of racketeering on the part of state officials, it resulted in the national Treasury getting less than its due, and the miscreant being able to buy himself/herself out of trouble – and back into the extremely lucrative smuggled cigarette business. The only penalty that discourages such big-time operators is criminal prosecution and a prison term.

Concerns about state institutions – not just SARS – spying on citizens by intercepting private communications without legal reason and the appropriate authority are becoming more widespread – follow the saga involving Sam Sole and the investigative unit, amaBhungane before jumping to the defence of the SARS rogue unit.

In her report on the SARS unit, the Inspector General of Intelligence Dr Setlhomamaru Dintwe reported that Johann van Loggerenberg had stated that when intercepts were required by SARS, they approached police Crime Intelligence to obtain the appropriate warrants. His boss, Ivan Pillay had reiterated this.

Crime Intelligence and the Hawks denied they had ever received such applications. “This actually lends weight to the existence of a covert unit within SARS conducting its own interceptions,” the Inspector General said.

JCI Cover-up, Round 999

WHEN LAWYERS SPEAK OF EMPLOYING THE “Stalingrad strategy” as a defence, they mean, according to Wikipedia, a strategy of wearing down the plaintiff by tenaciously fighting anything the plaintiff presents by whatever means possible and appealing every ruling favourable to the plaintiff. Here,

the defendant does not present a meritorious case. This tactic or strategy is named for the Russian city besieged by the Germans in World War II.

As Jacob Zuma’s advocate, Kemp J Kemp put it: “This is not a battle where you send a champion out and have a little fight and that’s it – this is more like ‘we will fight them in every room, in every street, in every house’.”

The key to this strategy is lots of money. Financial institutions with deep pockets frequently resort to this iniquitous strategy.

It’s fair to assume that Investec and audit ally KPMG have adopted the strategy to avoid the bank being held accountable for its complicity in the multi-billion-rand frauds perpetrated by Brett Kebble 16 years ago, and the subsequent coverups.

We know it has cost Investec and its surrogates in JCI a vast amount of money in legal and in (non-)audit fees. The upside for them: it has, undoubtedly cost their opponents similar amounts – which hopefully they can ill afford. More than a decade of litigation means little to a banking institution or a major audit firm, but could be wasting the last productive years of their opponents’ lives.

The unnamed scandal is that state institutions have implicitly condoned this “game”, to the extent that they must by now be regarded as complicit. That in a country where the fabric of society is coming apart as a result of a dire lack of resources. See page 14.

NOSEWEEK WRITER JACK LUNDIN HAS RECEIVED the following implied death threat from arms dealer Johan Erasmus, following his story “Fake news and Gaddafi’s loot” (*nose235*) which suggested that Erasmus’s colourful account of Gaddafi’s so-called lost treasure might contain a strong element of fiction:

Hi Jack, You always have been a duplicitous piece of low life. You off course failed to mention that you are busy writing a book re the Gaddafi issue. As I understood that [sic] the Gaddafi moneys have been moved through Keith Forre of the CIA. Now the Libyans are going to be very upset. I will ensure your name gets mentioned as a co-conspirator in the stealing of the Libyan moneys. Shame. You really brought this on yourself trying to make me look crazy – you really are a despicable little twerp. Enjoy yourself and keep on looking over your shoulder for them Libyans.

– Johan Erasmus, cochon@mweb.co.za

Incidentally, Jack’s work-in-progress North African novel has nothing to do with the former Libyan leader’s so-called lost loot. – The Editor

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Now Tiso Blackstar cancels pensioners' medical aid subsidy altogether

TISO BLACKSTAR'S ASSET-STRIPPING chief Andrew Bonamour has struck a killer blow to the media group's support of its surviving pensioners – 286 of them at the last count.

Their medical aid subsidy is to be terminated at the end of July. No time to appeal; the sternly-worded declaration went out on June 1. Termination payments are derisory. Bonamour has told Brenda Etherington, 77-year-old widow of Graham Etherington, former deputy editor of the now defunct Evening Post in Port Elizabeth, that she will get R59,767. From that, Blackstar will deduct tax before making payment.

Graham Etherington died in March 2017, aged 77. He joined the group when it was still the Argus Group, wrote South Africa's first wine column, started the country's first consumer column. He was editor of the *Diamond Fields Advertiser* in the 1980s and, shocked to discover that many local children were attending classes on empty stomachs, set up a project he called Feed a Child Today.

Etherington's widow Brenda lives alone in a retirement village in Bryanston. She's South Africa's longest-surviving renal transplant

patient, having received her life-giving donor kidney 31 years ago, in 1988. Her on-going medication costs amounting to R6,400/month, are paid for by Discovery on her Classic Comprehensive cover. When her R1,357/month Tiso Blackstar subsidy ceases at the end of the month she will have to meet Discovery's full monthly premium of R5,368 herself – as well as handle Discovery's expected hefty premium hike in 2020.

Bonamour's R59,767 enforced payout won't cover even one year's medical aid. Indeed, it's a pitiful amount compared to the settlements reached with 51 Blackstar pensioners who went to court in 2017 seeking the resumption of annual subsidy increases, which were frozen in 2014 (*nose215*). Bonamour offered modest one-off lump sums to end their post-retirement benefits for good, but secret settlement talks resulted in the 51 receiving payouts ranging from R96,000 to R384,000. The company's pensioners who didn't join the action, but sat back expecting to benefit from a victory, were excluded from the offer, much to their fury.

Tiso Blackstar is the publisher of *Sunday Times*, *Business Day*, *Sowetan* and the *Financial Mail*, along with a chain of provincial newspapers. Blackstar took effective control in 2012, but refused to continue Times Media's practice of increasing the medical aid subsidy annually to help meet Discovery's soaring cover costs.

The subsidy had proved something of a millstone to the company. By 2012, with 688 members – 383 pensioners and 305 still working – it was costing the company R274m per year. A cash offer by Bonamour the following year invited members to opt out and run their own medical aids, which reduced the cost to R87m. By the end of fiscal 2018 the liability was down to R29.9m. Now Bonamour is determined to slash the subsidy outlay to zero.

In fiscal 2018 Tiso Blackstar

recorded a loss of R275m, with borrowings running at R90m. There have been retrenchments across the titles, with closure of the tabloid *Sunday World* in May.

But Andrew Bonamour hasn't allowed the turndown to hit his own pay packet. Last year the CEO pulled in total remuneration of R11.9m, up a modest R406,000 from fiscal 2017.

The extraordinary bombing of the Tiso Blackstar share price – from R13 back in 2014 to its present R3.20 (at June 14) has been the cause of much speculation.

In July 2017, when the shares were down to R9.25, there was a massive offloading over five months of 7,785,000 shares, which dropped the price to R8.55. By July 2018 it had plummeted to R3.50, before reaching the pits of R2.90 last October.

Never slow for a punt, Andrew Bonamour, cloaked under the name of Aimeth Capital, shelled out R99,275 to pick up 36,100 shares at R2.75 on 19 October 2018. Three weeks later he paid R145,000 for 50,000 more shares, at R2.90. Clearly, he's anticipating a recovery. If they ever hit R9 again, he'll treble his investment.

The remuneration committee's generous award to him last October of 1,192,259 shares under his pet Management Incentive Scheme, too, has potential for profit. The company gave him the shares – valued at R3,338,315 on 26 October 2018 closing price of R2.80 – but under the scheme's rules they won't be handed over for three years, and then only if Bonamour has achieved his performance conditions. However, if the share price by then should have recovered to R9 or more... wow – another triple up!

Andrew Bonamour was away and unavailable for comment. The office of group MD Andy Gill requested written questions – but Gill failed to reply to any of the 10 submitted.

– By Jack Lundin ■



Chief Executive Andrew Bonamour

MRC asked at Australian AGM if it will put up reward to help find killer of Wild Coast activist

AUSTRALIAN MINING COMPANY Mineral Commodities Ltd (MRC) was asked at its recent AGM whether it would finance a reward for information about the murderers of Xolobeni anti-mining activist Sikhosphi “Bazooka” Radebe.

MRC is hoping to extract titanium from coastal dunes at Xolobeni in Transkei. The company earned after-tax profit of R130 million from mining South Africa’s similar mineral-rich West Coast beaches last year.

At the recent AGM in Perth most questions – including about specifically targeted social spending – were batted away with a “put it in writing” response. However, MRC executive chairman Mark Caruso did answer one question directly. He was asked by Louis de Villiers, a South African lawyer and environmentalist now living in Australia, whether the company would offer a substantial financial reward for any information leading to the arrest and conviction of the killers of Xolobeni anti-mining activist Radebe, who was gunned down at his home in March 2016 by two men posing as policemen (see Noses 199 & 201).

Caruso’s reply had been unequivocal, De Villiers reported: “It was quite a fiery meeting. Caruso said outright he would not agree to offering a reward, and for the rest he harangued me before closing me down again, saying I should table the questions.”

In a statement after Radebe’s murder in 2016, MRC said it was “not in a position to comment with any authority on the incident” but any claims it was in any way implicated were “simply unfounded”. MRC said it did “not condone violence... will not engage in any activity that incites violence [and] will cooperate fully with any investigations into this incident”.

De Villiers, who held a proxy from a minority shareholder, raised questions about MRC’s operations in South Africa at both its 2018 and

2019 annual meetings. In 2018, he asked whether the MRC board had approved the “SLAPP” suit (Strategic Litigation Against Public Participation) being brought by Caruso and other MRC-linked plaintiffs against six South Africans, with damages’ claims totalling R11.75m. De Villiers also asked for clarity on an apparent contradiction in MRC’s 2017 annual report: the company had announced in 2016 that it was divesting from its Xolobeni mining rights, yet it apparently remained interested in mining there. De Villiers said he had not got any substantive answers.

At this year’s meeting, De Villiers and Colette Rhoding, a retired lecturer with an interest in environmental issues, who also held a proxy, again posed questions. She asked why information about the “SLAPP” suits did not appear in MRC’s 2018 annual report, despite presenting a “significant and material” financial risk for the company.

De Villiers asked whether MRC had offered to help police find the murderers of Radebe and “to ensure calming of the social turbulence within the [Xolobeni] community”, and also whether shareholders would offer a reward to help find the killers.

Asked by *GroundUp* to comment on the questions raised at the meeting, MRC company secretary Peter Torre said Caruso had provided “a reasonable opportunity” for shareholders and proxy holders to ask questions. But, he said, the annual meeting was “not a forum for one shareholder or proxy holder to dominate such questions”. “The company’s preference at all meetings is to take questions on notice and provide a written response given the sensitivities to any statements made by the company and the prolific misquoting and misinformation that circulates regarding the company.”

De Villiers had been asked to provide his remaining questions (from the 2018 meeting) in writing and the

company had compiled detailed answers” Torre said.

“Given the confidential nature of some of the answers, the company sought to obtain a confidentiality agreement with the shareholder [for whom De Villiers held a proxy]... This is common practice amongst all public listed companies prior to engaging with any counterparty in the provision of confidential information.

“Unfortunately the shareholder had divested their shares immediately subsequent to the AGM and as such, the information could not be provided.

“Questions tabled at the 2019 AGM will be responded to directly to the shareholder.”

Torre did not refer to the question or response about the reward.

This week, De Villiers filed a formal complaint with the Australian Securities and Investments Commission, citing MRC’s refusal to allow any form of recording device to be used at the annual meeting and noting that the company had not replied to written questions because it first required a “confidentiality clause” to be signed. “This appears to be nothing other than an intimidatory tactic,” he wrote in his complaint.

In his response to *GroundUp*, Torre also said, “By law, and under the Company’s constitution, the meeting is strictly for shareholders of the company... The fact that members of the public and observers can attend is only by permission of the chairman of any company.

“The very fact that the proxy holder present who asked the questions ... was representing a shareholder highlights their knowledge that only shareholders can attend, otherwise their modus operandi to purchase shares just prior to the meeting and dispose of the same shares immediately subsequent to the meeting would not be necessary.” – **By John Yeld**

● *This story first appeared in GroundUp: <https://bit.ly/2MXYtMS>* ■

Was SARS right to establish that 'Rogue Unit'?

SARS's so-called rogue unit was not unlawful. That was the finding of retired judge Robert Nugent's commission of inquiry last year. 'While the National Strategic Intelligence Act prohibits the covert gathering of certain intelligence, that applies to intelligence concerning threats to the safety of the state, which hardly applies to intelligence relevant to collecting tax,' reads Judge Nugent's final report. The judge concludes: 'I see no reason why SARS was and is not entitled to establish and operate a unit to gather intelligence on the illicit trades, even covertly, within limits.'

But did Judge Nugent get it wrong? Weren't the establishment and operations of the rogue unit specifically designed to counter the threat to the safety of the state from organised crime that was running riot and sapping countless billions of rands annually from the fiscus? And what were/are those 'limits' to what SARS may covertly do? We examine the conundrum.

HOW DID THEY BRING DOWN Scarface? In the 1920s, "The Roaring Twenties", Mafia boss Al Capone ruled over a reign of terror and lawlessness in Chicago that included gambling, prostitution, bootlegging, bribery, narcotics trafficking, robbery, protection rackets and murder. The police and FBI – their officers often corrupt and on the take – couldn't touch him, even when he was prime suspect in the ordered murder of seven rival Mafia bosses in the St Valentine's Day Massacre.

On 24 October 1931 the crime empire of America's Public Enemy Number One collapsed when Capone was dispatched for 11 years to Alcatraz, finally nailed by federal Treasury agents for failing to pay his income tax.

So why not use the same tool of tax to combat the global illicit trade, today estimated by the Organisation for Economic Co-operation and Development (OECD) to be running at almost \$500 billion annually in counterfeit and pirated goods alone? Forty billion illicit cigarettes are smoked in the Americas and governments in the region are losing an estimated \$4.6bn in tax revenue every year due to the illegal tobacco trade.

In South Africa, market research firm Ipsos reported last year that the illegal cigarette trade currently accounts for lost tax revenue running at more than R8bn annually.

From the time Pravin Gordhan was deployed to the SA Revenue Service as assistant commissioner in 1998, the former Umkhonto weSizwe and Operation Vula intelligence boss was determined to plug the loss of these billions to the fiscus. He started with beefing up the SARS intelligence capacity, bringing in as head of Compliance, Risk and Enforcement his old Vula comrade Ivan Pillay. Pillay in turn recruited agent RS536, the long-time police spy Johann van Loggerenberg, then attached to the Secret Service.

By 2007 illegal exploitation of South Africa's natural resources was flourishing. Weak border controls and corruption had allowed large and highly efficient crime syndicates to flourish. Trade routes between SA and China hummed – and still hum – with illicit cigarettes, rhino horn, abalone, clothes, electronics, drugs, guns, human beings and diamonds.

This was the backdrop against which the SARS rogue units were born. On 8 February 2007 Ivan Pillay, then general manager: Enforcement and

Risk, dispatched an internal memorandum to Oupa Magashule, then chief officer of Corporate Services, seeking approval for the appointment of 26 personnel "with specialised capabilities" for a "special capability" at SARS. Twelve would be transferred from the Enforcement and Risk divisions; 14 recruited from outside.

"Combating smuggling of prohibited goods and substance is part of SARS's mandate and as you may know a need exists for a special capability to enable SARS to make inroads in understanding the illicit economy," wrote Pillay. This illicit economy, ran the memo, included the importation, exportation and manufacturing of drugs; illegal harvesting of abalone and its supply; illegal importation of second-hand vehicles; importation of counterfeit goods; and smuggling of cigarettes.

"Fundamental to combating the illicit economy is the capacity to penetrate and intercept the activities of crime syndicates," said Pillay, adding that the 26 posts would be transferred to his cost centre "to protect the identities and personal information of the appointees".

Magashule approved the appointments on 13 February 2007.

A memo to then Minister of

Finance Trevor Manuel, signed by Commissioner Pravin Gordhan and Ivan Pillay, had arrived in Manuel's office the previous day. It sought approval for funding of R48.9 million over the next three years for "a special capability within NIA [*the National Intelligence Agency*] to supply SARS and law enforcement with the necessary information to address the illicit economy."

Its authors told Manuel: "Collecting tactical intelligence invariably means penetrating and intercepting organised criminal syndicates. This is an activity for which SARS does not presently have the capacity (including the legislative mandate) to manage clandestine activity."

The NIA, of course, did have the necessary legal authority to perform these highly specialist functions. Approving the application, deputy finance minister Jabu Moleketi noted: "Supported, however this is a strange way of executing what I consider to be an economic mandate of NIA. It seems as though it's an add-on rather than part of NIA's mandate."

Whether Pravin Gordhan's move to attain legality for his crime-busting initiative by operating within the ambit of the NIA was a serious proposition or an already privately agreed manoeuvre to get round the legal quandary and obtain the funding, who knows. Certainly, inter-agency bickering and mutual suspicion ensured there would never be any link-up between SARS and the NIA. Undeterred, Gordhan and Pillay went ahead and set up the covert National Research Group and its successor, the High Risk Investigating Unit, within SARS, anyway.

Gordhan has subsequently stated that at the time he believed the unit had been lawfully established to perform "very important" functions for

and on behalf of SARS.

This contradicts what he said in the memorandum that he and Pillay sent to Manuel in February 2007, admitting that SARS "had no legislative mandate to manage clandestine activity."

What happened was that a month before the memo was dispatched Sogieba Hartley-Latiff, former legal adviser in SARS's Enforcement, tried unsuccessfully to convince Pillay that the unit would be lawful. "If one had regard to Section 3 of the National Strategic Intelligence Act, as well as to the definitions of departmental intelligence, it is assured that, given SARS's functions, the power to conduct intelligence work is implied," she reported.

Pillay rejected this view: "I think there is a leap in the logic without a proper foundation," he scrawled on the memo.

The recruitment of specialists went ahead. The new arrivals came primarily from the intelligence structures, observed advocate Muzi Sikhakhane SC in his panel's 2014 investigation into the conduct of High Risk Investigating Unit (HRIU) leader Johann van Loggerenberg. In Sikhakhane's view, their arrival "exposed minority activity of idiosyncratic and egocentric personalities, deception, intrigue and plain falsity. It was a product of an ill-conceived idea to deal with a real challenge of organised crime," reads his report.

Although Sikhakhane did not use the words "threat to the security of the Republic", he was clearly well aware of the serious ongoing loss to the fiscus from the illicit industry. "We fully understand that SARS sought to confront head-on the effects of organised crime on its revenue and customs duties," he wrote in his 2014 report. "For some time now SARS has been faced with the growth of organised crime in the tax and customs arenas. Since the late 1990s SARS also sought to increase its efforts in dealing with corruption within its ranks. This resolve and commitment is recorded in various budget speeches of finance ministers.

"The real question however, is whether SARS in its current form has the statutory powers to investigate organised crime."

Not so said Judge Nugent and his commission of inquiry. Although he wrote glowingly of the "higher purpose" phrase coined by Pravin Gordhan and



Pravin Gordhan

instilled in employees when Gordhan was Commissioner ("they were in the service of a higher purpose, the building of a democratic South Africa") the retired judge seemed oblivious to the massive revenue losses to the fiscus from organised crime and the illicit trades.

On the contrary, Nugent said that under a model formulated by Pravin Gordhan and his team SARS had "effective measures in place to counter the illicit trades".

However, in May 2018 the National Treasury told Parliament's finance standing committee that the increase in illicit trade in tobacco not only affected the fiscus (excise tax revenue forgone), but also hampered the government's regulatory mandate as well as national public health policies.

The illicit trade caused substantial losses in government revenues, and at the same time contributed to the funding of transnational criminal activities, went Treasury's presentation. There should be better cooperation between SARS, the South African Police Service and the National Prosecuting Authority. The Treasury was happy to put a legislative framework in place but other institutions must be relied on for enforcement.

After the disbanding of the National Research Group following the alleged 2007 bugging of the offices of the National Prosecuting Authority, half a dozen of its key members were selected for its succeeding High Risk Investigating Unit. All had special skills that hardly fit in with Judge Nugent's image of them as tax collectors. The much-disputed Project Snowman dossier, supposedly composed by former rogue unit member Michael Peega, contains some intriguing profiles:

Anton van 't Wout: Cyber forensic expert used for investigating and



Judge Nugent

pulling of confidential information of concerned parties for investigative and infiltration purposes;

Sipho Nkomo: Former Metro Police commander used for utilising Metro resources for the unit's benefit, from overriding traffic fines to using Metro personnel for road blocks and raids to legitimise the operations;

Gilbert Gunn: Former DSO operative who was the technical operator in the JZ surveillance, tracking of vehicles and master locksmith.

After Sikhakhane concluded that the HRIC was unlawful, Pravin Gordhan countered with an opinion by advocate Wim Trengrove SC, who advised that SARS could keep people under surveillance, follow persons or vehicles, watch a person or property but only in the public domain, and so on. But SARS, said Trengrove, could not place electronic tracking devices on a vehicle to follow the movements of its driver "because it impinges on his or her privacy". Neither could they listen to or record private conversations unless a SARS official was a party to the conversation, or electronically record third-party conversations by using listening devices.

Which makes the WhatsApp exchange between Johann van Loggerenberg and his lover Belinda Walter on 12 February 2014 fascinating reading:

JvL, 1.47 pm: "Going okay. Received the downloads for you. He [Anton van't Wout] is still busy with decryption on cloud and deleted data. But he seems to have salvaged enough for you to work with so long. Will give to you tonight. I need to show you how the software works. A little complicated. But you can search easily. He says he got quite a bit of sms/images/emails/chats, etc."

BW: "Yikes. Thanks very much."

JvL, 1.48pm: "He says decrypton for Blackberry takes long. He has to run millions of codes first."

For more in the same vein, see "Rogue unit WhatsApps that clinch it" (*nose235*).

Sogieba Hartley-Latiff's January 2007 memo to Pillay on Section 3 of the National Strategic Intelligence Act and her (rejected) view of the SARS unit's legality, has been echoed by Pierre de Vos, who teaches Constitutional Law at the University of Cape Town Law Faculty.

On 28 September last year De Vos bragged on Twitter: "Took me 10 minutes of research in 2016 to discover the establishment of SARS investigative unit was not unlawful. Both Sikhakhane and Judge Kroon made opposite 'findings'. Kroon admitted today this was wrong. Why make a false finding at all?" De Vos was referring to his Opionionista piece in *Daily Maverick* on 1 March 2016, when he wrote that his perusal of the National Strategic Intelligence Act's Section 3 allowed any state department to gather departmental intelligence, but not in a covert manner.

"Departmental intelligence is defined by the act as 'intelligence about any threat or potential threat to the national security and stability of the Republic, which falls within the functions of a departmemnt of state and which includes intelligence needed by such department in order to neutralise such a threat,'" he wrote in *Daily Maverick*. "This means the National Strategic Intelligence Act does not prohibit a government entity such as SARS from gathering intelligence, even covertly. It does confirm that the *covert* gathering of 'departmental intelligence' (intelligence

relating to a potential threat to the national security and stability of South Africa) by SARS would be in breach of the act."

His Opionionista piece goes on: "It is unclear whether even the most outlandish allegations levelled at the 'rogue spy unit' contains any suggestion that it investigated potential threats to national security in contravention of the provisions of the act. In the absence of credible allegations, the claims that the unit acted in contravention of the National Strategic Intelligence Act would be a legal nonsense..."

"Given that the act does allow departments to gather certain types of intelligence, the establishment of the unit could not possibly have been unlawful. However, some of the actions taken by members of the unit could unlawfully have contravened section 3 of the act."

The evidence quoted above suggests more than that, with the unit leader referring with bravado to such (illegal) intercepts and electronic surveillance by his unit.

(Breaches of privacy and the unauthorised interception of private communications are serious criminal offences, inter alia in terms of the Regulation of Interception of Communications and Provision of Communication-Related Information Act 70 of 2002.)

Clearly, De Vos does not consider an annual loss of more than R8bn to the fiscus through the illegal cigarette trade, plus the additional loss of revenue billions from the rest of rampant illicit trade, a threat to the stability of South Africa.

The NIA clearly did not share his view: they, too, were investigating the illegal cigarette industry – as a threat to national security.

● See next story for Johann van Loggerenberg's response. ■



Ivan Pillay, 'Skollie' Janse van Rensburg and Johann van Loggerenberg

Noseweek reports were ‘unlawful and intentionally false, defamatory, injurious, misleading and malicious’

Johann van Loggerenberg writes us a 3,500-word letter of complaint about our reports on the SARS ‘rogue unit’ and his alleged role in it

YOUR VARIOUS PUBLICATIONS IN *Noseweek*, from issue 223 in 2018 to date, insofar as they relate to me directly or indirectly (online and in print), as well as your publications on Twitter and Facebook and the interview with [Editor] Martin Welz on *Radio 702* in this regard refer.

1. All the relevant publications amount to the wilful, unlawful and intentional publication of patently false, injurious, defamatory, misleading and malicious allegations of and concerning me whilst I was employed by the South African Revenue Service (SARS) until February 2015 and thereafter. The harm caused and which is continuously perpetuated extends directly to my family.

I have no intention at this stage to deal with each and every publication in detail herein, and will do so at the appropriate time and forum of my choice. In general:

1.1 In as much as all the publications suggest impropriety, unlawful or illegal actions on my part, these are emphatically denied;

1.2 In as much as all the publications reflect on me after having resigned from SARS and then i) supposed employment, ii) alleged work, iii) purported shares, interests or involvement in private businesses and firms, iv) claimed involvement with official commissions of inquiry, v) alleged interactions with former or current civil servants and political office bearers, vi) alleged “spying”, “surveillance”, “investigations” and “intelligence” and vii) claimed involvement in any manner with any state-owned enterprise, these are emphatically denied [Noted, but see page 15. – Ed.]

1.3. You rely on “anonymous sources” as centre-pins for the basis of your publications; multiple allegations published are unattributed to any “source”. In certain cases, the author/s of articles are not displayed;

1.4 Facts in complete contradiction to your publications are in the public domain and are easily accessible to you [Please specify which and where. – Ed.];

1.5 The so-called “SARS Sikhakhane

panel report”, “SARS Kroon advisory board media statement” and “KPMG SARS report” which you have sought to rely on or justify to one extent or another have all been formally contested as materially flawed in fact and law and these contestations are publicly available to you. [We have on all occasions reported those allegations/reports so contested by you. – Ed.] Furthermore, they have been thoroughly discredited in many ways. The so-called “findings” of the “Kroon media statement” and “KPMG SARS report” have been disowned and repudiated [as was also reported by us.] and both have been admitted as having been the results of substantial and procedural unfair processes and due process failings, including not hearing those pronounced upon or affording them a right of reply. To this end, I have personally sought and received formal apologies from various persons that were involved.

I have done same for several others (and their families) affected by these processes. Several other persons have also received such apologies.

1.6 What you have referred to as portions or parts of alleged “internal charge sheets” emanating from SARS, an alleged “secret file” emanating from the Directorate of Priority Crimes Investigations of the South African Police Service, an alleged “report” to former SARS Commissioner, Tom Moyane in 2014 and a “secret report” allegedly emanating from the Inspector-General of Intelligence – all of which you claim contain truthful, proven, accurate, complete, indisputable and authenticated content (Martin Welz uses the term “factual evidence”) attributed to me (and others), within a context defined by him and *Noseweek’s* “sources” – are in fact i) wholly incomplete, ii) completely inaccurate, iii) deliberately manipulated and distorted and/or iv) fabricated/forged and are v) devoid of context, vi) false and fraudulent.

[None of these adjectives – truthful, accurate, complete, etc – appear in the

Noseweek reports. “Factual evidence” is referred to only in contrast to “findings” in the KPMG report. All the documents and reports you preface with the word alleged: are you suggesting they are not authentic? Please specify which are, forged, fabricated or false. – Ed.]

1.7 Your publications have in these circumstances deemed it appropriate to disseminate these false and injurious allegations to the world at large whilst at the same time displaying scant regard to the unlawfulness thereof;

1.8 Your claims and suggestions about any engagements by me with members of the media as a SARS official and thereafter are false;

1.9 Your reliance on and publication of documents which form part of an interim court application sought by a Ms Belinda Sheila Gaye Walter in 2014 in relation to my medical records is not only unlawful and illegal, but wholly distasteful. In fact, the application was opposed by me and then withdrawn by the applicant with written undertakings provided to me and my erstwhile employer;

1.10 Your suggestion that I was an “apartheid spy” is false and an extremely dangerous label. You have placed me and my family in harm’s way by doing so. [We did not refer to you as an “apartheid spy”. Jacques Pauw used the phrase in a tweet. We researched and accurately described your history. – Ed.]

1.11 Your references to an erstwhile tiny and rather benign investigative unit and its members at SARS as “rogue” are obnoxious and defamatory of loyal civil servants that have done great work for our nation throughout the unit’s seven years of existence.

[Editor: Dear Reader, you are now just over a quarter of the way through Van Loggerenberg’s letter of complaint. To read the complete letter, go to www.noseweek.co.za. It ends:]

Sincerely
Johann van Loggerenberg
By email

Methinks the gentleman doth protest too much. See Letters on page 5 and Editorial. – Ed. ■

The JCI coverup, round 999

Investec continues to employ the Stalingrad Strategy to avoid being held accountable for its role in the Kebble frauds.

WHEN LAWYERS REFER TO THE Stalingrad Strategy as a defence, they mean wearing down the plaintiff by tenaciously fighting anything the plaintiff presents by whatever means possible and appealing every ruling favourable to the plaintiff. Here, the defendant does not present a meritorious case. This tactic or strategy is named for the Russian city besieged by the Germans in World War II.

Nosweek has reported endlessly over the past 15 years about the strategies employed by Investec and its auditors KPMG to avoid being held accountable for Investec's role in and as a beneficiary of Brett Kebble's theft of shares worth billions from Randgold. Most of the theft proceeds were channelled through JCI, a company controlled by Kebble and, effectively since 2003, by Investec.

To ensure no comebacks, Investec and KPMG contrived to gain control of both JCI (the thief) and Randgold (the victim), a shameless conflict of interest. They also, it seems, set out to ensure that JCI was never to produce proper audited annual accounts, as these would have to reflect a massive contingent liability to Randgold and its shareholders. This would expose Investec and its surrogate JCI directors to huge damages claims and possible criminal prosecution.

In 2016 disgruntled shareholders lodged a formal complaint with the

Companies and Intellectual Properties Commission (Cipc). The Cipc investigator reported in 2018 that JCI and its directors had committed numerous "reportable irregularities" which its auditors failed to report. Their flouting of the law had adversely affected JCI's over-4,000 international investors "and thus the reputation of South Africa as an investment destination".

They were given 60 days to lodge fully compliant annual accounts for each of the years 2013-2018 and to hold a properly convened AGM for shareholders to consider these accounts.

JCI agreed to the order in a settlement agreement signed on 17 December 2018, but has since declared its intention to seek a court order condoning its failure to comply with the agreement's time limits. Ultimately they want the compliance notice itself set aside on the grounds that it is impossible for JCI to comply.

Their tendered explanation: "JCI held meetings with... [KPMG] who had been JCI's auditors since September 2005 to talk over the preparation and audit requirements... [to comply with] International Financial Reporting Standards (IFRS)... The auditors had previously audited the group financial statements of JCI in respect of the financial years 2011 to 2016 ("the specified financial statements"), as "Specific Basis of Preparation Accounts" [i.e. they

were not IFRS compliant].

"JCI assembled a financial team, comprising its internal accountants and external consultants to assist in the preparation of draft IFRS compliant JCI Group and JCI individual financial statements for the financial years 2013 to 2018. They worked tirelessly over many months to produce draft JCI Group and JCI individual financial statements that they believed would be compliant with the terms of the settlement agreement. JCI twice reported to the Commission (on 28 January 2019 and 26 April 2019) that it was confident that IFRS audited financial statements for the 2013 to 2016 financial periods would be delivered by 31 May 2019.

"On 25 March 2019 a draft set of 2013 accounts was provided to the auditors for comment. All 12 sets of accounts (Group and individual JCI accounts for 2013 to 2018) were completed and were ready for audit by 3 May 2019. JCI was confident this afforded the auditors sufficient time to meet the first deadline of 31 May 2019 for the delivery of IFRS compliant audited financial statements for 2013 to 2016.

"On 25 April 2019, the audit partner advised JCI that the auditors were not able to proceed with the audit. JCI immediately requested a meeting which took place on 2 May 2019 with the JCI accounting team and the audit partner."

KPMG responded in a letter:



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"It became clear to the auditors from these discussions and reviews... that JCI was still unable to consolidate all its subsidiaries as required by IFRS due to a lack of financial records..."

"And since the opening balances for the years to 31 March 2007 were disclaimed, the opening balances as at 1 January 2013... cannot be verified to the satisfaction of the auditors."

"As JCI is still unable to comply with IFRS... the preconditions for accepting an audit engagement are not met and the auditors are unable to accept an audit engagement on that basis."

Finally: "As shareholders are aware, the current Board inherited a company fraught with legal, tax and other problems created during the reign of Brett Kebble, its CEO, who was murdered, in an assisted suicide, in 2006."

"Kebble had been involved in fraudulent and corrupt activities utilising JCI as the conduit and his personal fiefdom. The Group's annual financial statements for the years ended 31 March 2005, 31 March 2006 and 31 March 2007 contained a disclaimer of responsibility from the directors of the JCI Group that they were unable to substantiate the completeness and correctness of the information in those financial statements ('the disclaimed AFS'). Accordingly, they declined to give an audit opinion on those financial statements. Subsequent group annual financial statements included information whose origin dated from or before the disclaimed Annual Financial Statements (AFS), or which had been computed in or based on computations made in the disclaimed AFS."

And so KPMG found an excuse to cop out – over R100 million in fees later.

Next month: What Investec and Peter Gray knew and did. – **By Martin Welz** ■

A bit of a mystery at 313 Rivonia Road

PLASTERED AMONG OTHERS UNDER THAT of BCPS Forensics and Professional Services reads the sign "Ukhozi Group Holdings" outside 313 Rivonia Road in Johannesburg's Morningside.

Within, however, there's only to be found – housed within BCPS – the offices of similarly named Ukhozi Forensics and Consulting Services (Pty) Ltd. Which suggested to us a probable link between the forensics company and the holding company named on the wall outside.

Ukhozi Forensics and Consulting's proprietors are unknown, but its offices at 313 Rivonia Road are manned, according to a number of sources, by the former SARS trio Ivan Pillay, Johann van Loggerenberg and Yolisa Pokie.

One of our Ukhozi sources happy to be named was attorney Luvo Makasi, former sole director of Ukhozi Forensics and Consulting Services. In a tape-recorded telephone interview on 5 March 2019 Makasi confirmed that Pillay and Van Loggerenberg worked for Ukhozi.

Makasi, who, when we spoke to him was still chairman of the Central Energy Fund, said: "My understanding was that they consulted as part of the [Ukhozi] team that was doing data analysis and some stuff. But I don't

remember them being shareholders [of Ukhozi]. I can double-check for you." We have not heard from him since. Makasi resigned as chairman of the Central Energy Fund on 15 March.

According to records at the Companies and Intellectual Property Commission (Cips) there's only one Ukhozi Group Holdings, that was registered in November 2015. The sole founding director is named as Zimtoti Gugulethu Mthetwa, who had previously founded and headed an all-black women firm of civil engineers named Exsusia International.

Mthetwa, 39, says that her Ukhozi Group Holdings (also all-black women civil engineers) operates not from Morningside but from far off Centurion. She says she has no knowledge of a company with an identical name at 313 Rivonia Road. Neither has she ever heard of Ivan Pillay or Johann van Loggerenberg.

"I'm concerned to hear this," she says. How come her company's name and logo are blazoned on the façade of 313 Rivonia Road? "It's a bit of a mystery."

Indeed. Now see "Is Pravin Gordhan secretly controlling state capture probes?" (nose236) and Johann van Loggerenberg's protest on page 13 of this issue. ■



Free homes for select few

Tshwane Metro lease agreements dumped at recycling plant during office move reveal council housing scandal

THE TSHWANE METRO COP CUTS a lonely figure perched on a barrier at the bottom end of De Kock Street in Sunnyside, Pretoria, captured forever in a Google Earth street-view image that was shot in 2015. He is keeping watch over a council house instead of patrolling the streets; his cop car, marked with insignia and fitted with blue lights is parked under a tree 50 metres up the road.

De Kock Street is in a quiet part of the old suburb and is lined with a row of box-shaped, solid council houses built in the 1930s. It is not at all a bad part of the capital to call home. The Afrikaans High School for Girls is a stone's throw away, with the Loftus Versfeld Stadium and the University of Pretoria a few blocks to the East.

Finding the metro cop on guard in the Google Earth image was sheer coincidence (call it luck if you want) because I was actually searching for a certain address; the council house at number 567 De Kock Street to be specific. It is one of many properties owned by the Tshwane Metro and usually leased to residents of the city

or metro employees who qualify on the basis of their income or the need to be close to their place of work. Their rent ranges between R4,000 and R12,000 per month. The tenants also have to pay for water, sanitation and electricity in the same way that anyone else with a rental contract would be expected to do.

But the people staying at the De Kock Street address are well-off, are not council employees and have not paid rent for many years. In addition, they are still receiving VIP treatment from the Metro Police who provide them with security (see the Google Earth image), upgrades to the property (a palisade fence) and a blue-light escort, whenever requested.

This windfall came the occupants' way in 2014 after an angry mob trying to lay claim to vacant land in Nellmapius, ransacked the home of Precious Marole who was then ANC councillor for Ward 86 in Nellmapius. After the Metro Police had removed the mob's illegal structures from the occupied land, their leaders demanded to see councillor Marole. He was not available so they plundered his house

and tried to set it alight. On humanitarian grounds and out of fear for the Marole family's safety the then ANC council in Tshwane moved them "temporarily" to a so-called safe house, which *Noseweek* has established is number 567 De Kock Street.

The threat against Precious Marole has long since abated and he has not been a councillor since the 2016 local elections. Yet he remains ensconced in the house, while shamelessly ignoring the escalating bills for outstanding rent and services that arrive each month. Meanwhile, his damaged house in Dimakatso Road in Nellmapius was renovated in 2015 – to be leased out as doctors' rooms, according to newspaper reports. Why not, when you and your family are allowed to stay in a council house in Sunnyside, all expenses paid, courtesy of Tshwane ratepayers?

At the end of May this year Marole's rent account was R158,214 in arrears and his bill for municipal services stood at R22,000. Official records show that the property's water, sanitation and pre-paid electricity supply was cut but, curiously, the Maroles still have working lights and running water. The same applies to Marole's house in Nellmapius, where the outstanding property rates, water and sanitation bill by now totals more than R20,000 and the municipal services have not been discontinued.

It is not as if Marole can plead poverty: he drives a black BMW ci Coupe which he reportedly rents to funeral undertakers for a few thousand rand per day – with himself behind the steering wheel. He is also the director of three active companies.

Marole is but one of several former councillors who are not paying for their council houses in the city. They even run businesses from these residences. *Noseweek* has obtained records showing how the DA administration in Tshwane has continued to allow former ANC councillors to abuse



Metro cop at the end of De Kock Street

ratepayers' money by not paying for municipal services and municipal housing:

- Gloria Seoketsa is a former councillor and treasurer of the ANC Women's League in Tshwane and holds directorships in four private companies. She resides in a council house at number 75 Bond Street, Sunnyside where the rent is R8,126 per month. The records show Seoketsa is a whopping R657,952 in arrears.

- Patricia Blaauw is another defaulter. The former ANC councillor is now a deputy director in the office of Tshwane Mayor Stevens Mokgalapa. Blaauw lives in a council house at 14 Ayton Street, Sunnyside. The monthly rent is R8,864, She owes the Metro R154,575 in outstanding rent. Blaauw is a director of five companies and the Ayton Street council house is the registered address given for some of them, according to company records.

- Former MMC for Public Works and Infrastructure Development in Tshwane, Jacob Masango, is R257,893 in arrears for rent and R96,318 for water and sanitation. A big sign on the fence of his council house at 866 Patryshond Street, Garsfontein advertises an event management company that is operating from there.

- IT specialist Febridge Lebea has never been a councillor but he is an executive director in the Tshwane Metro. He is also on the board of six private companies and the owner of three properties in Tshwane. Yet he resides in a council house at 1228 Arcadia Street in Hatfield, for which he does not pay rental and is R379,491 in arrears.

- Thembi Mmoko is the former MMC for Corporate and Shared Services, which included the administration of council properties. She is also a former executive member of the ANC Women's League and a director of seven active companies. She has had a private property registered to her name since 2017 but has been living in a council house at 718 Keisie Street in upmarket Erasmuskloof, where her outstanding rent is R141,618.

Mmoko's non-payment had already been highlighted in the media in 2015 when the DA's Elmarie Linde informed the media about nine councillors who were living rent-free in council houses in Tshwane. Linde was then shadow MMC for housing and human settlements in council and the DA was still on the opposition benches, seeking

votes in the 2016 local election. After Linde went public, Tshwane spokesperson Blessing Manala told the media that all the councillors were paying rent, specifically mentioning Mmoko and confirming that she was not in arrears. Official municipal records show otherwise.

Linde also referred to the Bond Street property in her 2015 exposé. Without mentioning Gloria Seoketsa by name, she said a former councillor, who was living in Bond Street, was R300,000 in arrears with her rent. Again the media was fed a lie; ANC regional spokesperson, Teboho Joala dismissed Linde's allegation as "baseless and devoid of truth".

- But the same Gloria Seoketsa now owes Tshwane R657,952 – and *Noseweek* has the proof.

Linde told *Noseweek* that she had given a file with the evidence to the Office of the Auditor-General in 2015 but did not follow up because, while she is still a councillor she is no longer involved with housing in Tshwane. She referred us to the current MMC, Izak du Plessis, who did not respond to *Noseweek's* phone calls or questions.

The media spokesperson for the Auditor-General, Khutsafalo Mnisi, said the matter was not investigated by the Auditor-General in 2015 but "was responded to through the normal audit processes". *Noseweek* could find no reference to this in the A-G reports for Tshwane that have been released since then.



Thembi Mmoko

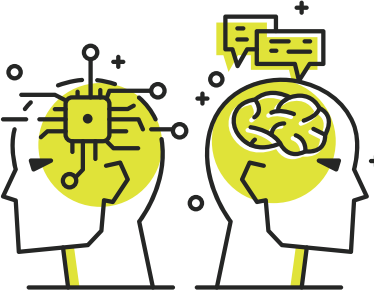
- *Noseweek* found one more defaulter who must be mentioned because his is such an appalling case. The tenant is Mpho Mofomme of Mofomme Attorneys whose office is in a council house close to the Union Buildings at 467 Belvedere Street, Arcadia, which Mofomme reportedly shares with the ANC Parliamentary Caucus. Their account is R487,456 in arrears for rent and R453,664 for electricity, water and sanitation.

Mofomme has seven properties, a trust and five companies to his name. He is said to have served at some point on Tshwane's panel of legal experts.



Jailed attorney Mpho Mofomme's office, owned by Tshwane Metro

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| | | 657952.17 | | 657952.17 |
| THIS STUB MUST ACCOMPANY PAYMENT | | | | |
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| CURRENT ACCOUNT | DUE DATE | 30/05/19 | AMOUNT PAYABLE | 657952.17 |
| Name: G SECKETSA | Final date to account: 30/05/19 | Account no: 30113 25610 31023 112356 | | 657952.17 |

| TOTAL AMOUNT PAYABLE (A+B) | | Payment at ABSA: | | |
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| Payment at FNB: PRETORIA CORPORATE BRANCH CODE: 253145 BANK ACCOUNT NR: 51421127486 | | BRANCH CODE: 323346 BANK ACCOUNT NR: 4054433297 | | |
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| | | 487456.00 | | 487456.00 |
| THIS STUB MUST ACCOMPANY PAYMENT | | | | |
| OVERDUE AMOUNT | DUE DATE | IMMEDIATELY | | 25/04/19 |
| CURRENT ACCOUNT | DUE DATE | 30/05/19 | AMOUNT PAYABLE | 487456.00 |
| Name: MOFFOMME ATTORNEYS | Final date to account: 30/05/19 | Account no: 31304 72200 27023 212727 | | 487456.00 |

Accounts showing the arrears

Whether that is still the case is not clear because he was sentenced to five years in prison, with two suspended, in 2017 after being found guilty of fraud and defeating the ends of justice.

TimesLive reported on 13 September 2017 that Mofomme and his mistress conspired to divorce his wife fraudulently and without her knowledge. Mofomme had got his mistress, Sebi Moche, a primary school teacher, to pretend to be his wife, Marilyn and had her (the mistress) served with divorce papers in an attempt to cheat her out of the couple's valuable joint estate.

The phones at Mofomme Attorneys are no longer working but his name is still posted on a sign in front of the property.

Tshwane Metro has yet to explain to its ratepayers what criteria were used when these council houses were allocated to councillors and more so, why the residents are still allowed to stay free of charge.

Altogether these defaulters owe the council almost R3 million in outstanding rent and municipal services, while rate-paying residents have had to cope with rates increases of 10% per year.

It has been reported that the Metro plans to sell around 155 rental properties on its books. But there's a snag: *Noseweek* has established that scores of lease and sales contracts have been lost. They apparently landed up at a paper-recycling site

when the various departments moved to the new municipal headquarters, Tshwane House, in 2017. There was not enough room at Tshwane House for the hundreds of written agreements on file so they were simply left behind at the old offices. When no arrangement was subsequently made to collect the files, the landlord called in the city's informal paper collectors who must have had a field day.

With important records missing (in other departments as well) the metro has now been forced to put out a public notice in newspapers, calling on members of the public and legal entities to submit their lease and sales agreements relating to municipal-owned land and buildings. The notice says the city is embarking on a review and assessment of all agreements but informed sources have told *Noseweek* that the lost documents have plunged the city's property management into chaos.

Shortly before *Noseweek* went to press, Tshwane Mayor Stevens Mokgalapa called to say he had requested an audit of all council properties shortly after he took office earlier this year and expects to receive the audit report in July. It will reveal which tenants are improperly resident in council properties and who is in arrears.

"They will be punished. We have to deal with it once and for all," he said.

– **By Susan Puren** ■

To Helen back

We catch up with the political powerhouse that is Helen Zille

WHEN WE MEET, A WEEK AFTER the May elections, Helen Zille is in the throes of vacating the Western Cape premier's residence after ten years at the helm of the only province in South Africa not governed by the ANC. Wrapped in her dressing gown, she has flu and is exhausted. "You can see I'm a bit terse. I am sick. There is no fuse left." She waves our photographer away, saying "there will be no photos today".

When finally seated in the reception room at Leeuwenhof, Zille has some words of advice for incoming premier Alan Winde: "Manufactured outrage will accompany everything he says and does. When they can't get to him, they will try his children and his family. He must be steeled for that. He will get tough. Very, very tough," she says, adding: "This is not a glamorous job. It's a bloody difficult one. Perseverance and true grit are what will see him through.

"You start with an account full of credits, and you use up those credits every day. You have to just keep on keeping on. That's the one piece of advice I have for him.

"Secondly, he must develop really good judgement about who to listen to. Everyone will be telling him what to do and he must ignore 99 percent of them. Pick your advisers very carefully."

Her abrupt dismissal of our photographer sadly dissolves our plan to get an exclusive shot with her and her adored grandchild Mila, the daughter of Zille's son Paul and her daughter-in-law Gretl. She relents later and provides us with a picture of her own.)

Right then she's waiting for a call to see if she needs to pick Mila up from crèche.

"Mila is a strong little girl, an absolute sweetheart... We read lots of books and watch *Pepper Pig* and we dance, but she doesn't like me to dance," she confides.

Despite being ill, Zille talks stoically, in between coughs, about her undecided future, the state of the DA and reveals her pet peeves: "identity politics"; the "scapegoating of minorities"; and the "double standards and hypocrisy applied to racism."

Tea is delivered by a lady called Blanche ("one of the people I am going to miss terribly when I move from Leeuwenhof," says Zille). The historic 17th century estate at the foot of Table Mountain in Gardens was once a farmhouse and dates back to the days of the

Dutch East India Company. The house – said to be haunted, she routinely reminds visitors – sits in a garden of rolling lawns, with a tennis court and swimming pool and hosts a collection of artworks by South African masters along with other valuable pieces.

Interviewed in 2009 when she and her husband Emeritus Professor Johann Maree moved in to the residence, Zille said the house was lovely, but "not home", that she considered herself a "temporary sojourner there". "It's a bit nerve-racking when you pick up a glass and are not sure if it came with Simon van der Stel or whoever," she said at the time.

What will she miss the most about Leeuwenhof? "If I am having a formal or official dinner, I don't have to think for two seconds. I arrive home, shower and change – and there it all is. That's an absolute blessing. People come for tea or a formal appointment, and a tray appears!"

And which artwork would she nab, if she were that type of person? "Well, like Ace Magashule, I would go for the Pierneefs. They are my favourite. The most precious one is worth a hell of a lot." (ANC Secretary-General Ace Magashule is being investigated by the Hawks in connection with a Pierneef painting valued at R8 million that belongs to the Free State provincial government and which went missing from a safe while he was in the process of vacating his office as Free State Premier last year – see [nose235](#).)

Zille has no idea what she will do next. "I don't even know where we are going to live. We are taking one day at a time. People think I am the epitome of planning





Helen Zille motivating her voters

and timing but I am like that only where it matters. We have a home on the Keurbooms River. We might stay there for a while... we might live in a few B&B's in platteland towns, but we will just make sure everyone else is settled, then find a place."

She says nothing about the persistent rumours in journalistic circles that she might be starting a new liberal party.

"I could do pretty much anything. I could run a political school for the DA if it is still interested in the core liberal values. I could be involved in fixing our local governments or in managing major projects. I have a lot of experience."

She also has another book in her, she says. What would the book be about? "Different things on different days depending on how I am feeling. The full story of our governance hasn't been written, but there is a whole book to be written about the DA."

Commenting on speculation that she could be elected as the new Chancellor of the University of Cape Town – Julius Malema was another candidate touted – to replace outgoing incumbent Graça Machel, she says, "Well I would be better than Julius Malema. If I do not continue in politics I would consider this. It would be a great honour but to be frank I don't think it will come to that, because I might continue in politics in one way or another, in which case it would not be a good idea to be a chancellor. There are lots of people doing it but it's not right. If I was bowing out of politics I would consider it, but if I continue in politics I will take my name out of the hat. We don't want politicians as chancellors of universities

"But I am very interested in education and fighting for the things that will fix education properly. I'm not interested in tinkering round the edges.

"I just don't know. At the moment, I am trying to recover from this flu and I am awaiting my second grandchild with much anticipation. And I'm packing up this house – which is not a minor endeavour."

Zille has just been rated as the best premier in South Africa in an Ipsos poll, but rolls her eyes when congratulated on this achievement. "Well, it's not as if there's that much competition."

The success stories under her governance include, (according to a booklet she hands me), a 24.8% growth in employment in the Western Cape; 212,967 affordable and subsidised "housing opportunities" were completed and 105,500 housing units are due for completion by 2022; 82% of the Western Cape government's 2018 budget was spent on delivery of services to lower income communities; 91.5% of Western Cape households live within 30 minutes of a healthcare facility; the Western Cape received 83% clean audits in 2018/2019, and over 80% of schools have access to free internet.

Also, R1 billion in economic savings has been generated through the provincial government's red-tape-reduction and ease-of-doing-business strategies.

A key achievement of her premiership, she says, was to fix the procurement system. "This is such a corrupt country that it's impossible to get rid of people who aren't performing. In the ten years I was there, we managed

to oust one person for poor performance – with all our energy and effort. Incompetence is so protected in this country... And we are only just starting on some of our failing schools.

"Fortunately what I got right is appointing the right people to the right position at the right time. In the Western Cape we appointed people to right positions where we could, but when Sadtu [*South African Democratic Teachers Union*] appoints the teachers, you can close the book on capacity."

The biggest challenges Alan Winde will face as premier are, in her view, the unemployment levels in the province and the demographic shifts, as well as "the fact that the budgets don't follow the individuals who are moving (from province to province) for a better life. "The budgets go to the province from which they come, not to the province they move to. That's why we end up with 55 children in a classroom."

What disturbs her the most about the state of the nation?

"The state of our institutions, especially the criminal justice system. These institutions have come very close to collapse.

"Also, the incapable state, linked together by patronage networks, and the failure to separate the party and the state, which all have very profound consequences for the future of every South African. What also really irks me is the use of the race card to deflect attention from these critical issues."

Another preoccupation (and what's probably responsible for her vehement tweets) is what she calls the prevalence of identity politics as well as the scapegoating of minorities, which comes with identity politics and the double standards and hypocrisy applied to racism.

"Identity politics is the exact political philosophy on which apartheid was based – and it was once progressive to oppose it. Now it has become progressive to defend it. I don't buy into that nonsense. What encourages me is that there are more and more people fighting back against this.

"The irony is that in the US, identity politics is meant to defend minorities, but in South Africa, it scapegoats minorities and that is profoundly worrying."

She's also bothered by "the double standards and hypocrisy" applied to racism. "Julius Malema can come within a whisper of endorsing geno-

cide... and then a complete unknown person can say something slightly racist and it's on the front page of the papers for weeks. The double standards and hypocrisy are huge."

Zille has been in hot water within the party over a number of controversial tweets, including one, in 2017, that said colonialism was not all bad. It saw her being charged with bringing the party into disrepute by the DA Federal Legal Commission and suspended from party activities. A few months ago, she threatened, in a series of tweets, to organise a tax revolt if those involved in corruption were not prosecuted after the Zondo Commission into state capture.

Asked whether she spends hours on Twitter every day, she responds: "In fact, I spend a short time on Twitter every day. I am a very quick typist." Nothing will stop her from tweeting. "I speak my truth. You can't let a platform like that be taken over by the least tolerant, most narrow-minded and most racist in society."

Asked to comment on the state of the DA, she replies, exhaustedly: "Don't ask me. The DA no longer really knows who or what it is. That's what worries me the most. The big question is what do we stand for? What's the core value set we'd die in a ditch for? The DA must still work that out. They used to know."

She believes one of the main problems with the party is that "there's been a fundamental shift of moral culture, a zeitgeist shift to a culture of victimhood – and the DA doesn't know how to position itself within it. I've written a lot about it."

Zille refers a few times to two sociologists who, she believes, have "nailed" this concept of a "shift of moral cultures" – Bradley Campbell and Jason Manning, authors of a book called *The Rise of Victimhood Culture: Microaggressions, Safe Spaces and the New Culture Wars*.

She believes the massive swing towards support for Donald Trump in the US was largely a response to the "identity politics" that spread through society, which sought to blame "whiteness" and "white privilege" for the problems of minorities. Analysts have called this huge shift a major transition of "moral cultures".

"It is a shift to a culture of victimhood where people are constantly searching for signs of racism wherever possible, where feelings override facts

and people are encouraged to respond to even the slightest unintentional offence with injured outrage. Whites are assumed racist unless they accept this racist philosophy unquestioningly," she wrote in *Daily Maverick*.

"In that shift of moral cultures, the DA doesn't know how to position itself and how to stand up against it as it takes enormous courage to be politically incorrect. "But it's not my problem anymore," says Zille.

In their latest election campaign the DA "didn't understand who they were and how to target our message to the voters. Instead they tried to be popular with voters who don't share our values. This group racial nationalism, we cannot get out of it. We are so stuck in it. It drives me mad. We must understand what our value set is and stand for it and sell it. We can't be all things to all people."

A critical lesson for the DA to learn, she says, is "not to swim with every popular current that comes along, or just because 'wokeness' happens to be fashionable at a particular time".

Despite her numerous spats with the party, Zille has repeatedly claimed she wants nothing more than for Mmusi Maimane to be South Africa's most successful leader ever.

Who does she admire? "Angela Merkel was a really great leader. And history will show what a strong leader Tony Leon was at a very difficult time as vilified as he was. No really strong leader is ever recognised at the time, especially if they run against the politically correct stream. If you want to be popular, you should stay away from politics."

She's reading Francis Fukuyama, American political economist and author, who "has the genius to identify the three factors necessary for a country to consistently make progress to become a relatively stable, prosperous, peaceful state... the rule of law, a capable state and accountability, where individuals take personal responsibility for their lives and are held accountable".

"His work *Political Order and Political Decay* was my lodestar."

She also enjoys the work of Jonathan Haidt, American social psychologist who is considered one of the top global thinkers and writes about the psychology of morality. His third book, *The Coddling of the American Mind* looks at the effects of progressive values. He believes that in the name of



Helen Zille and her grandchild Mila

emotional well-being US students are increasingly demanding protection from "words and ideas" that might offend them or make them uncomfortable. He believes it is a disaster for education and for mental health.

Zille believes there is room – "more than ever before" – for a liberal democratic party in South Africa. "It's the only philosophy by which SA can be governed successfully. We abandon that at our peril."

During our interview Zille refers to a tweet she sent out on election day. "The funniest thing happened. I was sitting next to my husband having a much-needed coffee break in my Knysna constituency, when his phone rang. It was me, urging him to go and vote. He had done so already. So he pressed 1 to opt out!"

A few days after our interview, Zille is back in the news for another tweet – about black privilege. "...It is being able to loot a country and steal hundreds of billions and get re-elected." She remains unapologetic in response to the huge backlash. In another tweet, she said an assault on US politician Arnold Schwarzenegger on May 10 got very little media attention "because he is white". Soon after that, comments by her that she promoted black leaders during her tenure, receive a deluge of negative responses from within the party.

In a column on her failures as a leader, she claims that one of her greatest failures was her inability to prevent the DA from falling into a trap involving race narratives – and entering the ANC/EFF's race narrative arena. She claims she tried to satisfy her ANC

opponents by pursuing inclusivity but that the ANC's understanding of diversity means putting a person's biological characteristics above their other attributes needed for accomplishment.

"My mistake was to think that diversifying the DA would lead it to rise above the politics of race. What I should have seen was that this was just the beginning of a slippery slope in a culture like South Africa in which the public analysis is, unless you satisfy the ANC's definition of transformation, you will always be a white party, no matter how diverse you are."

KwaZulu-Natal newspaper editor Dennis Pather wrote recently in a rather poignant article entitled "Will the real Zille please stand up?" that his earliest recollections of her were of a courageous journalist and activist who made her home a safe house for political activists during the 1986 State of Emergency. "However, something seems to have gone astray in recent years, ever since someone introduced her to a new toy... Twitter.

"Ever since being hooked, she's embarked on an irrepressible Twitter spree that has rendered her almost unrecognisable from the Zille we once knew... What's happening Helen? Are we back to the days when everything was either white or black and never the twain shall meet? Or is it perhaps a bit of apartheid nostalgia creeping in?"

Primedia's John Maytham tried to get his head around Zille in a recent radio interview where she repeats that her biggest mistake was to be

"beguiled" into getting into the ANC/ EFF framework on the racial narrative. "...I believed if we could really diversify the DA's leadership, we could rise above the dominance of the race debate and focus on the things I believe should take primacy such as how we grow the economy and get people into jobs. I felt if we were properly diverse it would have far more credibility to our messages on jobs, growth and education.

"What I had not anticipated was that going down the road of diversity would not enable us to rise above the race debate and focus on the critical debate around jobs, economic growth and education. Instead it dragged us further down the road of the ANC's logic where you can never be diverse enough until you're totally racially hegemonic and every time you become more diverse they say 'no this is not representative enough and the debate snowballs on race, rather than rising above race.

"...The real barriers to the advancement of black people in South Africa are not race per se, but factors of economic decline, bad education and the non-alignment between our education system and the skills required. So let's move on to those issues, let's remove the real barriers to black advancement and stop scapegoating minorities and stop pretending whites are the barrier. That's the critical debate we have to get beyond.

"The ANC only have one issue. They can't fight on their track record... on

improving anything from education, to state-owned enterprises, to service delivery. The only card they have is racial mobilisation and the only stick they have to beat the DA with is that we're not transformed enough... because the ANC can never focus on the real issues. For every real issue they've messed things up entirely and looted the state. The only thing they have to focus on is race, so they always say the DA is a white party. We tried more and more to satisfy our opponents rather than do what we do well.

"When I stepped down as leader, of course the ANC said, 'well you're still a white party as Zille's still there pulling the strings and Maimane is a puppet'. It was absolute nonsense but it was the only card they had left..."

"Eventually in trying to feed the tiger and trying to meet the ANC's demands on race ...a strategy emerged, that 'if we kill [off] Zille, we won't be seen as a white party anymore' but that's as fallacious as believing that having a black leader will take away this tag of white party.

"What we should have done differently is simply say the ANC will never buy into our understanding of inclusivity and of non-racialism so we must do it because it's good in and of itself. We must never try to do it to satisfy our opponents.

"No matter how much we try to satisfy their card on their terms, we never can and we never will."

— By Sue Segar ■

A life dedicated to public affairs and politics

BORN IN HILLBROW, JOHANNESBURG in 1951, to parents who had individually left Germany in the 1930s to avoid the Nazis (her maternal grandfather and paternal grandmother were Jewish) Helen Zille joined the Young Progressives – the youth movement of the Progressive Party in 1969.

After gaining a BA from Wits she became a journalist. While working for the *Rand Daily Mail* she exposed the government cover-up of the death in detention of black consciousness leader Steve Biko. She also joined a number of anti-apartheid groups including the Black Sash and the

End Conscription Campaign.

In 1989, she started a consultancy business and in 1993 became director of Development and Public Affairs at the University of Cape Town. In 1999 she became a Member of the Western Cape Provincial Legislature and was MEC for education until 2001.

She worked as an MP at Parliament from 2003 to 2006, became Mayor of Cape Town from 2006, and premier of the Western Cape from 2009 until 2019.

Zille became leader of the DA in 2007, a position she held until 2015.

She was named World Mayor of the Year in 2008. ■





The big waterslides at Zambibush Resort

Waterpark deaths not explained

Bereaved families fight for answers from Zambibush waterpark and police long after the deaths of their children

IT WAS A WARM AND SUNNY DAY IN Pretoria on 29 November 2017 and Elna du Toit and two of her friends decided to take their children to the Zambibush Resort in Sinoville, north of the CBD.

It was supposed to be a fun-filled day for the children who had just finished writing exams and were looking forward to the Christmas break. But within hours the outing turned into a nightmare when Elna's son, 10-year-old Aiden, bumped his head while going down one of the resort's supertube water slides, known as The Toilet Bowl. Despite the efforts of paramedics from a private ambulance service that had arrived to assist, Aiden was declared dead at the scene.

Some months later when his father, Deon, made inquiries about the investigation into Aiden's death he discovered that the police docket was still

empty; there were no post-mortem reports or statements from eyewitnesses filed. Du Toit says that now, more than a year after Aiden's death, there has been very little done about the criminal case. The investigating officer, a sergeant at the Sinoville police station, is yet to take a statement from Aiden's mother, although the docket has apparently been handed over to a state prosecutor.

Meanwhile Deon has left no stone unturned seeking justice for Aiden. He says his motivation is not financial compensation for the loss of his son; his primary aim is to see Zambibush shut down to prevent injury or death of other children visiting the resort. The Du Toit's have so far spent more than R280,000 on lawyers. They are currently represented by attorney Latham Dixon of the law firm Macintosh Cross & Farquharson.

On its Facebook page – with more than 70,000 followers – Zambibush claims to be the biggest water park in Gauteng. Yet the resort operates illegally, encroaching upon the boundaries of several adjacent smallholdings that are zoned solely for agriculture use. The zoning certificates issued by the Tshwane's Economic Development and Spatial Planning Department make provision for one house and a farm stall on agricultural land but specifically list more than 20 prohibited land uses, including a recreation resort, picnic place, lodge and camping sites. Currently all these facilities are illegally available at Zambibush.

Bruwer Nel is the owner of the resort, which he started in 2013 on a property then owned by Adri Truter. He claims the first pool and slides were originally built for his own children. Municipal records show that

the Tshwane building inspectors cautioned Truter, now deceased, in 2013 that the pools and water slides on her land were illegal and in contravention of the national building regulations, but the warning was ignored.

Truter committed suicide in 2014 and her property, Portion 40, Kenley Agriculture Holdings, became part of her estate. Nel says he bought Portion 40 from Truter before her death but was unable to register it in his name for several years until the Truter estate was wound up. However, he continued developing and running the resort on the Truter land although it was not legally his property at the time.

Nevertheless a ZambiBush Facebook page was opened in 2014 and a company, ZambiBush (Pty) Ltd, was registered in 2015. Melani Nel, Bruwer Nel's wife is currently the company's sole director.

While the registration of Portion 40 was pending, Nel started expanding the ZambiBush Resort by buying three properties adjacent to the Truter land. The total price was R9 million, according to municipal records. Historical images on Google Earth show that in September 2013 there was only a half-completed pool on the Truter land but by July 2015 two pools had been built on one of Nel's neighbouring properties, Portion 41. By August the next year there were three massive water slides and a landing pool and at the end of 2017 yet another slide, The Toilet Bowl had been completed and was in use.

All four properties are currently operating as ZambiBush Resort, yet all are still zoned for agricultural use. Building inspectors warned Nel in writing in 2016 and again in 2017 that

he was "blatantly in contravention" of the authorised land use and was occupying buildings without the required certificates. His subsequent application for consent use was rejected because Portion 40 was then still not registered in his name.

"I have always played open cards with the Tshwane officials and they knew all along why I was unable to rezone the property," says Nel. "I negotiated with several different departments and some of them even held their Christmas parties at ZambiBush."

But two young children had to die at the resort before the Tshwane Metro finally took legal action against Nel in August 2018. And it only happened after the Du Toit family's lawyer subpoenaed Tshwane Metro to appear in court. Some manoeuvring saved the city from being dragged before a judge and in return the metro then issued summonses against Nel and the Truter estate. The metro's effort still proved to be fruitless for the time being because Nel opposed the application to close down the resort and the matter is now pending before the North Gauteng High Court.

In the meantime ZambiBush remains open and thousands of children are still regularly bused-in from across Gauteng to the waterpark.

The situation has left Deon du Toit feeling completely powerless. He says he cannot understand why Tshwane did not act swiftly against the illegal resort nor has it done so for more than five years. "If I run even a small business from home without having municipal authorisation, Tshwane will close me down quickly, but this is a massive commercial concern that is allowed to stay open while children's lives are at risk."

Operating without compliance to the national building regulations is only one of several violations of which ZambiBush stands accused. The Pretoria North Magistrate's Court confirmed that it had received several complaints about the resort over the past years.

The DA-councillor for the ward, Arnold van Niekerk, says ZambiBush has been in contravention of the national regulations for fire, health and safety ever since it opened but for some unknown reason its owner has always been able to dodge liability and prosecution.

Last year Deon du Toit started his



Aerial view of the resort

own investigation, obtaining affidavits from the parents of children injured at ZambiBush. In October 2017 a five-year-old girl who had been playing in a shallow swimming pool was sucked into an uncovered drainpipe on the floor of the pool. The child's mother declares in her statement that she pulled her child out with force to prevent her from drowning and in the process the little girl was seriously injured. Her anus was sucked out of her body and she had to be rushed to a nearby hospital. The child is still suffering from the consequences of the incident.

A 14-year-old boy from Bronkhorstspuit, who visited the resort with a group of school children the day before Aiden's death, says in his statement that he also bumped his head very hard while going down The Toilet Bowl water slide where Aiden was injured. He was later feeling unwell and started vomiting.

Several eyewitnesses who were present at ZambiBush on the day that Aiden died also gave statements. They all mentioned that there were no trained First Aid officers or life-savers on duty at the resort. Sanette Badenhorst says in her affidavit that Aiden was still able to get out of the water on his own but he held his head in his hands and was screaming from pain. She says she called for help and ZambiBush employees then assisted the seriously injured child. However, they did not seem to have had basic knowledge of First Aid. Another eyewitness, Elvira Burger, says



Aiden du Toit

nobody tried to do CPR or knew how to fit a brace on Aiden du Toit's neck.

A *ZambiBush* insider, who cannot be identified, gave a statement saying the resort employed only two safety officers at the time of Aiden's death and both had only completed a Level 1 First Aid course. Both were absent on that fateful day; one was on leave and the other, Bruwer Nel's wife Melani, did not report for duty. The insider also claims that injuries are happening at *ZambiBush* as a result of poor safety measures at the water slides and because the equipment is not up to standard. During an argument between Bruwer Nel and another person they were overheard accusing each other of being aware of the unsafe water slide that had caused Aiden's death.

Noseweek has established that the specialist company that builds water slides in South Africa did not complete the slide where Aiden du Toit was injured. Apparently they were not prepared to make changes to the design because it could jeopardise the safety of the slide. It is not clear who completed the construction and whether it was indeed done according to the safety standards of the designer.

The Du Toit family's lawyer, Latham Dixon, says it means the owner knew that some of the slides were not safe but he continued to operate the resort regardless. "He must have foreseen that there could be fatal injuries, which means there was legal intention, *dolus eventualis* if you wish."

However, the State Prosecutor is yet to charge *ZambiBush* criminally.

An expert in the water-slide business, who has built slides in South Africa for many years, says any resort can have water slides on its premises if the land is correctly zoned. What is urgently needed is a regulating body to oversee safety of the slides and members of the public who use them. "There is nothing like that in the country and it is not good for our industry."

Aiden du Toit is not the only child who has died at *ZambiBush*. Two months earlier, in September 2017, the lifeless body of seven-year-old Bohlale Mokoena from Tembisa was found floating in one of the pools. He had gone missing the previous day while at the resort but despite an extensive search, was only spotted the next morning when his body was found floating in one of the pools.

Bohlale's mother, Maggie Mokoena, says his death remains a mystery. "The autopsy report says he drowned, but where and when? We searched for him in that pool where he was found and he was not there."

The insider, who was employed at *ZambiBush* at the time of both fatalities, alleges that there was no intercom system to alert visitors in case of an emergency; there were no security cameras to locate a missing child; and employees did not have any form of communication other than their private cell phones, so they had to shout to each other.

Nel is a millionaire businessman and the director of 11 companies, including two that operate other resorts in Tshwane. Waterparks are lucrative businesses and at *ZambiBush* the entrance fee is R100 for adults and R80 for children under the age of 12. For an additional fee visitors can book one of 34 laps on the grounds, hold functions and birthday parties or even stay overnight.

During a telephone call from Nel to *Noseweek* he rejected the allegations against *ZambiBush* as "ridiculous". He also said there had always been security cameras at the resort and that the police had scrutinised their footage the day after the accident.

Concerning the level of First Aid that was available, he said an employee with a Level 3 First Aid qualification had been on duty at the resort when Aiden du Toit died. He also claimed that the resort's staff had always been

fully trained and able to assist children that were using the water slides.

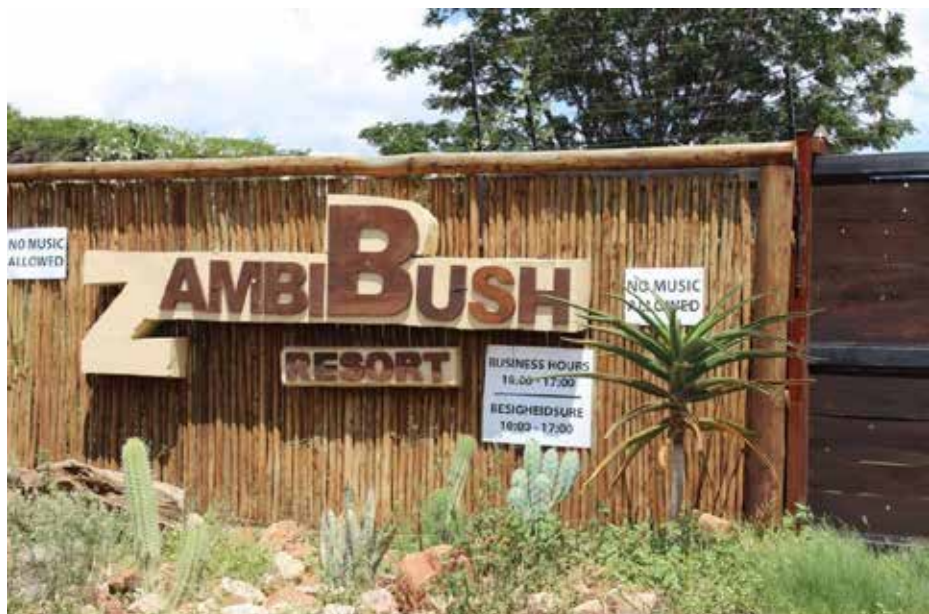
Noseweek followed up by sending Nel seven questions in writing. The following are his answers that have been translated from Afrikaans:

"I place on record that the owners of *ZambiBush* have substantial public liability insurance and that the owners have to involve the insurers at all times and keep them informed about matters, which might possibly influence the insurance policies.

"The unfounded allegations made in paragraph 1 to 7 are incorrect. I further place on record that because you have informed me telephonically that you had affidavits that support the allegations, it goes without saying that such allegations cannot be addressed without the insurers and that these allegations can also not be addressed when you do not make the alleged affidavits available to me.

"You have also confirmed telephonically that you are aware of the pending litigation between *ZambiBush* and the Tshwane municipality. I am therefore not prepared to address allegations without being in possession of the affidavits because this may prejudice *ZambiBush* in the pending litigation. All rights are reserved."

Noseweek has established that an 18-year-old died in October last year at another of Bruwer Nel's resorts, Hennops Pride in Centurion, allegedly after he was injured on a water slide. The case is being investigated by the Erasmia Police. — **By Susan Puren** ■



ZambiBush Resort – enter at your own risk



‘The Blackridge House: A Memoir’ by Julia Martin

JULIA MARTIN’S “MEMOIR” IS NOT really a memoir in a conventional sense. Although the author is very much present in the account, the focus is firmly on her mother, born Elizabeth Smallie, more commonly known as Betty, aged 92 at the time of writing; and the book recounts the author’s attempt to reconstruct a past that is only fitfully present to her mother’s failing memory. (“My memory is full of blotches,” she says, “like ink left about and knocked over.”)

Central to this reconstruction is the attempt to locate, physically, the Blackridge House, on the outskirts of Pietermaritzburg, where Betty grew up. Martin sets out to recover this “small wood-and-iron house” or what remains of it, and from this quest and its ramifications a complex narrative unfolds: not only the fragmented memories of Betty’s childhood, but the colonial history of that part of the country, from the Boer War through the Zulu Wars to the present. The book’s epigraph, from Rebecca Solnit, succinctly sums up this aspect of its construction: “That thing we call a place is the intersection of many changing forces passing through, whirling around, mixing, dissolving, and exploding in a fixed location.”

One of the achievements of this expertly-wrought account is the tracing of that intersection: a meeting of past and present – not only what we call the historical past, but also the more recent past, and not only the present of the care home in which Betty ends her days, but also of the current residents of the area in which the Blackridge House had its being.

It is a story of a history and a community, over time, intersecting, in

Solnit’s term, in a fixed location.

Thus the ordinary details of daily life at Blackridge are, to Martin, also pointers to a historical process invisible to the incumbents of that place and that time. Her mother’s recollection of her and her best friend’s enjoyment of the mango tree in the garden prompts Martin’s reflection on the process that planted that tree in that spot, the process we call colonialisation: “Would it be heavy-handed to say that Betty and Cyril and all the other children with an exotic mango tree in the garden, were ingesting the fruits of conquest and imperial trade?”

It would have been heavy-handed indeed if that were the only significance that Martin could find in this memory of her mother’s. But throughout, the historical context is irradiated by the fitful light of memory, playing on these relics with the warmth of affection and the pathos of loss. The sentiment does not invalidate the sterner perspective of the history of conquest and subjugation, “the business of supremacy turn[ing] to repeated assaults on the environment”, but it humanises it: the agents of change and “progress” are themselves subject to the processes they set in motion, perpetrators and victims both.

Martin’s grandfather, by all accounts a humane individual, was also a soldier of empire, and, in his civilian life, an agent of change, not always for the better: “The fields, the grasslands, and the forests were once again to be laid waste, this time for industrialisation and the factory farms of monoculture.” Indeed, if there is a villain in this book, it is monoculture, with its reduction of the rich variety of natural life to the drab uniformity of plantations and factories. The

Blackridge House becomes, through Betty’s memories of it, almost a paradise of rampant nature (“a garden with mangoes and bananas, and wild leafy places of lichen and moss”), though it is itself, of course, a product of the human encroachment on nature.

There is in fact no clean separation between human activity and the nature that it practises upon, sometimes destructively, sometimes constructively. On a visit to the Hoek, once the family farm of her husband, Martin feels in this particular house an organic connection with its environment and its inhabitants: “The house was solid, a live thing made by human bodies and the workings of insects, mice, and birds.”

If, at times, it seems as if Martin is lamenting all human interference with nature, there is a counter-suggestion that all we as humans can aspire to is learning how to live in nature and in harmony with its rhythms – and with each other. “Yet again,” she reports, after being offered help by a stranger, “someone I’d never met before had generously responded to my quest, taken it on.” An unlooked-for result of Martin’s quest is her discovery of a sense of community transcending the confines of family or neighbourhood, – recognition of a common humanity.

Martin’s quest, then, is more than a search for a particular house: it is the retracing of “the long, long reach of human habitation of the region”, a habitation long predating the white settlers of the nineteenth and twentieth centuries: “an unimaginable long narrative of displacement and continuity in which the brief story of my own family became a single utterance, audible for only a breath.”

If in the larger scheme of history Betty’s story and her daughter’s quest are no more than a “breath”, then through this exquisite utterance of that breath it nevertheless achieves a permanence of its own, a moving testimony to a remarkable woman, and a troubled but loving exploration of a region, a land and its people. ■



THE BLACKRIDGE HOUSE
by Julia Martin



Bitcoin billionaires: A True Story of Genius, Betrayal and Redemption

IN 2009, AUTHOR BEN MEZRICH WROTE A book named *The Accidental Billionaires*, chronicling the unholy birth of Facebook, the rise of Mark Zuckerberg, and the fall – well, the stumble – of Tyler and Cameron Winklevoss, the identical twins who believed that Zuckerberg had stolen the idea for the social network from them.

Mezrich's newest book is also about billionaires, but not accidental ones, you hear? It's very important that you understand that Tyler and Cameron were millionaires but now they're billionaires – nine zeroes, not six – and they did it all by themselves, except for a bunch of other people. Also they might be geniuses, and they were betrayed, but they've found redemption. Got it? Billionaires. Genius. Betrayal. Redemption.

Just to be safe, Mezrich has put all of those in the title: *Bitcoin Billionaires*:

A True Story of Genius, Betrayal and Redemption. But this book's real title, booming off every page of this entertaining but entirely transparent bit of literary fluffing, is really “Nyah Nyah Nyah, We Didn't Need Stupid Facebook Anyway, Mark. Yeah, Mark, How'd You Like Us Now, You Nerdy Poo-Face?”

Of course I'm not suggesting that this book was commissioned by two ultra-competitive billionaires with badly stung egos, or that they paid for the tidal wave of publicity that has launched it around the world. The super-rich don't operate like that, now do they?

Still, it is palpably obvious that while this account of What The Twins Did Next sells itself as a fast-paced tech thriller, it is, in fact, a very long letter from two very jilted lovers.

Indeed, the author says as much on the very first page, where he opens with a quote from Alexandre Dumas's *The*

Count of Monte Cristo: “Moral wounds have this peculiarity – they may be hidden, but they never close; always painful, always ready to bleed when touched, they remain fresh and open to the heart.”

Those poor Winklevoss boys. How will our off-the-shelf, middle-class brains ever understand the immensity of the pain they've endured? How can we comprehend what it's like to take on Mark Zuckerberg and only come away with \$500 million for a sort-of idea you maybe kind of had? Oh, the humiliation!

I'm barely exaggerating. Despite taking place in the cutthroat world of high tech and big money, *Bitcoin Billionaires* is often hilariously star-struck by its two heroes. For example, when they decide to woo a potential partner by inviting him to their Manhattan loft apartment (glam!) full of models (hot!), what strikes the impressionable young hustler is that they look “like something out of Greek mythology”.

But before you think these are arrogant immortals lolling on Olympus, Mezrich assures us that the Winklevosses are sons of the soil.

Having discovered that Silicon Valley startups will not take their money – they are essentially untouchable there after clashing with Big Brother Zuck – they find themselves facing an existential crisis. After all, if you're not an angel investor being fawned over for your Facebook settlement money, what are you?

It is a long dark night of the soul, and they have to dig very deep. Luckily for them, they come from a family that has dug deep, literally, into the Pennsylvania mountains. Their father, we are told, “had propelled himself upward from a heritage of hardworking German immigrants, a family of coal miners”. It's straight out of *Zoolander*: one can almost hear the twins, delicately coughing into their silk kerchiefs, saying, “I think I'm getting the black lung, Pop.” 40 pages later one doesn't



Tyler and Cameron Winklevoss



even dare to imagine the tragi-comic cliché, as Mezrich reports that the twins' great-great-grandfather arrived from Germany "and promptly died of black lung". (In case you are worried that the boys in this story might be left as grubby little orphans, the coal dust on their cheeks smeared with tears, be reassured: their father, Howard, never went near a mine, enjoying a long career as an adjunct professor of insurance at the Wharton School, and as a consultant. The only dust the twins ever inhaled was the fairy dust of rarefied privilege.)

Sometimes, however, being a Greek god or being related to people who once did some actual work isn't enough, and while they're still mere millionaires they decide to retreat from the rat race to lick their wounds. How will they rediscover their purpose and fire? At sea off the Hamptons, grappling with the elements? Touring the great cities of the old world, where history and culture can slough off the chintzy tat of Silicon Valley? Perhaps a hard, long walk in the Himalayas? Where does one go to renew the soul, if money is no object?

Apparently one goes to Ibiza. On purpose.

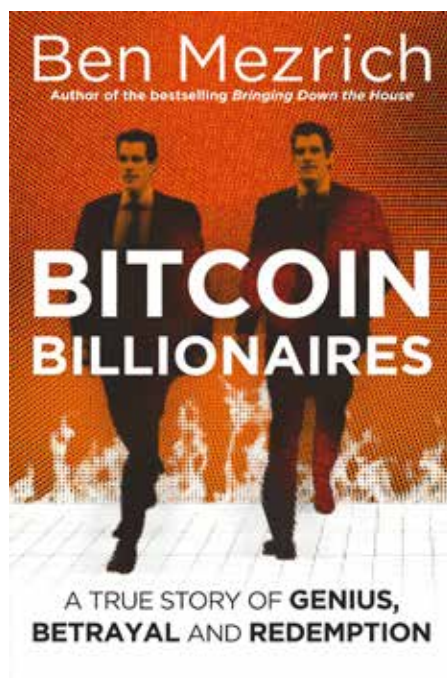
Mezrich tries very hard in this book to portray the brothers as interesting, sympathetic, even visionary people. He does his utmost to convince us that they're not just 0.1-percenters who've surfed a huge wave of money to even more money. If, however, you've followed their story since the Facebook days and believe that they are deeply dull human beings, whose conversation would bore you to tears within five minutes and whose idea of a good time is to languish on hyper-kitsch islands with the soul-sick and the aggressively shallow, this segment will not dissuade you.

It is, however, an important one in the rise of the Winkelvosses, for it is in Ibiza that they are first buttonholed by the frenzied believers in a new era for humanity: the wild-eyed, code-crunching prophets of Bitcoin, declaring the death of money even as they ask the twins to hand over quite a lot of theirs.

From there on, *Bitcoin Billionaires* is your standard riches-to-riches story, as our heroes decide that cryptocurrencies are the way of the future, go on a mad

buying spree, and end up owning more than one percent of all the Bitcoins in circulation. Which, its inventors assure us, is a finite figure, because when you invent a currency that lives inside a computer it is entirely impossible to add extra zeroes.

At least, that's what Mezrich's cast of characters keeps telling us, and since I almost failed Standard Grade maths in Matric, who am I to disagree? Then again, perhaps that's how things like Bitcoin work: make something complex enough and Joe Standard Grade won't see that it's a Ponzi scheme.



In Mezrich's defence, however, this book never pretends to be propaganda for Bitcoin: it is far too busy dabbling away at those "moral wounds" Dumas mentioned at the beginning. Mezrich has also clearly seen that there is almost no story to tell here. At best, this is about two very rich, fairly insecure guys who took a bet on a new whatsit, sat on their position until the whatsit became a trend and then a mania, and got fantastically rich. After all the hours of interviews and mountains of documents, Mezrich must have come to the horrible realisation that his subjects were no more remarkable than any of the dozens of people who win lottery

jackpots every week. Which is why, instead of trying to stretch a page from *Tatler* into *The Agony and the Ecstasy*, he has added a second story: that of Bitcoin itself.

This book-within-a-book is much more successful than the biography to which it is grafted, mostly because Mezrich writes with cinematic flair, is skilled at making meetings about algorithms sound like something out of a James Bond novel, and because he is willing to patronise his reader almost to the point of frontal lobotomy. I haven't read so much wildly unrealistic, on-the-nose exposition since I was writing it as a desperately earnest teenaged playwright: at times one expects the characters to break off their unlikely conversations, turn to the audience and say, "And so, kids, that's how Bitcoin works."

Perhaps the most surreal example of this is when Cameron Winkelvoss explains the "mining" of Bitcoins to new colleagues with a bizarre allegory involving *Charlie and the Chocolate Factory*. "Charlie is like a miner," he tells his crew. "And the golden ticket, which will give him a tour of Willie Wonka's factory, is like the block reward. Now suppose that by searching for this golden ticket, Charlie is also simultaneously validating purchases of candy bars and recording them in the factory's business ledger – the Willy Wonka blockchain..."

It's loopy, but it works: one comes away from this passage with jumbled images of chocolate-smeared coins, but also a clearer idea of how Bitcoin transactions are endlessly validated – and therefore safeguarded – by an army of number-crunchers competing for a golden ticket. Sometimes pitching your book at a 10-year-old level pays dividends.

Speaking of which, I hope Mezrich has made a large pile of money from this book, if only as compensation for having to listen to so many people talk about their Bitcoin investments.

As for the Winkelvoss twins, well, they remain in our thoughts and prayers. Their moral wounds will never close but at least they'll always have Ibiza. ■



Letter from Umjindi

Stop the negativity – we are going through trial and error

NOSEY ONE’S TRUST ME WHEN I SAY life is much nicer when you approach it with the mentality of the glass always being half full.

That is how several years ago I decided to look at life. I can definitely credit this to my experience publishing the then local newspaper, *The Umjindi Guardian*, a lovely little but powerful rag – if I say so myself – which ended up covering so many negative stories that one could easily settle into a negative mindset. Well I refused to let that happen – and I am a very happy person because of it.

Case in point: I do not subscribe to this negativity too many of us have about our country and I live with the mindset that ours is going through a period of trial and error and what is wrong will someday be sorted out, hopefully sooner than later of course.

For example five years ago when I took my driver’s licence I, like everyone else, had to take an eye test. The testing machine was one of those that had the big E at the top but when you got down to the last row you needed the visionary powers of Clark – Superman – Kent: to see, read the microscopic lettering.

Well now of course I let the tester know exactly how I felt about this, especially after he told me, “you just barely passed your eye test”.

I recently went to renew my licence and lo and behold the tester proudly led me to the new machine and said, “Mr Mashile I think this time you will approve”. Approve? Nosey ones, after my test I was singing Johnny Nash’s hit song, *I Can See Clearly Now*.

Oh my formerly semi-blind Mzansi brothers and sisters I am sure there are some of you who recently took an eye test for your driver’s licence and you will agree that the new testing machine with the required joy stick movements is designed for us earthly beings .

People, people, five years ago when I made that complaint to that tester I walked out of the Barberton traffic department full of confidence that this test machine matter would have to be

sorted, after all if I am complaining there must be others too, hey we are not alone.

Hey, as I said, no negativity. Think positive because after all we are going through trial and error. Now this is not limited to governance, economics, etc. It also affects our arts and culture

There are two songs that make me want to pull my hair out: Vicky Sampson’s *African Dream* and PJ Powers’s *Jabulani* with Hotline, whose bass guitarist George van Dyk wrote the hit.

In short I find these songs epitomise the word cheesy. Not just cheesy but cheesy of the highest order.

Okay, they were recorded in 80s South Africa, so to some degree I can understand the motivation but it still does not take them away from the “argh man, change the station!” category.

However, recently I was watching one of these morning news shows and they had Ms *Jabulani* herself as their guest. All I could think was “I cannot wake up to this s****t”. But my don’t-be-negative voice said “hear her out”. And what a pleasant surprise as Ms Powers delivered a soulful, gritty-voiced rocker of a song, and her now-aged, but still very attractive look, fitted perfectly with it.

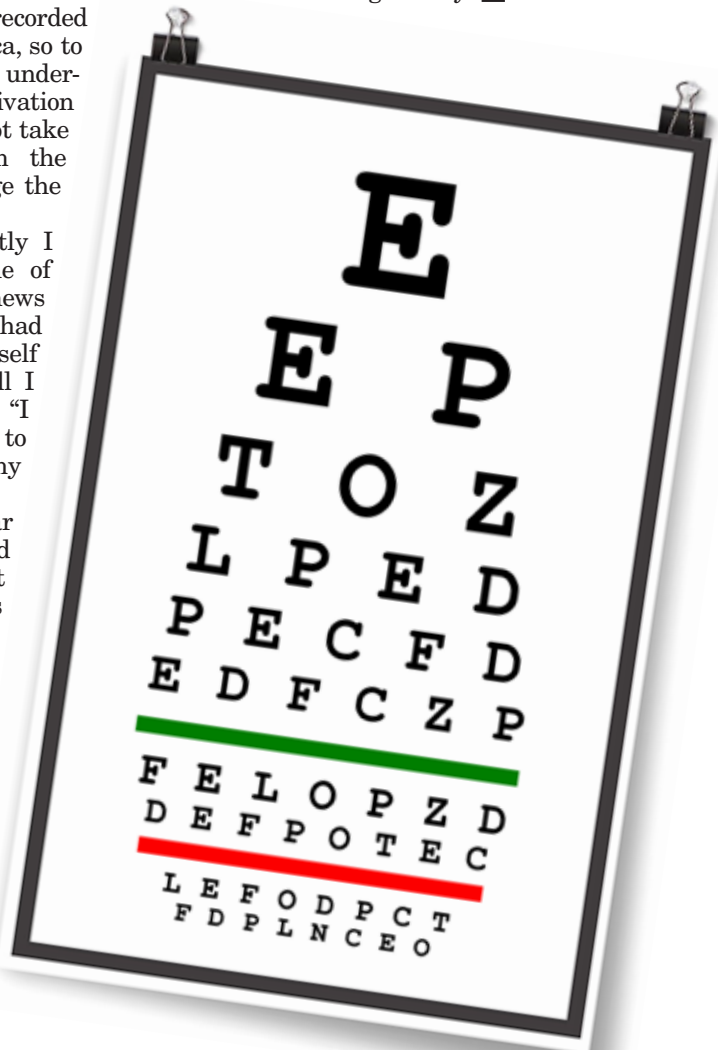
But there is one thing I would like to advise Ms Powers: please oh

please don’t do that air guitar thing when your song comes to the solo part, it makes you look, well, goofy. You have got to always maintain that rock-n-roll cool, think Annie Lennox.

And one more thing on arts and culture, can someone please stop dressing the singer Zahara in those hideous dresses that make her look like a matric dance reject. Please give her the Tracy Chapman look or Chrissie Hynde, simple cool white T-shirt with black jeans, which is what her music sounds like.

I trust, for just this short while, you’ve forgotten about the state of the nation.

Have a good day! ■



If readers pay for your news, you're one of the lucky ones

EVERY YEAR, THE REUTERS INSTITUTE FOR THE STUDY OF Journalism based at Oxford University in the UK, comes out with its Digital News Report, a survey of global trends and attitudes towards online news. Depending on your position in the media industry, it can be either good news or bad news. According to the latest edition, if you're a prosperous digital giant with a well-established subscription programme, then you are probably in great shape, thanks to the growth of digital and mobile consumption of the news. If you're a small publisher that still relies predominantly on print and your subscription plan still isn't lucrative, however, the report is probably going to cause nightmares. As Facebook and Google continue to vacuum up the lion's share of digital advertising around the globe, the landscape is looking increasingly barren for any publisher that isn't already a market leader. (Google helps fund the Reuters report.)

One of the big headlines from the study is that, despite the efforts of news publishers to move away from advertising revenue [*advertising revenue has, in fact, moved away from news publications* – Ed.] and focus more on subscriptions and membership plans, there has only been a tiny increase in the number of people who pay for online news in any form in the past year. What little growth did occur came primarily in Norway and Sweden. In the US, the so-called “Trump bump” led many news consumers to sign up for subscriptions to newspapers like *The New York Times* and *Washington Post*, but that seems to have slowed into a virtual flat line. The number of people who paid for news in the US currently remains relatively “stable” (i.e. it isn't growing) at 16% of the population. [*In South Africa it's probably closer to 4%.*] Even in

countries where fairly large numbers of news consumers pay for their news, the vast majority only have a single subscription. This phenomenon suggests that there is a winner-take-all aspect to online news. That might benefit the *Times* or the *Post*, or newspapers like *The Guardian* in the UK, but as those outlets grow stronger, their smaller competitors could find it even more difficult to sign up new subscribers, no matter how good their coverage is. Some media analysts believe this could create a polarised market, where the big get bigger and the small get smaller, and those in the middle either dramatically change their models or die out.

News publishers aren't just competing with other news outlets for subscribers. As more and more younger subscribers, the kind the news industry is most interested in attracting, are looking to streaming services like Netflix and Spotify to serve their entertainment needs, there is a risk that even in markets where people don't mind paying for news, a form of “subscription fatigue” may be developing. In this environment, “publishers may struggle to substantially increase the market for high-priced single-title subscriptions,” the Reuters report says. And publishers who are doing everything they can to sign up as many readers as possible could be exacerbating this problem by hitting consumers with paywalls more frequently.

If you're desperate for a little good news, the study found that while trust in the news in general is down 2 percentage points to 42% across all countries, and less than half of those surveyed said they trust the news sources they use regularly, there are signs that these low levels of trust are helping move people to more reputable sources of news. Across all of the countries surveyed, more than 25% said they have started relying on more reputable sources. (The study says the interpretation of “reputable” was left to respondents to determine.) How this particular statistic is likely to affect your media depends on whether you are one of the reputable sources people are heading towards, or one of the not-so-reputable sources that readers are busy heading away from.

Here's more on the state of digital news:

- **Active avoiders:** Almost a third of those surveyed for the report say that they “actively avoid the news.” That's up by 3 percentage points from when Reuters asked the same question last year. How can publishers convince more readers to subscribe to their sites if a significant proportion are no longer interested in news at all?

- **The youngs:** Mark Little, a former Irish TV Correspondent who founded the social-media verification service Storyful and now has a news curation startup called Kinzen, says there are encouraging signs that younger news consumers are more interested in reputable sources, share less fake news and are more interested in paying for news than older consumers. — **By Mathew Ingram, in *Columbia Journalism Review*.** ■



'Well, he has shown a keen interest in pornography.'

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PERSONAL

Martin Welz: Star of the Franschhoek Literary Festival 2019. Thank you, Jane McArthur.

Monique: Happy Birthday my pumpkin. Hope they spoil you on the boat. Love you lots, Mom xxx.

Jules: Happy happy birthday. Lots of love, Mum and Onyx xxx



SMALLS ADS

The deadline is the 24th of the month, two months prior to publication.

Ads are prepaid at R200 plus VAT for up to 15 words, thereafter R15 per word plus VAT.

Please note that multiple (long-term bookings) are now available online.

BOXED ADS

Boxed ads are 6cm (1 column) wide, and are charged at R900 for the first 3cm and R250 per additional cm (length) plus VAT.

Payment is due within 30 days of invoicing.

Please contact ads@noseweek.co.za to book or phone 021 686 0570.

DISCLAIMER

Although Noseweek does reject obviously questionable ads, it can't run checks on every ad that appears in the magazine. The magazine doesn't endorse the products or services advertised and readers are urged to exercise normal caution when doing business with advertisers.

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