



# **Numsa Media Monitor**

**Friday 26 August 2016**

**A daily compilation of local, national and international articles dealing with labour related issues**

## **South African workers**

### **Fawu rejects tripartite alliance**

*Theto Mahlakoana, Independent Media, 24 August 2016*

Bela Bela - The majority of delegates attending the Food and Allied Workers Union (Fawu) congress say the union is ready to part ways with the ANC-led alliance.

The members say the ruling party, the SACP and Cosatu have failed to serve the interests of workers.

The exception were delegates from the Western Cape, who implored congress not to cut ties but rather spend time explaining to workers what its expectations of the alliance were and what its failures had been.

“Taking decisions without proper consultation comes with a loss of benefits it might have achieved before. It would be premature for congress to leave without trying to influence the status within,” said Western Cape Fawu chairperson Jackie Brader.

However those who addressed the gathering’s plenary on Wednesday would not have any of it, saying their mandate was clear.

“Us as Limpopo, we don’t want to waste the congress’ time. We have a clear mandate, that the marriage we had in the alliance is over. We are not continuing with that marriage. It did not assist workers of this country,” said a Limpopo delegate.

The same call was echoed by Gauteng, Free State, North West and the Eastern Cape, who urged the union to find a new political home in Numsa formed, United Front which they believe could deliver a socialist government.

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“We must decide as Fawu to align ourselves with the decision but should not be in a hurry although we see that the more time we waste, otherwise the country will be ruled by capitalists. We are moving out of the alliance, and will be part of the United Front politically going forward,” recommended Gauteng province.

The congress will also discuss its standing within Cosatu, which it has boycotted since 2014 when Numsa was kicked out of the federation.

<http://www.iol.co.za/news/politics/fawu-rejects-tripartite-alliance-2060549>

### **‘We’ve been patient with Fawu’ – Cosatu**

*The Citizen/ANA, 25 Aug 2016*

Cosatu’s president said Fawu ‘had pushed’ Cosatu to expel it after the expulsion of Numsa in 2014.

Cosatu has run out of patience with the Food and Allied Workers Union (Fawu) and was not surprised by its decision to leave the federation, it said on Thursday.

Cosatu general secretary Bheki Ntshalintshali said the federation had a right to recoup more than R5 million in affiliation fees owed by Fawu.

“Despite them not paying, we spent at least R1 million in helping them on court cases against employers. We had that responsibility as a federation. Fawu owes more than R5 million in affiliation fees after they stopped paying nine months ago ... we have a right to get that money back to the federation,” Ntshalintshali told reporters in Johannesburg on Thursday after a central executive committee meeting.

The federation’s president Sidumo Dlamini said Fawu “had pushed” Cosatu to expel it following the expulsion of the National Union of Metalworkers of SA (Numsa) in 2014.

“It seemed Fawu had taken a decision to leave from as far as 2013 when the federation held its special congress. They pushed for Cosatu to expel them, and Cosatu didn’t. They have now taken a decision to leave,” said Dlamini.

“They also took a decision in 2014 to boycott executive meetings. We met to try find out the reasons why. We were still prepared to hear more because as an organisation, we understood that they were going through difficulties.”

He said the union defied court orders, bankrupted itself, and purged members who did not want to leave Cosatu.

Fawu, with more than 100 000 members in the food industry, took a decision to leave the deeply divided Cosatu at its congress held in Bela Bela, Limpopo, this week. KwaZulu-Natal did not support the move and was not part of the congress taking place this week.

The union had been at loggerheads with the federation’s leadership as Fawu supported the expelled union, Numsa, and former Cosatu general secretary Zwelinzima Vavi. The rift with Vavi and Numsa deepened the infighting and divisions in the country’s biggest federation.

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Numsa's 400 000 members were expelled after the union resolved not to support the African National Congress or any political party in the 2014 national election and to stop paying its levy to Cosatu, calling for the trade union federation to move out of its alliance with the ANC and the SA Communist Party (SACP). Vavi was expelled last year for bringing Cosatu into disrepute.

Nine other Cosatu unions aligned themselves with the call to have Numsa reinstated back into Cosatu as well as Vavi. The campaign failed, prompting Vavi and Numsa to plan the formation of a new trade union federation, which would not be affiliated to any political party.

<http://www.citizen.co.za/1264632/weve-been-patient-with-fawu-cosatu/>

### **Sasol workers down tools**

*Heidi Giokos, 25 August 2016*

Secunda - Sasol workers affiliated to the Association of Mineworkers and Construction Union (AMCU) are determined to continue striking over wages.

The workers say they will continue to strike until the company presents a proposed revised offer to its workers.

Close to 1 600 workers in Secunda, Mpumalanga, downed tools on Thursday after the union could not come to an agreement with Sasol.

Jimmy Gama, Amcu's national treasurer, told Independent Media that workers have several demands. However, first and foremost is a salary of R12 500.

"The minimum wage currently for workers is R7 300. We are also demanding a housing and transport allowance."

Inflation is currently 6 percent.

Gama said the union had been granted a strike certificate by the Commission for Conciliation, Mediation and Arbitration.

"The strike is ongoing until our demands are met. The strike began today and will continue until the company presents a plan."

Meanwhile, Alex Anderson, spokesman for Sasol, said with the ongoing strike at its plant in Secunda, its mining unit will be affected.

"Operations continue as normal with no impact on production but on the mining business."

Anderson said Sasol has put a contingency plan in place to ensure that safe, reliable and stable operations are maintained during the time of the strike. "We will continue to proactively monitor the situation."

Sasol recently warned that its earnings for the full-year to June were set to drop. It said headline earnings for the year were expected to decrease by between 10 percent and 30 percent, compared with the same period last year because of impairments.

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Earnings per share were expected to fall by as much as 73 percent, Sasol said.

<http://www.iol.co.za/business/companies/sasol-workers-down-tools-2060974>

### **Fed-up workers down bottles, demand a 57% wage increase**

*Bobby Jordan, The Times, 25 August 2016*

Workers at one of the biggest wineries in Western Cape downed bottles yesterday in support of a union demand for an average 57% wage increase.

Only six of more than 300 employees turned up for work at the Robertson Winery packing plant. The rest stayed away or picketed.

There have been protracted negotiations since May between management and the Commercial, Stevedoring, Agricultural and Allied Workers' Union.

Robertson Winery CEO Anton Cilliers said the company expected the strike to last for up to three weeks.

The strikers said they were dissatisfied with the 8% wage offer, saying it amounted to little more than a R200 increase on an average monthly salary of R3100.

Union organiser Deneco Dube said the Robertson group made huge profits but it refused to share the benefits with workers.

"We want to close the [income] gap between workers and management," Dube said. "But management refused to open their books to tell us how much they get."

Cilliers said: "Robertson Winery remains committed to improving the living standards for all its employees and has a long-term strategy towards this end."

<http://www.timeslive.co.za/thetimes/2016/08/25/Fed-up-workers-down-bottles-demand-a-57-wage-increase>

### **SAA's R256m whistle-blower wins Round 1 – Stimpel heads to CCMA**

*Carin Smith, News24/BizNews, 24 Aug 2016*

Cape Town – South African Airways (SAA) representatives have agreed to refer a case against whistleblower Cynthia Stimpel to the Commission for Conciliation, Mediation and Arbitration (CCMA), according to a statement issued by the Organisation Undoing Tax Abuse (Outa) on Tuesday.

In July SAA suspended treasurer Stimpel for misconduct as "she had acted in contravention of SAA's code of conduct". The airline denied its decision to suspend her had to do with media reports suggesting she had allegedly objected to SAA's decision to award a tender to "boutique financier" BnP Capital.

On 19 July, News24 exclusively revealed that SAA's controversial appointment of BnP Capital was not only expensive, but also put on hold an approved banking tender to Nedbank. The report revealed that SAA's board approved the awarding of banking services to Nedbank on May 27, for five years, at an estimated cost of R278m.

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But the awarding of this contract would be on condition that the “Nedbank contract [be] deferred subject to [the] debt consolidation process finalisation”. BnP Capital was appointed to advise SAA on how to restructure its R15bn debt.

This would be done for a fee of R256m – even though Stimpel said it could be done at a fraction of the cost, according to the report. BnP Capital won the contract in March ahead of several well-established companies including Nedbank, Regiments and Deloitte & Touche.

At the time Outa claimed that SAA chairperson Dudu Myeni was among board members who voted to hire BnP without a tender.

SAA subsequently decided to terminate the services of BnP Capital as transaction adviser and its appointment to source funds on behalf of the airline.

Outa said on Tuesday representatives of SAA “capitulated at the last minute in the Labour Court” and agreed to refer the case to the CCMA.

“SAA wanted Stimpel to give an undertaking that she would not launch any further court proceedings relating to one of the charges and to pay the costs of the court application. Neither of these requests had been acceded to and the matter will now be heard by the CCMA in the near future,” said Outa.

Outa added that it has established a crowd-funded whistleblower protection programme to defend whistleblowers against any victimisation tactics that may be implemented by employers, including the state.

SAA spokesperson Tlali Tlali told Fin24 on Tuesday evening that the best thing to do would be to exercise restraint and allow the process to run its course until the matter is finalised.

“What Outa seems to celebrate speaks nothing to the merit aspects of the matter between the parties,” said Tlali. – Fin24

<http://www.fin24.com/Companies/Industrial/saa-whistle-blower-heading-to-ccma-20160823>

### **OUTA media release**

South African Airways (SAA) representatives capitulated at the last moment in the labour court on Monday 22 August, after a sustained and unwavering defensive challenge by Cynthia Stimpel – SAA’s suspended Group Treasurer – supported by OUTA. They agreed to refer the case to the CCMA, where the matter will be heard by an impartial commissioner, as opposed to a SAA appointed chairperson.

SAA wanted Stimpel to give an undertaking that she would not launch any further court proceedings relating to one of the charges and to pay the costs of the court application. Neither of these requests were acceded to and the matter will now be heard by the CCMA in the near future.

When an employee working for the state notices a potential criminal abuse of authority, the biggest fear the potential whistleblower faces is being caught alone in the storm after making their protected disclosure. It is for this reason that OUTA has established its whistleblower protection program.

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OUTA's program intends to defend whistleblowers against any victimisation tactics that may be implemented by the state and others, in order to muzzle those who have the courage to stand up against flagrant abuse of state funds and processes. This program seeks to protect and redress victimisation that springs from the act of whistleblowing, which we believe will encourage more active citizenry in fighting corruption and maladministration.

OUTA's crowd-funded whistleblowing protection program supports defense efforts of individuals by strengthening the ability of compromised whistleblowers to be successfully defended, and enables cases to later be prepared against those responsible for abuses of power, in order to root corruption and maladministration of public funds.

<https://www.biznews.com/briefs/2016/08/24/saas-r256m-whistleblower-wins-round-1-stimpel-heads-to-ccma/>

### **Speak up or face the consequences - ruling**

*Andre van Heerden and Jacques van Wyk, Bizcommunity.com, 25 Aug 2016*

In what circumstances may a group of strikers be held collectively accountable for misconduct during a strike? To what extent is there an obligation on employees to identify perpetrators of misconduct or, in the absence of having knowledge of such perpetrators, present evidence to escape charges of misconduct?

In the case of *Dunlop Mixing and Technical Services (Pty) Ltd and Others v National Union of Metalworkers of South Africa (NUMSA) obo Nganezi and Others* [2016] ZALCD 9 (11 May 2016), employees embarked on a protected strike in support of wage demands. A number of the employees committed acts of misconduct and violence during the strike. The employer obtained an interdict from the Labour Court in an attempt to put a stop to the unlawful conduct. Despite this, the employees' misconduct continued unabated until the date of their dismissals on the grounds of 'derivative misconduct'. The employees then referred the matter to arbitration at the Commission for Conciliation Mediation and Arbitration (CCMA) as an unfair dismissal dispute.

#### Derivative misconduct

The CCMA found that the derivative misconduct, of which the employees in question were found guilty, stemmed from the fact that the non-violent striking employees failed to come forward and assist the employer in identifying the employees who had resorted to violence. For this reason the CCMA concluded that the dismissals were both substantively and procedurally fair. However, the CCMA ordered that the dismissal of certain employees were substantively unfair in that there was insufficient evidence to suggest that those employees were in fact present and on strike. The CCMA thus ordered those employees to be reinstated. The employer then applied to the Labour Court for this part of the CCMA award to be reviewed and set aside.

The Labour Court held that it was not unreasonable to infer from the evidence that all the striking employees were participants in the strike and accordingly, in the absence of any explanation, were to be regarded as being present during the strike. Moreover, it was held that "in light of the trust nature of an employment relationship, there is an obligation on those it can be inferred were present, to give evidence or

provide some explanation” as to the identity of the perpetrators or their own innocence. An employee who claims to have no such knowledge cannot simply remain silent. Where employees remain silent, in circumstances where misconduct has been committed, the only reasonable inference that could be drawn is that they committed derivative misconduct. Thus, the Court reasoned that, had the employees not been present when the misconduct took place, they would have said so.

In conclusion, the Court held that due to the violent nature of the misconduct, the employees’ failure to provide information about the violent perpetrators, or to offer a valid explanation to the employer as to their innocence, constituted derivative misconduct which justified their dismissals.

## Conclusion

This matter emphasises the importance of the duty of good faith owed by the employee to its employer, and recognizes that where an employee possesses knowledge that could impact the interests and well-being of the business, withholding such information could amount to a breach of the duty of good faith. In such circumstances, silence is not enough where sufficient evidence is presented of the misconduct. Even where no knowledge is in fact possessed of the perpetrators, there is a duty to speak up or face the consequences.

<http://www.bizcommunity.com/Article/196/362/149856.html>

## **South Africa**

### **Cosatu not opposed to early ANC elective conference**

*Karl Gernetzky, Business Day, 25 August 2016*

THE Congress of South African Trade Unions (Cosatu) said on Thursday it would not remain neutral on the question of ANC leadership succession, and discussions should begin immediately.

The union federation was also not opposed to calls for an early ANC elective congress but the matter required further deliberation, Cosatu general secretary Bheki Ntshalintshali said on Thursday.

Speaking after a central executive committee meeting in Johannesburg, Ntshalintshali said the leadership of Cosatu’s unions had decided to begin talks on looming elections within the ANC.

Processes for this discussion would be deferred to a special leadership meeting, while problems identified by the ANC related to its own internal democracy prompted a need for deliberation on the early congress, he said.

"The sad reality is that the current ANC is highly factionalised and cannot claim to still be functioning as a coherent and a unitary organisation," he said.

"There is also a danger that shortcut solutions will plunge the organisation into more disarray and decline," Ntshalintshali said.

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Following a decline in support during the August 3 local government polls, the ANC has begun a process to "re-energise" the organisation, and may decide to bring forward an elective congress currently scheduled for December 2017.

Cosatu, in deliberating on the outcomes of elections and campaigning, acknowledged it "was not at its best" and that the tripartite alliance generally had been weakened by a lack of coherence in applying strategy and tactics.

"We all have to acknowledge that our political necks are in the hangman's noose, and we will not survive if we continue with the business as usual mentality," said Ntshalintshali.

Cosatu is itself facing internal turmoil, including a decision by the Food and Allied Workers Union (Fawu) this week to exit the federation possibly in favour of a newly forming alternative — spearheaded by the expelled National Union of Metalworkers of SA (Numsa) and Zwelinzima Vavi. Fawu is expected to announce the outcomes of the congress and announce a way forward on Friday.

"We are not surprised by the decision, and we are currently planning to meet with many Fawu members including provincial structures that have made it clear to the federation that they are not leaving the federation," Ntshalintshali said.

Fawu was a victim of a paralysed leadership, and Cosatu would continue its agenda to rebuild and strengthen affiliates, it said.

<http://www.bdlive.co.za/national/2016/08/25/cosatu-not-opposed-to-early-anc-elective-conference>

### **EFF betrayed us - Cosatu**

*Lizeka Tandwa, News24, 25 Aug 2016*

Johannesburg - Cosatu feels betrayed by the marriage between the DA and the EFF, president Sdumo Dlamini has told journalists.

"You are looking at the combination of the odds which have enjoined at one point [to] ensure the ANC does not stay in power... They even say they are happy with the devil. We feel betrayed because some of the parties... we voted for them on their ideological outlook."

Dlamini said the EFF has abandoned the principal and ideological outlook as a left formation.

He questioned how the DA and the EFF would handle a call for the ban of labour brokers or a national minimum wage.

"Who loses the worker? What you have deposited yourself to be in society wearing a red helmet, but at the alter of expediency you denounce that principle and workers suffer."

Dlamini, however, admitted that the federation was not at its best during the campaign for the local government elections.

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He said a weaker alliance found itself in disarray and lacked the "required coherency" in applying strategy and tactics.

"All this combined with increasingly united counter-revolutionary forces comprising of white monopoly capital. Political opposition supported by western imperialism has placed our revolution on a crossroads," Dlamini said.

EFF leader Julius Malema announced earlier this month that the party would vote with the DA in hung municipalities, which resulted in the ANC losing control of three key metros.

Explaining its decision, Malema said the DA was a better devil than the ANC.

<http://www.news24.com/SouthAfrica/News/eff-betrayed-us-cosatu-20160825>

### **Cosatu: We are partly to blame for the ANC's poor election results**

*Govan Whittles, Mail & Guardian, 25 Aug 2016*

Cosatu believes infighting and the fracturing of its affiliates is partially to blame for the ANC's worst-ever election results. The federation has now called for an urgent meeting between tripartite alliance leaders to discuss concerns raised by voters during campaigning.

"We have taken our share of responsibility for the election results. The outcome was due to our own weaknesses in the federation. The leadership of the alliance as a whole should take responsibility," Cosatu president Sdumo Dlamini told the Mail & Guardian on Thursday.

The most serious concerns, Dlamini said, were about poor service delivery and scandals surrounding ANC president Jacob Zuma.

"Let the alliance deal with key issues such as Nkandla and the Constitutional Court ruling, which has been mishandled. Another important issue raised by voters is the internal fighting in the ANC."

But he was not convinced that there are now legitimate grounds to call for Zuma's resignation, or that of other party leaders including secretary general Gwede Mantashe.

"We are listening to all these calls for resignations (from the ANC Youth League). We hope every call has a reason and think that should be explained," he said.

The federation remained vague about what it wants the ANC to do. While the governing party's national executive committee last week agreed to hold its elective conference in 2017, Cosatu appeared sympathetic to the youth league's call for it to be brought forward.

"Cosatu is not going to oppose the call, but we will continue to listen to the reason put forward," said the federation's general secretary, Bheki Ntshalintshali.

Cosatu remains the country's largest trade union federation, with a membership of around 1.7 million workers. The number of workers organised under the umbrella body dropped significantly after the expulsion of metalworkers union Numsa in 2014.

Its general secretary, Zwelinzima Vavi, was dismissed the following year and a host of other unions split over conflicting loyalties.

Dlamini said these factors are behind the federation's inability to campaign effectively during the local polls. The election results, which saw the ANC support drop to its weakest ever tally of 53.9% of votes, have been described as a wake-up call by Mantashe.

The SACP blamed violent clashes between its members and the ANC over ward councillor deployments for the results, but Cosatu said the relationship between the alliance partners remains intact.

"There's absolutely no tension between Cosatu and its alliance partners. The only cry we have is that we should be working on programmes that benefit workers, we are not. That's our major concern," Dlamini said.

The federation's leader also responded to a perceived conspiracy against Finance Minister Pravin Gordhan, apparently led by the Directorate for Priority Crimes Unit (the Hawks).

"We don't know if he's being targeted or not. We are saying we should not create a perception that we are not equal before the law. If he has things to answer, he must do that. But state agencies should not behave in a way which creates doubt as to whether they are being political," he said.

Cosatu deputy president Zingiswa Losi said Gordhan, as well as other political leaders accused of wrongdoing, should be afforded an opportunity to respond in court.

<http://mg.co.za/article/2016-08-25-cosatu-we-are-partly-to-blame-for-the-ancs-poor-election-results>

### **Cosatu warned ANC e-tolls would cost it electorate's support**

*Masa Kekana, EWN, 25 Aug 2016*

Cosatu says the governing party has no one else but itself to blame for its poor performance at the polls.

JOHANNESBURG – The Congress of South African Trade Unions (Cosatu) says it warned the African National Congress (ANC) that issues such as e-tolls would affect the party's support at the polls.

The federation's leadership has reported back following its central executive committee (CEC) meeting in Johannesburg at the weekend

Among issues discussed at the CEC were the ANC and the election results, agreement on the call for no fee increases next year and coalitions.

Cosatu general secretary Bheki Ntshalintshali says the governing party has no one else but itself to blame for its poor performance at the polls.

He says his organisation warned that some workers would punish the party over concerns, specifically the issue of e-tolls.

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Cosatu's leadership, however, says it's concerned about workers in the metros where the Democratic Alliance (DA) has taken over because it believes the DA has anti-union and anti-workers' rights policies.

At the same time, Cosatu says no one is above the law, but it has warned the Hawks to handle the matter surrounding Finance Minister Pravin Gordhan responsibly.

It says while Minister Gordhan is exercising his right not to present himself to the authorities, he must also be willing to face any possible consequences.

Ntshalintshali says the matter has been dealt with has been in poor taste.

"Our warning to the Hawks is that they should not behave like the Scorpions and end up being discredited or being perceived to be entering internal or political battles."

He says the matter has knocked the markets.

"Any accusation of a finance minister has an impact on these issues."

Ntshalintshali says the Hawks must ensure that they do their job honestly.

It emerged this afternoon that former South African Revenue Service commissioner Oupa Magashula was also summoned by the Hawks, along with two other former officials Johann van Loggerenberg and Ivan Pillay.

Minister Gordhan announced yesterday that he would not comply with the demands by the Hawks.

<http://ewn.co.za/2016/08/25/Cosatu-warned-ANC-e-tolls-will-cost-it-electorates-support>

### **Mashaba says he can't stop e-tolls**

*Tshidi Madia, News24, 25 Aug 2016*

Johannesburg – Johannesburg mayor Herman Mashaba is powerless to put a stop to e-tolls in Gauteng.

The only way to end the system would be to vote the DA into power nationally, he said in an interview on Wednesday.

"That is why I will work towards 2019, with Mmusi Maimane taking over the country so that it can be dealt with at that level," he said.

He signed pledges to put an end to the system, during campaigning for the August 3 local government elections.

He was voted into office on Monday, defeating the ANC's candidate Park Tau with 144 votes to 125 at a council meeting in Johannesburg.

He said Johannesburg metro police should stop helping the SA National Roads Agency Limited (Sanral) to check if motorists had e-tags.

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“On Friday, when I appoint the person to deal with safety I will give an instruction to JMPD that it should not be used by anyone to harass our residents on behalf of Sanral.”

The Citizen reported in May 2014 that Sanral denied working with metro police. Metro police spokesperson Chief Superintendent Wayne Minnaar said it was not their job to see if motorists had the tags.

Mashaba is expected to announce his mayoral committee on Friday.

<http://www.news24.com/SouthAfrica/News/mashaba-says-he-cant-stop-e-tolls-20160825>

## **Zuma v Gordhan**

### **The president's daring power play: Here comes the Zuma vs Gordhan showdown**

*Govan Whittles & Pauli van Wyk, Mail & Guardian. 25 Aug 2016*

In the wake of calls for President Jacob Zuma to resign during post-election coalition talks and attempts to deflect responsibility from him at the ANC national executive committee's recent meeting, Zuma has made a daring power play – taking charge of South Africa's state-owned enterprises.

The decision to place Zuma in charge of a new co-ordinating committee of state-owned entities was taken at the post-election Cabinet meeting last weekend.

The presidency insists there is “nothing sinister” in the establishment of the Presidential State-Owned Enterprises (SOE) Co-ordinating Council. Its role, said presidential spokesperson Bongani Ngqulunga, is to ensure that state entities work together and do not usurp the responsibilities of line-function ministers.

But the extreme tensions involving key state-owned entities – and, in some cases, the president's friends – potentially puts the president in direct confrontation with the national treasury.

More specifically, he could lock horns with Finance Minister Pravin Gordhan, who has blocked granting state money to bail out troubled SAA.

## **SAA**

The crisis at SAA was further entrenched this week when audit and risk committee nonexecutive board member Yakhe Kwinana resigned. She had served on the airline's board since 2009, and said her professional certification and reputation in the industry was at stake if she stayed on.

The state-owned airline is on the verge of being liquidated and could lose access to the lucrative Hong Kong route if it does not submit its financial statements to that country's registrar of companies by September 6.

SAA asked the government for a R5-billion guarantee. If this is not secured by the end of next month, the airline could be grounded locally as well.

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Standing in the way is Gordhan's refusal to succumb to perceived pressure by Zuma to grant the bailout – and the finance minister's apparent attempt to axe chairperson Dudu Myeni and her remaining board colleagues over what the ANC termed "governance challenges".

Kwinana this week reportedly warned that, if the guarantees were not made available, the airline would face liquidation.

SAA spokesperson Tladi Tladi said: "Our request for assistance in the form of guarantees has been communicated to shareholders. It's an open secret that we are in need of money."

Passenger Rail Agency of South Africa (Prasa)

The directive from Minister of Transport Dipuo Peters to "close off" the Prasa investigation comes at a time of high political pressure on her department.

It follows allegations that Angolan entrepreneur Maria da Cruz Gomes and Durban entrepreneur Roy Moodley, close friends of Zuma and the ANC, benefited handsomely from the Prasa tenders and may be implicated in the probe. There is also growing suspicion that the investigation may lead to Zuma himself.

"The matter is under investigation and whoever you are referring to will most probably be afforded an opportunity to respond to the allegations and explain their participation. Neither the presidency nor the president has any role to play in the matter," presidential spokesperson Ngqulunga said.

Eskom

This week the Gupta family threatened the national treasury with an interdict, after the Democratic Alliance asked for the findings of an investigation into Eskom coal contracts awarded to Tegeta Exploration and Resources, a mining operation owned by the Guptas.

Gordhan commissioned the probe in February in a bid to crack down on corruption linked to contracts above R10-million. The DA's request for the investigation's findings was rejected by the treasury, which said it had not yet made comments on the outcome or had sight of evidence linked to the probe.

The treasury has also limited the budget for nuclear procurement preparations to R200-million. The total cost of the project has been forecast at a trillion rands.

In March, the state missed Energy Minister Tina Joemat-Pettersson's deadline to announce South Africa's partner to develop nuclear energy. The Gupta family has positioned itself for massive benefits if the deal goes through, having already purchased the Shiva Uranium mine.

Denel

At the heart of the falling-out between the treasury and state arms manufacturer Denel is its joint venture between VR Laser Asia and Denel Asia, which Gordhan said was not approved by his department.

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In May, the Denel board's chief financial officer, Odwa Mhlwana, appeared before Parliament and defended the Gupta-linked deal, saying Denel had sent prenotification of it to the treasury and Public Enterprises Minister Lynne Brown in October last year.

"But because no response was received in a reasonable time [of 30 days], Denel went ahead and founded the joint venture ... If you don't hear from these departments, you may deem that approval has been granted," Mhlwana said.

Although the venture has not been scrapped, it remains unclear whether it was authorised.

<http://mg.co.za/article/2016-08-25-the-presidents-daring-power-play-here-comes-the-zuma-vs-gordhan-showdown>

### **Get ready for more jitters**

*Editorial, Business Day, 26 August 2016*

THE crisis surrounding Finance Minister Pravin Gordhan is unfolding faster than anyone anticipated, perhaps even those investigating it.

It now seems inevitable that the Hawks will arrest Gordhan perhaps as early as this week, sending SA into another bout of financial and political jitters.

On Thursday, three people who may end up being co-accused with Gordhan reported to the Hawks office in Pretoria — former South African Revenue Service commissioners Ivan Pillay and Oupa Magashula, and former employee Johann van Loggerenberg.

The notional intention of the visit was to receive a "warning statement", in which a suspect is informed he has the right to remain silent and the right to counsel. In formal terms, the act indicates that a "person of interest" has graduated to being a formal suspect.

Gordhan refused to appear before the Hawks and is legally not obliged to do so. He can be forced to do so, but only if arrested, which begs the question, why are the Hawks adopting this strategy?

One possibility is that they are not yet prepared to bring their case. This would not be surprising, since from a host of legal opinion — including lawyers of the highest reputation who protested against the action outside the Hawks' offices — the case is tenuous.

That may be understating the case; some have argued the case doesn't exist at all. Among the supporters present were advocate George Bizos, Francis Antonie from the Helen Suzman Foundation and the former judge, Johann Kriegler, from Freedom Under Law

Given the outrage that has followed this action, President Jacob Zuma's office felt compelled to intervene, saying on the one hand that the president has full confidence in the finance minister, but on the other, that he has no power to intervene in an investigation.

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This is totally correct in a formal sense. The irony is that on the same day that Zuma is claiming that he does not have the power to intervene, Transport Minister Dipuo Peters was facing criticism for trying to halt a forensic investigation in the Passenger Rail Agency of SA. Public Protector Thuli Madonsela's office has clarified that nobody can interfere with the implementation of remedial action recommended by the protector without taking its reports on judicial review.

Well, at least now there is clarity that investigations cannot be interfered with. Hopefully, this newfound clarity will lead to less tomfoolery with the legal system to try to halt the reinstatement of corruption charges against the president.

The question now is what happens if Gordhan is arrested?

In short a lot, but in political terms, it means that rather than a carefully stage-managed process in which Gordhan is eased quietly out of office at an appropriate moment later in 2016, as many expected, it all has to happen extremely fast.

Zuma will probably claim that he has no choice but to replace Gordhan once the arrest is effected, something everybody knows he has been wanting to do since he has repeatedly said he does not think he made a mistake appointing Des van Rooyen last year.

But the significance is that he and his faction of the ANC have lost control over the narrative, and that means the shock to the system will be more intense.

It also means that the handover period will have to be fast, and that imperils the carefully planned process of trying to ensure that SA does not get downgraded to junk status by ratings agencies at the end of the year.

When the major ratings agencies gave SA a limited period to get its house in order earlier in 2016, one of the specific considerations was that SA's "investment climate" should not deteriorate further. Decoded, this means that SA's political system should remain stable and should not be subject to unnecessary shocks.

That is precisely what has now happened.

<http://www.bdlive.co.za/opinion/editorials/2016/08/26/editorial-get-ready-for-more-jitters>

### **Freer Treasury access could help Zuma in legal dodge**

*Peter Bruce, Business Day, 26 August 2016*

BACK to square one. President Jacob Zuma blinked on Thursday and after two days of heavy rand-selling in the markets, and a very powerful and very welcome warning of disaster to come from Business Leadership SA, he put out a terse statement saying he has full confidence in Finance Minister Pravin Gordhan, but doesn't have the power to stop the Hawks investigating him.

That last bit is nonsense, of course. Zuma could long ago have asked Police Minister Nathi Nhleko to pull the Hawks off Gordhan's back. And even if that were uncomfortable, he could simply have asked revenue service chief (and his former brother-in-law) Tom Moyane to withdraw his complaint against Gordhan and former

SARS colleagues for the creation of an internal intelligence unit when Gordhan had Moyane's job.

It simply beggars belief that the Hawks would order Gordhan to present himself for a warning interview (a precursor to being charged and arrested) at their Tshwane headquarters on Thursday without Zuma knowing. He is a wily and experienced intelligence officer. There isn't anything important about the people around him that he doesn't know.

So why allow the currency, once again, to take such a slamming? Why wait so long to try to stop it? Was it sheer neglect? Or, more cynically, was anyone he might know benefiting from the fall? The political explanation is more likely. He once again miscalculated. Under some pressure to reassert himself after leading the ANC to a disastrous result in the local government elections, Zuma needs to loosen the tight rein Gordhan keeps on spending.

The more money he is able to give his ministers to spend, the more support he wins for the ultimate prize.

That is to keep ducking, for life, the hundreds of counts (not charges) of fraud against him lying dormant with the National Prosecuting Authority (NPA). To do that he needs to orchestrate his succession as head of the party and, ultimately, head of state, to ensure the successor continues to protect him. And to do that, he needs constantly to be able to buy loyalty. And to do that he needs a more yielding Treasury.

So, he would have spent the time the rand was crashing this week measuring the results and calculating the effects like the clever political fox he is. And by Thursday morning, he decided to pull back and issue a statement expressing confidence in Gordhan and insisting he is not allowed to interfere in police investigations. Gordhan is probably safe for a while again and it'll be back to plan B.

Even Deputy President Cyril Ramaphosa finally found his voice on Thursday, speaking at Makhenkesi Stofile's funeral. Praising Gordhan, he said a possible arrest of the finance minister "should concern us all" and then added, tellingly, that he takes "personal and individual" responsibility for this month's election catastrophe. No mucking around with Gwede Mantashe's collective responsibility. This was aimed directly at his boss.

As it is though, the rand recovered only briefly after Zuma's statement, before dropping back again. The markets, once bitten twice shy, don't trust him anymore. Plan B is a Cabinet reshuffle that has to happen anyway because he lost a deputy minister to a mayoral job on August 3. Ahead of the municipal vote, Brian Molefe at Eskom was being pressed to agree to become deputy finance minister, a job he wants like a hole in the head. The political calculation that a Hawks charge could clear the way for Molefe to take the Treasury altogether appears, for now, to be less certain.

That does not, however, make the need to be rid of Gordhan any less urgent, but Zuma suddenly has another hot issue on his desk, with almost all ANC factions agreeing that bringing the party's December 2017 elective conference forward would be a good idea. Each faction quite fancies its chances of either removing Zuma or

retaining him, but the outcome is very uncertain. Zuma controls the biggest faction, but he has lost popularity in the branches, where the hundreds of ANC councillors who lost their livelihoods on August 3 make their voices heard. Zuma's backers cannot guarantee him victory. Not right now.

Plan C — to persuade the party to align its elective conference with the national election in 2019 (and so lengthen Zuma's stay at the top of the party by about two years) — is also difficult. It was the ANC treasurer-general and a strong compromise candidate for Zuma's jobs, Zweli Mkhize, who in an interview this week failed in a quietly assertive way to back the idea. "After the (December 2017) conference, it's not even probably," he told Bloomberg, "we will have a different president".

"Doing things as we are doing them now is not an option," he said. "It's just a natural thing that if you experience a challenge under particular circumstances, you need to be in a slightly different state to emerge out of that."

That is putting it mildly. And twice now, inside just nine months, Zuma has inflicted political damage upon himself. He's weaker at the end of the week than he was at the beginning.

• *Bruce is editor-in-chief*

<http://www.bdlive.co.za/opinion/columnists/2016/08/26/thick-end-of-the-wedge-freer-treasury-access-could-help-zuma-in-legal-dodge>

## **International**

### **Brazil's Senate begins Rousseff's impeachment trial**

*Anthony Boadle, Reuters, 25 Aug 2016*

Brazil's Senate began the trial of suspended President Dilma Rousseff on Thursday after a lengthy impeachment process that has paralyzed the politics of Latin America's largest nation and is expected to culminate in her removal from office next week.

Thursday's session, presided over by Supreme Court Chief Justice Ricardo Lewandowski, heard witnesses for and against Rousseff, Brazil's first female president, who is charged with breaking budget laws.

The leftist leader, whose popularity has been hammered by a deep recession and immense corruption scandal since she won re-election in 2014, will appear before the 81 senators on Monday to defend herself. Her opponents are confident they have more than the 54 votes needed to convict her.

Authorities prepared barriers to contain demonstrations outside Brazil's modernistic Congress building, but virtually no Rousseff supporters turned out, underscoring the isolation of the impeached president.

If the final vote, which is expected late Tuesday or in the early hours of Wednesday, goes against Rousseff it would confirm her vice president, Michel Temer, as Brazil's new leader for the rest of her four-year term through 2018, ending 13 years of left-wing Workers Party rule.

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Rousseff, a former leftist guerrilla, is charged with spending without congressional approval and manipulating government accounts to mask the extent of Brazil's growing deficit in the run-up to her 2014 re-election.

Her Senate supporters managed to discredit a key witness, a Federal Audit Court prosecutor who led the probe of Rousseff's government, because he had taken part in an anti-Rousseff demonstration.

Lewandowski ruled that Julio Marcelo de Oliveira could be questioned but his testimony would not count as proof, a development that is not expected to affect the outcome of a trial that is more political than judicial.

A survey published by O Globo newspaper on Thursday showed that 52 senators were committed to voting to dismiss Rousseff, with only 19 supporting her and 10 undecided or not polled.

Rousseff has denied any wrongdoing and described efforts to oust her as a "coup." She has refused to resign and said the accounting practices she is being put on trial for were also commonly used by previous governments.

With unemployment above 11 percent, and dozens of politicians in her coalition implicated in a kickback scandal at state-led oil company Petrobras, the trial has become a test of Rousseff's support.

Polls show ordinary Brazilians are unconcerned by the alleged accounting irregularities but want Rousseff ousted in the hope the next government can better manage the economy.

#### DAUNTING TASK

If confirmed president by Rousseff's ouster, Temer would face a daunting task: steering Latin America's largest economy out of recession and plugging a budget deficit that has topped 10 percent of gross domestic product.

In the unlikely case that she is acquitted, Rousseff would immediately return to office.

Brazilian assets have rallied on prospects of a more market-friendly government, with the currency rising around 30 percent against the dollar this year. Still, investors and members of Temer's fragile coalition are concerned he has yet to implement measures to control the deficit.

Temer's right-leaning government has sought to speed up the trial so he can set about restoring confidence in a once-booming economy and remove any doubts about his legitimacy.

A draft budget for next year is not expected in Congress until Aug. 31, after the Senate votes, by which time Temer could have more political leverage to push through austerity measures.

Investors are concerned Temer might give in to pressure for spending increases such as pay hikes for public employees, including the nation's judges, a demand supported by Lewandowski.

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Temer has proposed a constitutional limit on spending and a broad reform of Brazil's pension system to reverse a deteriorating fiscal outlook - moves applauded by credit rating agencies that last year stripped the country of its prized investment grade.

"While we expect the current administration to have a better chance of getting these reforms through Congress than the previous government, there is still no clear support to approve these measures," Moody's Investors Service said in a client note.

If Rousseff is removed, Temer must be sworn in by the Senate. He is then expected to address the nation before heading to the summit of the G20 group of leading economies in China on Sept. 4-5.

Without the legal protection of her presidential status, Rousseff could find herself in court facing an investigation into whether she and former president Luiz Inacio Lula da Silva tried to obstruct the Petrobras corruption probe.

Even Rousseff's Workers Party, hurt by corruption scandals and her dismal economic record, has distanced itself from her last-minute call for elections to resolve the political crisis.

Yet party leader Lula came to her defense on Thursday. Speaking to workers in the city of Niteroi, Lula said Rousseff may have committed policy errors but she was an honest politician who had done nothing to warrant her removal.

"What they're doing is finding a way to take power without winning votes in an election," he said. "Today is a shameful day. The senators have begun to rip up Brazil's constitution."

<http://www.reuters.com/article/us-brazil-impeachment-idUSKCN11007P>

### **Canada Post: Union tells members to 'get ready' as strike mandate expires**

*Monique Muise, Global News, 24 Aug 2016*

The union representing 50,000 Canada Post workers says it will issue a 72-hour strike notice on Thursday "if nothing changes" in the negotiations with the Crown corporation.

The Canadian Union of Postal Workers issued a release Wednesday afternoon after meeting with Labour Minister MaryAnn Mihychuk and Canada Post CEO Deepak Chopra on Tuesday.

"Our National Executive Board (met) this morning to consider the position that Canada Post is maintaining," the release said.

"The NEB will decide on what strike activities we may engage in. If nothing changes between now and tomorrow, we will be issuing our 72-hour notice of strike activity. The NEB will not make this decision without careful thought and serious consideration."

Union executives are scheduled to address reporters in Ottawa at 10 a.m. ET.

The union's strike mandate runs out on Thursday, leaving it with three options: go back to the membership and get another 60-day mandate (which union president

Mike Palecek argued would be time-consuming and expensive), get Canada Post to agree to extend the strike mandate in writing, or issue the strike notice.

Last week, Canada Post declined to extend the mandate, and said contract negotiations with CUPW had reached an impasse.

What happens now?

The union is warning its members that they must continue showing up for work until a strike is launched, which would happen Sunday if the 72-hour notice is given on Thursday.

It's unlikely the government will step in, at least not right away. Prime Minister Justin Trudeau has stated repeatedly that Ottawa will respect the collective bargaining process.

If a strike or lockout begins, any letters or parcels in the system will remain there until service resumes.

The exceptions are Old Age Security, Canada Pension Plan, Working Income Tax Benefit and Canada Child Benefit cheques, which are considered essential and will still be delivered.

You can check your local government websites to see what options and recommendations are in place should there be a service disruption.

The Manitoba government — which mails approximately 50,000 cheques every month — has made arrangements for government cheques and other essential mail to be available for pickup at designated locations.

The British Columbia government, meanwhile, has been encouraging people to sign up for direct deposit payments, as has New Brunswick's government.

For online orders caught in limbo, each retailer's policy is unique. The best first step is to check your email inbox for a notice, or check the website from which you've ordered.

Online order confirmations generally list what service is being used to deliver your goods. If it's not Canada Post, you're in the clear.

<http://globalnews.ca/news/2898345/canada-post-union-tells-members-to-get-ready-as-strike-mandate-expires/>

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