

What took Trevor so long?

IMPLOSION: FINANCES IN DECLINE FOR YEARS

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Magnus Heystek

It's been a rather lonely, depressing journey to be one of the few financial commentators to be repeatedly pointing at the slowly unfolding implosion of SA's financial and economic fortunes.

After the Zuma administration took over, SA's financial metrics unravelled.

My November 2014 article, "The Death of the Rainbow Nation", was a particular turning point.

Trevor Manuel, finance minister from 1996 to 2009, and briefly in the Zuma administration, is now calling the Zuma presidency "a total disaster".

What took you so long, Trevor?

If you felt so strongly about the Zuma presidency, why did you not have the courage to resign and publicly call the Zuma presidency a disaster?

Why only after you've left politics and find yourself well-paid, ensconced as Old Mutual Emerging Markets chair?

SA losing the investment race

Your pension? Another unfolding financial disaster.

Investment returns have been between 3%-5% over the last three years – less than inflation.

SA's largest private pension funds averaged 2% annual growth over the last three years.

This is where the financial crisis is unfolding. There's very little public scrutiny of our pension funds. Returns are never discussed, but that's where the biggest quantum of money resides.

Where are the rich going?

Even the rich are feeling the pinch and declining in number.

The New World Wealth's recent Wealth Report said SA has 44 600 dollar millionaires. Further, SA had lost 5 000 dollar millionaires over the last three years – more than 10%.

While it has been countered by an inflow of 1 800 millionaires from Africa, it still leaves SA with 3 200 less dollar millionaires in just three years.

I don't buy the Ramaphoria narrative. I'd need significantly more information – backed up by real, quantifiable data – to say things are changing for the better.

Pravin Gordhan says state capture has cost SA R100 billion plus. How much investment did we lose owing to policy uncertainty, state capture, maladministration and downright theft?

Land reform

The land issue is real, but the current state of affairs is more a reflection of government's failure over 24 years to deal with this. It was only when its own research indicated that the ANC would lose support to below a 50% majority, that it embarked on this radical approach.

There's enough land in the hands of government, municipalities, tribal chiefs and provinces that can be used to satisfy the hunger for land. There's also willingness from the 35 000-odd commercial farmers to cooperate and assist aspiring black farmers to obtain land, capital and experience to truly become farmers.

But if government is going to expropriate viable commercial land without any compensation, the markets will show displeasure.

Many farming enterprises are owned by foreign investors and attempts to expropriate foreign-owned land will be met with fierce resistance.

Billionaire Indian investor Anajit Singh has ploughed R1 billion into the country to build up the Leeu Collection, in Franschhoek. Shall we start EWC with Singh?

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