Davos 2019 – The top 10 stories on BizNews from #WEF2019

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Welcome to the Post-Davos wrap up for 2019, which lets you in on the conversations that took place at Davos 2019 in January. If you have an opinion about discussions that were held in Davos at the World Economic Forum meeting, join SA thought leaders like Nick Binnedel, Yusuf Ambramjee, Alec Hogg, Rapelang Rabana and many more for in illuminating take on what Davos 2019 means for Mzansi on 12 February 2019.

We started 2019 on an illuminated note! In January, BrightRock – South Africa’s first ever needs-matched life insurance provider – teamed up with BizNews for the fifth year to bring you coverage from the World Economic Forum (WEF) Annual Meeting, one of the most prestigious and influential events on the global calendar. The theme for this year was “Globalization 4.0: Shaping a Global Architecture in the Age of the Fourth Industrial Revolution”.

Now that Davos has come and gone, we’re left with questions and opinions about the discussions that were held. What are the major changes that are shaping the world economic outlook? What do they mean for us in South Africa? Luckily for us, BizNews Founder, Alec Hogg, returns to South Africa with key insights from the WEF 2019.

We have partnered with the Gordon Institute of Business Science (GIBS) for the first time to bring you the opportunity to listen to Alec’s insights, voice your views, and hear from South African thought leaders, as we unpack globalisation in a changing world and talk back to Davos – Mzansi-style.

We can't wait to see how everything unfolds throughout 2019. You can buy your ticket from the GIBS website here. We can't wait to talk back to Davos 2019 as we spend the morning with you!

#LoveChange

The BrightRock Team
South Africa’s budding turnaround: Fresh ideas, new vigour

BizNews editor, Alec Hogg, returned from his 16th World Economic Forum Annual Meeting more enthusiastic than ever about prospects for his homeland. In this reflection on his experiences at Davos 2019, he shares how radical economic transformation is coming – but in a very different form to the misguided race-based focus of the architects of nine horrible years.

This was supposed to be the year when Davos slipped into mediocrity. The event when the well-communicated withdrawal of political leaders – including 2018’s showstopper Donald Trump – checked the seemingly ever-increasing relevance of the World Economic Forum.

For some pundits, Davos 2019 did indeed live down to that billing. Among them Financial Times of London’s chief foreign affairs columnist, Gideon Rachman, who articulated his disappointment in a well-exposed post-Davos column. To him, the five days were flat and featureless, mostly because he didn’t observe any of the new stars the WEF gathering always throws up for the world to admire.

Influential Rachman, born to South African parents, reflects what can happen when you have almost 400 different sessions to choose from. Had he allocated his time differently, and gotten closer to his family’s roots, he may have been singing from a different hymn sheet. Because for South Africa, this was a watershed year.

As even casual observers would have picked up, the South African showing in Davos 2019 was a big improvement from last year’s nervous return to sanity. To ensure a balanced overview, I managed to spend enough time in the WEF’s broad programme to pick up the major themes.

Sustainability has definitely moved a couple more notches up the agenda. Outside of that, both sides of the technology coin were in focus – a dark one exposing an increasingly powerful Google/Facebook duopoly; and the potentially bright light of how drudgery and waste could be addressed through harnessing artificial intelligence.

But for the most part, for me these became side issues. This year, I purposefully invested most of my time trying to understand what is happening in my homeland. A significant diversion from recent times, where it was depressing to witness a potential beacon for humanity being so horribly out of step with reality.

On reflection, this SA-focus was time very well spent. Just as he did last year, Cyril Ramaphosa, led team South Africa to Davos. And as has been the case since they were introduced in 2010, the delegation’s obligatory multicoloured scarves made them easy to spot.

That’s where similarities with the past end. Gone are top-down directives for South Africans to “think and speak positively” and “only tell the good news”. This time there was a refreshing honesty mixed with contrition.

The nation lost its way for a horrible nine years. Corruption was rife and is being exposed by highly transparent commissions of inquiry and is being dealt with in a legal manner. Similarly, the uncertainty which kept investors away, a situation worsened by a tendency to create policy “on the hoof” as Ramaphosa described it.

Given the circumstances which prevailed during the Zuma era, the message to foreigners were “we understand why you never invested”. But that is all in the past. Now is the time to help get the economic flywheel moving again.

The focus here was all about drawing investment. Under the new administration, it was emphasised that South Africa is cleaning up its act. Its workaholic public servants have absorbed the lessons of those nine long years. They are committed to listen and learn. And within an over-arching strategy of inclusive economic growth with a developmental state, its leaders will go to any lengths to welcome investors.

Apart from the consistency, the most impressive part of all this was the quiet, confident delivery of the message.

Ahead of Davos 2018, South Africa got a much-needed boost from a widely circulated Goldman Sachs report tipping the country as that year’s hottest Emerging Market destination.

There is evidence that at least some of the smart money agreed. An often-referenced global investment flows report by the UN Conference on Trade and Development...
(UNCTAD) reported a sharp increase in direct foreign investment into SA last year – a jump from $1.3bn to $7.3bn.

For context, however, the 2017 figure was the lowest since the Global Financial Crisis and just one quarter of the running average in “normal” years. Also, around two thirds of the 2018 fixed investment surge came from the release of a two-year break on the renewable energy programme.

But for a country that witnessed a seemingly ever worsening investment strike, that turnaround is significant. It was supported by the personal Davos anecdotes Ramaphosa shared with the rest of us.

He was just as popular as in 2018, thanks to a reputation as Mandela’s favourite and the man who negotiated SA’s admired Constitution. But while they were engaging, most were simply curious, adopting a wait-and-see approach.

This year’s support was more tangible. Ramaphosa told us a number of company executives who last year told him they would be dipping their toes back into SA waters, now say they will substantially upscale their commitment.

He was also able to share that his audacious $100bn-in-five-years investment target is on track with commitments of $20bn secured in 2018.

Ramaphosa said he’d be hosting a follow-up to last year’s well attended investment conference. This one will incorporate feedback gathered by his four “investment envoys” who have travelled the world trying to drum up interest. Attention has been paid to the wish lists of those whose capital can spark SA’s economic recovery.

The shape South Africa’s economy will take, however, may come as a surprise. There is indeed radical economic transformation – but in an entirely different shape and form to the narrow race-based approach of the Zuma administration.

My “Davos Moment” this year came at the Brand South Africa dinner. I was seated next to Public Enterprises Minister Pravin Gordhan’s special guest, one of the world’s rising star economists, Mariana Mazzucato, a professor at the University College in London.

Before her arrival, Gordhan and his cabinet colleague Economic Development Minister, Ebrahim Patel, had been enthusing over her ground-breaking thinking. She brought a copy of her latest book (for Pravin of course) – although she advised that I start with an earlier one. Both are now safely in my Kindle.

I’ve barely started them, but already it’s evident why Mazzucato’s fresh thinking has resonated with the South African political leadership. She addresses the very assumptions of current western economic thinking, arguing that they discount the critical role that a supportive state has played in laying growth platforms.

Thanks to the invitation of our partners at the Wall Street Journal, which run their own parallel programme during Davos, I got to hear Lee talk about his latest book, AI Superpowers.

Among his more forceful arguments is that the US leads China in artificial intelligence and other tech fields because of massive investments made in the past by a far-sighted government.

From my taster, Mazzucato is on the same page, challenging the publicity-driven myth of all progress being driven by the heroic private sector entrepreneur, and highlighting the critical role of an “entrepreneurial” state.

Her work enthuses Gordhan and Patel, who urge us to read her work. Given their excitement, and that of a similarly supportive president, the books I’m now studying may well be the blueprint for a strategy that executes on a dusted off National Development Plan.

My best line of the five days, though, came from Ueli Maurer, the low-profile president of Switzerland, a country where the top political job gets rotated annually (great idea, don’t you think?). In his short welcome speech, after pointing out the challenges the world is facing, Maurer urged Weffers to recall the words of Albert Einstein: “Those who say it cannot be done should not interfere with those who are doing it.”

Having seen what I did in the Swiss mountains, and then witnessing the misguided bile of self-proclaimed social media seers, it seems about an appropriate a message as you’ll find right now. For South Africa. And the world.

Alec Hogg is the founder and editor of Biznews.com
In this wide-ranging interview from the deeply thoughtful Investec co-founder, Stephen Koseff, he covers Brexit, geopolitics, the purpose of Davos, South Africa’s promised rebound and his now involvement in the recovery process. Koseff puts the overall cost of the nine years of Jacob Zuma’s misrule at a staggering trillion rand — a direct loss to the fiscus of almost R300bn. Always a fascinating conversation, Koseff says it has been tougher than anticipated to “get the flywheel turning” but it is starting to move. The key ingredient, he says, is hope. A must listen. — Alec Hogg

I’m with Stephen Koseff. Stephen, we chat every year in Davos. The mood two years ago was fraught. Last year excessively optimistic perhaps. This year, a bit more realistic?

Yes, I’d say neutral to slightly negative. I just listened to the Chinese vice-president, he was exceptionally positive. I listened to the Japanese president, he was exceptionally positive. I listened to Angela Merkel, she was moderate, but I would say, a little bit more positive. But obviously, the IMF is forecasting a slowdown, the Chinese growth was a bit slower than people expected but they still expect China to be the biggest economy in the world, in the not too distant future. So, I don’t think you have to be too negative. I think there are big issues in the world but from an economic point of view, the economies are still growing and even if at 3.5%. It’s well above the 3%, which is what people consider to be underlying global growth, before you go into some kind of global recession.

What about your two major markets, SA and the UK?

The UK we’re watching this whole story on Brexit or no Brexit, or hard Brexit, or soft Brexit – it’s just very confusing. Obviously, the Pound is saying something to us. The Pound has been appreciating, which says there’s probably not going to be a hard Brexit. But we’re either going to get a revised version of Theresa May’s Brexit or, you don’t know, they could go back for an election. They thought of ruling out a referendum at the moment but I hear stories that they may end up having another election, which surprises me.

I went to the PwC CEO’s feedback and the one thing that was interesting, was British CEOs are very excited. They’re amongst the most optimistic in the world, because they think that Brexit is going to deliver significant opportunities, which was a surprise to pretty much everybody who saw it. How are you seeing it from that side of the water?

I think if you get a hard Brexit it’s going to be a big headache
in the short-term. I think a soft Brexit will probably be a little bit more of the same. Before the UK went into Europe, they were the sickmen of Europe and they came out the strong men of Europe, from a growth point of view. I would not have been in favour of Brexit. I was listening to the Europeans say today that they’ve got a trade deal with Canada. They’ve just signed a trade deal with Japan. They’re about to sign a trade deal with the USA. These trade deals take decades to conclude and now the UK have got to renegotiate all these trade deals so, as much as they think it gives them opportunity and they’re not bound by European legislation, they have to go through this whole process and how long will that take? So, I think they might be a bit delusional.

Those trade deals, and clearly, we don’t know the detail of them yet, but if they are significantly advantageous and the British people are clever enough to say, hang on a minute, we’re losing out, perhaps on a big opportunity here. Could that be something that would sway opinion?

I don’t know. I think the mistake with the referendum is you’re leaving a technocratic decision to the general population and they make emotional decisions on stuff that you need the technocrats to take. I’m not sure. I’m an internationalist. I believe in global trade. I worry about populism and I think that the world is a much better place when you share ideas, and I know that you get a bit of lopsidedness now and then, like the Americans versus the Chinese, but at the end of the day – sharing ideas, some people are more innovative, they come up with good ideas, and if the world can use those ideas then the world is better off as opposed to going into isolation.

I was listening to a Chinese guy and he says, why China fell backwards was because the emperors did not anticipate, and they closed the borders to the seafaring nations. They didn’t adopt seafaring trade and that’s why they went backwards. That’s because they closed themselves up so, I think you close yourself up when you don’t trade with the world and expose yourself to the world. That’s why we come to Davos, is because we learn about what is going on in the world. We learn about what other people are doing. You learn about best practice. You talk to other people about best practice. That’s what creates growth. That’s what creates innovation. Not sitting and talking to yourself.

I was at a press conference with the SA delegation a little bit earlier. Cyril Ramaphosa, the president seems very upbeat. He’s talking like a fisherman. He says he’s going to bring back a bag full of fish from investors over here. It’s a nice sound bite but is it realistic?

I think that if you look at the world, I think SA – if he carries on the path that he’s going, and he delivers on a promise – has a lot of opportunity. When you look at the emerging world or the developing world, whatever you want to call it. You can see SA ... Even I got the sense at the IMF that when you look at SA, we have a lot of opportunity as a country and as a society. I think we’re in a much better space than we certainly ... Last year we had Ramaphoria but if you went a year back, we were in a terrible space. Particularly, if you went to 30th or 31st March, when the then president removed the minister and did all sorts of things to adjust his cabinet. We’ve been through a very bumpy ride and I think we are now getting onto a path of renewal, or what they call a new dawn.

There’s a lot to fix. We’ve got SOEs that need to be fixed but at least you can tackle them. We have to get growing. We have to fix education. We have to recreate the entrepreneurial spirit and the ‘can do’ attitude. Still the visa mechanism – we have to give out skilled visas. We can’t be protectionists on that stuff because we’re short of 800 thousand-odd skilled people in the country. If you talk to these economists that are advising the minister of finance, they’ll tell you that we lack skills. We need to bring those in because we can’t create them in the timeframe, internally, than we need to. We’ve lost a lot of skills so, I’m reasonably positive. I’m an optimist but I know we need to get our growth rate up to 4-5%. In fact, I’ll go live and say this again, if we had grown from 2010, which was a year post the financial crisis, at the rate we were growing for the few years, prior to the financial crisis, which is over 4% on average, 4.5%. We would have had an extra R1tn of GDP. Our tax take is 28-29% at GDP. That would have given the minister of finance an extra R280bn to R290bn of revenue against a deficit of R202bn, and the deficit would have been lower because we would have had less borrowings because we would have had higher growth and higher tax collection. So, we have to drive growth, that is the key.
And investment drives growth?

Yes, opportunity drives investment, which drives growth. So, it’s not only about investment. It’s also about fixing things on the ground and I think people will invest if they know that property rights are secure. There is an opportunity there because people are looking to grow. Everyone is looking to grow.

Stephen, two-years ago you launched the initiative where business started getting involved with government, trying to put its shoulder behind the wheel. How’s it being going in the past year? Is there still the enthusiasm that existed before?

There were a number of different initiatives. One was ratings so, let’s forget about that because we did get rating downgrades and that was impossible for you to defend because of where we got to on the 30th March 2017. But the one that I’m involved in is the Youth Employment Service so, we got our Government Gazette. It took a bit of time to get it through. Sorted out roundabout October last year.

We obviously, now have to get all the corporates on side. We’ve got quite a lot on site so far, and the infrastructure is there. Now, we’re out there marketing and trying to pull them along so that they get the youth jobs going.

We’ve seen some great stories with these youth jobs. So, because I’m chairman, Investec didn’t wait. It did its 1 200 jobs. We had 200 at artisan school, 160 at hotel school, about 400 in a place called the Good Work Foundation, which is near the game reserve in Mpumalanga or Limpopo, I can’t remember exactly where it is. You see the enthusiasm of these youngsters, who are, some of them, reasonably well-educated and others not, but they have attitude and have a good aptitude. Wanting to learn and the ideas that are coming out of their mouths – they’re going to take this year of learning and then go and do their own thing, and create their own jobs.

It’s like getting the Jim Collins’ flywheel turning. It’s stuck but once it starts moving it starts picking up its own momentum. I’m reasonably optimistic that and the fund, which was raised about a year ago will be reasonably successful.

Has it lived up to your expectations?

I think things take longer than you think. Initially, Colin Coleman and I, we’re both co-convenors. We thought you just take from A and give to B. What we realised is, you find an individual who needs a job and place them in the corporates – there are no jobs in corporates. So, you have to create jobs so that’s part of what we’re doing is creating these new types of jobs. That’s why we decided to send kids to hotel school, and then they come out and part of the scheme is they get internships at some of the hotel groups, and post that – the guy is either a chef or something like that and he can go and do his own thing.

We’ve got an example of a guy who went to a hotel school, he became a chef. He started making little cupcakes at night and then his business got so big that he started his own business and employed 12 people from his family. That’s the kind of thing that you do when you get the flywheel turning so, I’m optimistic that with that kind of focus, with all the other initiatives that are taking place, we can make a big difference.

It’s an interesting point about the flywheel because here, in Davos, there’s a company called Liquidchefs, I don’t know if you know them. Adam Solomon, he came here ...

Liquidchefs, they started in SA.

This year they are doing 42 events here, they’ve got 85 people that they brought in with the SA ‘can do’ attitude. Why do you think can’t that be repeated?

Look, I think we just need to give people hope, and people need to be shown the way to be entrepreneurs. Not everyone grows up in an environment. I was listening the other day that only in 30-something percent of households have a father so, we’ve got a history that we need to deal with and this guy you’re talking about, he probably grew up in an entrepreneurial family. They probably spoke every night about business, which is not what all South Africans have the benefit of. So, he knows when he’ll be global and he’ll think globally, and he’ll go out there and say, where can I make a living and what can I do? And land up at Davos, it’s an amazing story and there are multiple stories of that from SA entrepreneurs, but not everyone has had that history and that benefit, and that’s what we have to address.

Stephen, you employ a lot of South Africans outside of the country. You’ve just said earlier that there’s a huge skills gap, 800 000 people. How do you pull those South Africans back home?

Some want to come back, if they have hope and opportunity, they come back. Most South Africans love the
country and want to see the country grow and develop. Very few of them that I know, who don’t like the country, and if there’s opportunity for them a lot of them will come back because it’s actually quite tough living away from your core. You’re not at home.

There’s no doubt about that but they have moved away for opportunity, to begin with. There is a skills gap. Are these people, would the advice be to come home, start a new business, become an entrepreneur – is that the way? Because from what you said earlier, about corporates, if they’re not hiring where would these highly skilled people actually be employed?

There are skills gaps. You’re short of teachers, you’re short of electrical engineers, you’re short of IT specialists, you’re short of all sorts of people. We just don’t have them in SA. We just don’t have them in SA and use SA as your platform for the African Continent, and you want to send your own people to run the business Home Affairs would have said, ‘no.’ Hopefully that side of life will open up because then we’ve lost the whole bet. People go somewhere else. They go to Kenya, to Mauritius, some even talk about Rwanda and some go to Dubai. We mustn’t lose out on that.

Stephen, I’d like you, just to close off with, to put on your investor’s hat now. If you look at SA Inc, or SA as an investment opportunity, is it a turnaround situation that is in the very early stages or has it still got quite a long way to go before it can hit an upturn?

I do think it’s the former. I think you’re in a turnaround. It does take time to build momentum, but once the momentum starts, or as I say, once the flywheel gets going it gets its own momentum. Just if you look at our stock market over the last 3 or 4 years, it hasn’t performed well at all, which is what has happened to a lot of emerging market indices. So, I think it’s going to be a very good time for people to invest. People will still want to see what happens in the election. They want to see what’s happening with land reform. We’ve heard what the president said in the manifesto, it’s not going to be land-grabs, if they can manage that properly and people can know that they invest there they’ve got security of property. I think we’re in for a good run, but clearly the hurdle is how strong is the president’s mandate in the election. Taking it from there, we can really get going.

You’ve mentioned Jim Collins and the flywheel and the book, Good to Great. Just tell us a bit about how that thing works.

I’m just saying that he uses the concept of a flywheel. It’s a big wheel that gets stuck and it’s very hard to move, but once you start getting it moving it starts building its own momentum. It’s the same as an economy – it gets stuck. Once you unblock the blockages and you start getting the positive type of attitude. You start getting the entrepreneurs saying, ‘I’m prepared to take bets – I’m prepared to have a go,’ and you have an enabling government that supports that kind of activity then it starts to move. As I gave you the example of the guy who made the little cupcakes at night, he was able to employ 12 people. He’s probably employing 30 people now. Those are the kind of things that gets an economy moving.

Where is the flywheel right now?

We’re trying to move it. It’s not moving yet.

So, it’s still stuck?

It’s like edging a bit, but we need a few things to happen. We’re getting it to sort of shift, but it hasn’t done a circle.

So, a lot of effort has been put, and the shoulders behind the wheel. What’s going to make it turn?

As I said, we need a decent outcome in the election. I think that there are lots of things that are happening between government, and business and labour. We need to be a proper partnership. It’s not about one or the other, and we need to put our country first and try and get this economy really moving. We need to get all that stuff. Our history, we’re seeing lots of stuff fallout from the Zondo Commission, this thing on the PIC, there’s that other one, I think there are three things running at the moment, and that obviously, we just need all the stuff dealt with so that we can really move forward as a society.

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The original version can be read here.
Illuminated by BrightRock #LoveChange #WEF

After I switched off my recorder, Koos Bekker suggested there was enough in our half hour chat in Davos for me to edit it down to something usable. He was wrong. Despite strictly applying the old maxim of “when in doubt, leave out” it was impossible for me to edit out parts without short changing the BizNews community. For instance, how can one cut the Naspers chair’s insights on soon to be unbundled MultiChoice? Or when the 15-year veteran shares how Davos really works? Or his thoughts on Facebook and the privacy debate? And, besides, millions of South Africans have a direct interest in what he is thinking. Because a full one fifth of SA equity investments are riding on the astonishingly successful business he transformed from a sleepy newspaper and book publisher into one of the world’s major internet players. Bekker is disarmingly humble. His wisdom is best consumed at the leisurely pace at which he delivers it. So, go grab a cuppa (or your glass of red wine) and settle back for a treat. – Alec Hogg

I’m with Koos Bekker, who has been coming to these WEF meetings for many years, Koos, a decade and a-half. Lots of people in SA still don’t understand what it’s about. Yet, you keep coming back, not every year, but most years so, how’s it all put together?

You’ve been coming for 16 years so, you’re probably one of the few more experienced people. Alec, it’s fascinating. Davos is a town of 11 000 people. It is inaccessible. You have to pass through three sets of tunnels to get here. The mountains have a metre of snow. That is vital to the success of the operation, is to keep protestors away. You’ll remember what happened in Seattle? I was there when the good, the powerful, and the world collected and we had to disperse when the protestors arrived. So, the inaccessibility of Davos is absolutely crucial to get world leaders and business leaders together. The whole thing started in 1971. So, Klaus Schwab was a 33-year-old professor at the University of Geneva, and he had the idea that you could get business, government and academics together, and then over the years it grew, surprisingly. Later they added a few celebrities, I think mainly so that you could take selfies and show your kids that you’ve been to Davos and then a few, call it, achievers to add some intellectual respectability. But today, 3 000 people come and it’s astonishing. It’s usually 20 to 30 heads of State, 100s of ministers, and then what’s interesting is the hierarchy.

Koos Bekker: Ultimate insider’s view from BizNews of Davos, Facebook, MultiChoice and more
So, if you want to be at the top or if you want to have the privilege of staying at the Belvedere Hotel, which is the only 5-star outfit at town, you pay Klaus Schwab something like $600,000, or at least a few hundred thousand Dollars, they give you discount sometimes. For instance, women get a discount, strangely. That doesn’t pay for your food. That just pays for the privilege of applying to stay at the fancy hotel. But if you’re Morgan Stanley, can’t you afford to be seen to be at a lower level than Goldman Sachs? So, you pay up and the hamburgers cost $40, and that’s fine.

I hang around at the Europe Hotel, which is much lower. It’s sort of a middle-class ski resort, two-star I would say, and then all the way to guest houses so, the three-thousand delegates arrange themselves according, partly to rank, partly according to money, and then partly according to subsidy. So, if someone is very prominent the organisers might actually invite him for free and your excess fee pays for him. So, they invite youth and so on, who is mattering. I think it’s a good institution although, of course, there’s an element that’s fake about it.

This year, interestingly enough, we’ve got a young man I met yesterday, 16-years-old, who won the world wildlife photographer of the year for 2018, from Durban. Out of 45 000 people, he won it and he’s here so, it’s that kind of thing.

Exactly. You know the fascinating thing for me is I tried to attend the less obvious stuff of which there’s a great deal. I mean, there are hundreds of lectures. This minute, as we’re talking, there’s a lecture going on right next door in the main congress hall about how grandmothers can treat depression. Now, I have no idea what will come out or whether it’ll be useful but that’s the sort of junk I go to.

But why do you go off-piste, as it were?

Alec, I think Donald Rumsfeld, that lovely man, said that if you’re a leader it’s not the known unknowns that get you. It’s the unknown unknowns. It’s the stuff that you don’t know, that you ought to know – that’s what gets you. So, I tried to look widely and see what’s coming up next, and the wonderful thing about Davos is ...

You know, I find powerful people uninteresting because they’re often surrounded by a caravan that screens away the human element. You can’t walk up to a head of State and say, ‘how you’re doing – let’s talk’. He’s screened off. There’s an agenda for the meeting. If he says anything provocative his guide sort of pumps his ribs so, they tend to be uninteresting as human specimens. But at Davos the caravan is stripped away, you can only come alone. So, you might sit at the Piano Bar drinking and the guy next door starts talking and you discover he’s the Energy Minister of Indonesia, and you discover a common interest in tennis, and he asks, what do you think, was Sampras or Federer the all-rounder of all time? Then you start talking, you form a friend and then you write them a letter and you form interesting friendships. For instance, a few years ago I got interested in genetic engineering so, I read a few books, but I’m a complete nincompoop, I never studied any biology. One evening I went to a lecture by Craig Venter, who was the first man to decode the human-genome. He’s the number-one man in the world for 2018, from Durban. Out of 45 000 people, he won it and he’s here so, it’s that kind of thing.

Yes, when you strip away all of the clothing or the Emperor’s clothes as it were, human beings are fundamentally good, and communications and social beings but you do meet with the powerful, certainly of the media industry, in a group of governors or media governors.
It’s called the Media Entertainment and Information Governors Meeting. It’s quite an interesting thing. So, Chatham Rules apply so you can’t afterwards report what an individual said, but you can report the topic. So, for instance this year there were very interesting people. For instance, John Ridding, who is the CEO of The Financial Times, which is my favourite newspaper. So, you sit there, and you meet him and it’s a certain amount of pleasure. Or let’s say, The New York Times head, who used to be the head of the BBC, right. He’s now making a great success of The New York Times and he’s converting it into digital. Or there’s Mathias Dopfner, who’s the actual spring-ahead and he’s in a battle with Google. He wants Google to pay for news, like your news – they rip you off, and you want to be paid so, he’s your champion. So, these things get discussed and there’s a palpable tension between, I would say, Facebook and Google on the one side, and European publishers on the other. It’s not a broad internet versus print story because these European guys are all digitising, and all have substantial digital businesses. But it’s specifically that Facebook, through its social network dominance and Google through its search have such a hold, at the moment. That they’re squeezing the life out of some of these publications and that battle, I think, is going to escalate in the next few years.

Do you discuss that kind of thing within the governor’s meetings?

Yes, there’s a certain amount of politeness because the relationship, say with Google, is partly client and partly opponent. So, sometimes you can feel people are holding back but over tea they’ll let blast and then, when you say, okay now is your chance – there’s Google, tell them. There’s sort of a reserve, and you can understand that, right. All of us are careful about our business concerns, but it’s a useful gathering. I think people need to talk about this and the media also realises that, at the moment, there are big issues about society, fake news, and the trust element so, I think it’s excellent to get together sometimes and discuss it.

Now, obviously with your connection as Naspers being the biggest shareholder in Tencent, you’ve got a significant dog in this fight. How are you seeing it all develop?

Alec, I really have no idea because it wasn’t evident that this Trump bust-up would occur. There were tensions but there’s always tensions in the world. It escalated in a bad way and it’s affecting the whole world economy. In the case of Chinese stocks like Tencent they’re off 20-35% probably. Not on fundamentals because the Chinese economy is still growing at above 6%, maybe a notch lower but rapidly by all historical standards. But what has changed is business confidence so, essentially people are saying, and you know it so well, better than I, that when I invest in a stock the PE I’m prepared to pay is a function of my risk factor, right. So, if I think it’s a risky stock, I demand more profits per Dollar spent so, a low PE. If I’m very confident that the world is a good place, I ramp up the PE and I pay more. At the moment, people say, the world looks risky how will this ever end? Consequently, they’re de-risking and that has taken, I would say, at least 20% off Chinese stocks in general. How it will end is not clear at all. Do you have a theory?

If I did, I would be a little embarrassed to even express it in front of you. But just on that context, your investment in Tencent has been spectacularly successful but it’s also brought a huge responsibility in Naspers being 20% of the Johannesburg Stock Exchange). So, just about everybody in the country has an interest in how Naspers performs. That responsibility must be weighing pretty heavy on some shoulders.

Yes, and I think it’s especially the pension funds. Typically, people think the JSE would be owned by individuals, right, and you know well but I think most people don’t. Individuals constitute, for instance 6% of our stock – it’s nothing. We’re basically owned by pension funds all over the world and sometimes directly, and sometimes via a pension fund investing in a trust or having a money manager convey the funds but in essence, it’s basically peoples’ savings. So, of course with MultiChoice spun-off, hopefully now we’ll at least have two shares. It’s quite interesting that our stock price’s function is not only of the China issue but of SA, and I thought that the so-called Team SA here in Davos did rather well. What did you think, you were also at the SA party?

Now, that I will express an opinion on. I think it’s fair to say that the performance by Team SA, if you were to rate most of the countries teams that came here, it would certainly be in the top 10%. It was confident,
it was humble, it had a sense of humour and it was the right people. People you could engage and listen to so, I felt very proud to be a South African for the first time in quite a long time.

There're maybe two, just observations. The one is, Cyril went further than before when he talked about nine lost years. That was a more damning indictment of the past that I've ever heard him give. It's the Davos effect, you know. When you hear sometimes people are slightly bolder. The second is, I think we've got two stars in terms of performance. One is the Governor of the Reserve Bank – he is so sharp. At the breakfast, I don't know whether you were at the breakfast on Thursday morning.

Yes, I was.

Okay, now Adrian Gore from the stage gave a figure. The sort of opportunity cost of GDP lost due to mismanagement over the past nine years. Now, the only person in the audience that caught him on getting his figures wrong was actually, the Reserve Bank Governor and he said, ‘that’s actually rands and not Dollars, right’. He's mentally very sharp and that imbues a certain confidence.

He's also independent of mind, I think. The other one is Tito Mboweni that has a refreshing candour, and people pick it up. When you sit on the stage and just mouth the usual nonsense, people pick it up quickly. But when you have a fresh expression or you grab a problem and shell it down to the core, they sense a certain confidence and I think he exudes confidence.

Then of course, it's interesting in SA there's also the style elements so, our Minister of Communications, Stella Ndabeni-Abrahams, she was spectacular in red. So, next year we ought to bring some musicians, don't you think?

Indeed, perhaps. You would have noticed, and I'm sure we've talked about it in the past, how the confidence levels isolate. So, in 2007, the bankers were very bolshie, all over the show. In 2009, after the bust, you would see Lloyd Blankfein and Goldman Sachs hiding behind a pillar, the diamond would be behind the rubbish bin, they wouldn't be seen. Now this year it's fascinating. I'll show you a picture on my cellphone but here's the Facebook building in the Main Street called the Promenade.

That's true. Do you think it's an element of guilt that the feeling is you shouldn't be seen to have too good a time?

That's a very interesting point because there has definitely been a different approach towards the Davos Man, evolving in the past few years. I guess the people that you're mixing with are wanting to keep more of a low profile.
Barclays Bank had it for many years. This year, it’s still a pet shop.

Alec, so when you look at Davos there’s an element of pretension, of fads. If the refugees are a hot topic, they’ll be here. As you’ve seen, there’s a place where you could experience life in a refugee camp and see life through the eyes of a refugee.

When that topic blows over, they forget about it so, there’s a certain faddish element about it. But I think it’s undeniable that engaging with each other and talking, it’s still better than fighting right, so there is no place really, where business, and government, and academics can discuss anything. Although there would be a certain amount of camp and pretension on the stage the topics are placed squarely, and someone engages and some of the people are honest, and some of the points of view are new, at least to me. So, I think it serves an overall purpose. At a cost, but a good purpose.

I’ve noticed that the environmental and sustainability issues have been coming to the fore. Is that something as well that registered with you?

Absolutely, and clearly. You can pick up the issues. For instance, in the media world they would say, the big issue is an element of trust. So, the consumer used to trust media more than they trusted politicians, or the church for that matter. But that has been eroding and could that be turned around or is it a permanent phenomenon of the internet world that trust has eroded? The issue of privacy is huge and if you just contrast the sub-categories, young people used to feel less sensitive about privacy than older people. It might now be changing, there’s some indications. Europeans are fanatical about privacy and the reason is, for me, fascinating. If you’re a German. You have the Stasi in your mind, the German Secret Police. If you’re a Russian, you have the KGB. So, that’s vivid and they hate the idea of intrusion. Americans don’t have that history so, they say well, the world is more or less benign, the government won’t do anything so, you can sense that an issue like that pops onto the stage. To a certain extent the world is flat that all of us share the same concern. But to some extent, the cultural factors do intrude. There’s a way that Muslim countries would spin this and there’s a way that an American would see this. An Indian would have a different perspective so, you have this interesting tension. In all of us, we have an element of the world citizen, which is growing. But also, an element of cultural anchoring and on an issue like this you can feel the tension between the two.

That’s fascinating. The other area where it’s marked is on inflation. The Germans have had hyperinflation, the Americans haven’t really experienced that before. So, in their whole monetary policy they would have a different approach towards it – I’ve heard that being said. But it’s a very good point that you’ve picked up there, on the privacy issue and that’s big. It’s a big thing for your company too.

Indeed, so if you look at data. It’s this interesting dichotomy. I think the real problems in life that you need to talk about are those where you can make out the plausible case on both sides. If something is evidently evil it’s not even interesting. It doesn’t challenge anything. Okay, it’s evil, so what. But take data privacy – if Amazon knows your exact tastes it can actually prescribe books that suits your taste, and they do it with me as I read a lot, biographies and all sorts of nonsense. So, they predict my taste fairly accurately. But now let’s say, I contract cancer. Amazon knows it immediately. Now, how do they know it? Simply by the books I read but now I start filing a prescription, so they know the type of the cancer, the stage of my treatment and all of that. Now, the tension arises – you can make a plausible argument that the fact that Amazon knows my precise state of cancer it means that if something new gets published in this field or a new medicine gets trialled, they can actually call me and say, we know you have this type of exotic cancer. We have this new medicine – we picked it up in one of our technical publications, a new medicine. There’s a trial of 20 people and would you want to consider that? It’s very useful to me, it might save my life. On the other hand, just consider the amount of intrusion so, Google knows everything you read. They know how long you pause over which page. They know which people you follow and where you look for information, and to see that published on a lamppost in the middle of town is not particularly pleasant. So, there’s that immense tension. You can make a plausible argument both ways and how society will decide, that’s still a bit unclear, and that’s exactly when these cultural factors include. So, the Germans look at the same set of facts and they say, the evil of the State intruding is too big – let’s push this direction, and Americans look at it in a different way.
Facebook the issues arise, every single housewife has – who cares? But now when on some electronic network Young students making dates, we didn't need to bother. when Facebook was very small, societies look at that and say, internet quite validly. So, the same is happening to the powerful – how do we now reach a point where this is too stepped in and said, 'you could process – sort of vertical iron, and controlled the whole companies took the coal to Carnegie. That owned railway run by people like Andrew companies left alone. By 1900, in the US, they were huge companies became a sizeable industry, on the back of the railroads and so on, they were completely left alone. By 1900, in the US, they were huge companies that owned railway companies took the coal to the furnace and melted the iron, and controlled the whole process – sort of vertical integration. Then society stepped in and said, 'you could reach a point where this is too powerful – how do we now arbitrate?' Do we break you up or do we limit in some way? The same is happening to the internet quite validly. So, the societies look at that and say, when Facebook was very small, we didn't need to bother. Young students making dates, on some electronic network – who cares? But now when every single housewife has Facebook the issues arise, and people say, what are the issues? We talked about the issue of privacy, right? But there's also the issue of smaller players. So, if Facebook for instance, checks your site and they detect who's subscribing to you at the moment, and they were to target each one individually, with a personalised letter to say, we've got a superior news business website. Just your sense is that there's something unfair about it right, and that's what needs to be arbitrated. Now, the power, at the moment, lays to the US so, Europe is a consumer of the internet but is not a producer. So, you have an added tension. So, European governments are saying, look, Europe's consumption of the internet is about 80% of the US consumption so, it's a big consumer but it has almost no internet companies of size so, there's this tension. The government says, look, if Amazon let's say, closes down the little bookseller on the corner. I lose his two employees and the rates he pays his municipality, and Amazon sucks the money out and takes it to California. Is that good? So, there's a further nationalistic element that's imposed. On the other side, I think one can validly argue that the internet enriched our lives immensely. So, I was thinking recently, if you could have a choice. You could be an unemployed guy in France today, or King Louis XIV, who will you be? Well, he didn't have one tooth in his mouth over the last 40 years because there were no toothbrushes. But he also didn't have a Facebook Group, he never watched TV, he couldn't order the books that were published in London like we can so, the internet has enriched, and still will enrich our lives a lot more. I just think we'll, overtime, formulate rules to contain the beast, much like every other industry developed. When cars started, they were first feared and then a man with a red flag needed to run in front of the car and that sort of nonsense, but there were also no rules. Then we made rules, the traffic lights, drive on the left or right side of the road, you have to be licensed and so on, and gradually we contained the car industry so, although it still kills lots of people a year the benefit exceeds the negative, right, and I think the same will happen with the internet. It's immensely useful, it can enrich our lives. We just have to make sensible rules that doesn't kill it but just contains it in a proper manner. I'm getting that sense of what you've just articulated, coming out of Davos this year. There's a feeling that markets don't know everything. Sometimes markets make mistakes and when they do, they need to be shown the right direction. That's when regulators and that's when governments have to come in. That's true. The second element is a life-phase issue. I think the internet developed in the only way it possibly could, which is that you experiment and most of the experiments get killed. There's no point in first deciding whether we need Twitter. I would have said, 'so be it.' So, at that time, in 2005, we already had pictures on the internet and lengthy emails. Who wants 140 characters? I would have said, it can't ever work, but it did. So, the natural selection takes place actually before you need to edit and then a small percentage will survive. Some of them will stay small forever. So, there's in New York, Etsy that sells homemade crafts. Do you really need to regulate that? It's small. It will stay small. There's no real danger, just leave it in peace. But then certain things grow unexpectedly so, let's say Twitter. Against all odds it grew to something significant, which starts to influence elections. Then we need to start making rules and say, okay, if
It's an individual matter. I because they work with words. are great conversationalists people. You find lawyers who example, you find fascinating So, in the media world, for not confined to professions. The interesting people are names, just tell us broadly and so on. Without, and in the form of bodyguards mad about people who Davos? You said, you're not to engage with here, in people that you managed are the most interesting second last one is, who What is there to say? It's very I've played roles all my life – what is there to say? It's very much an individual thing but the key thing, which Davos, for me, has a benefit is it strips away the defences and says, okay, you may or may not be interesting but talk to me. Yes, and you keep learning, as you’ve shared with examples a moment ago? Yes, so what do you want to know about MultiChoice?

Is it a good investment?
Now, I’m sure you’d say it is and I’m sure your life is a lot easier now that it’s spun off. It must have been taking inordinate amount of management time, if you think about the percentage that MultiChoice is of the whole Naspers Group.

Alec, I can’t say whether it’s a good investment. It’s simply the market that needs to decide. Plus, the future is always uncertain. But I think it’s quite a well poised company so they have operations in just short of 50 countries, some bigger, some smaller. The industry is about, let’s say 30-years-old so, it still has some legs to go, especially since our fixed internet is not great in Africa and it needs to move itself into the internet, like all newspapers. So, I think there’s a lot of vitality in it. But Naspers itself, is now almost exclusively an internet company so, the investors we get are typically saying ... So, let’s say, we get an American fund that specialises in the internet stuff and he says, 'I'm interested in e-Food and classifieds,' and so, this TV? What is that and why do you have it in the portfolio?

On the other hand, on the internet side we still like to incur or have the capacity to incur losses. The problem is if you lose that capacity, you’re in trouble because you need to try new things, some will fail – a lot will fail. Even the successful ones might need reinvestment so, like eBay or something like that, you run down your income statement to breakeven or less, in order to spur growth. But TVs are at a completely different life phase so, it’s basically profitable and steady. So, the investor wanting to take a wild swing at the internet is not going to go there, but the investor who wants a regular dividend flow will.

So, we found over time, that the profile we need for the two companies are quite different. That our internet investors underestimate TV and actually don’t like it. They say, I’m not interested in dividends or steady income. Give me growth. Well, it’s not going to grow fast but it’s steady. On the other hand, a whole class of people would be interested in that sort of investment, steady with big dividends, but they say, all this internet stuff I can’t buy a company where the minority stake is of the profile I like, but I get all this other risky junk. So, it’s actually best to split it and I think a good many of our shareholders will keep both shares. There’s no reason not to. You can say, they fulfil different functions. They have different profiles, but why not keep both?

It’s so far back, when you were a young man that you really were the father of satellite TV in SA. So, you can tip them. You picked that one early on. You picked the internet early on. What are you looking at as the next big thing to fill out the trifecta?
Alec, I don’t know, is the honest answer. Then the surprising thing in life is how the big changes in my life were unpredictable. So, commercially, internet started in, let’s say 1995. Not only did I not realise the significance beforehand. But if you asked me at the end, 31st December 1995, what is the most important thing that would happen today or this year? I don’t think I would have said the internet. Even Bill Gates realised only the next year, in a famous memo to staff that this is fundamental. I think the next change will be equally surprising. If you look at big-waves the manipulation of electromagnetic waves – it started in the Second World War, with the big computers, and eventually the PC, and eventually the internet, and now eCommerce and all the spinoffs. Now that whole generation of technology must run out of steam at some point. It will continue to exist but the growth rate will flatten. I have a notion that the biological sciences will be prominent in the next few years, but that might be completely wrong – it’s a guess.

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Meet Popo Molefe: Transnet’s corruption-busting chair who wants Guptas back in South Africa

An often-heard refrain from those cynics of South Africa’s clean-up is that nobody has been brought to account. That might be a consequence of the sheer scale of the corruption that took place in the past nine years — and the near daily uncovering of additional malfeasance. But even these pessimists will pause after listening to Transnet’s corruption-fighting chairman, Popo Molefe. A shining example of public service, Molefe has been brought back into the headlines in recent years after standing firm in fighting deep corruption in the country’s rail and ports parastatal. He is resolute. The process of excising the cancer of corruption has begun. And even though it will take time, he and the new Transnet board and management are resolute. As Molefe reminds us, SA now has an extradition treaty with the UAE so even the Guptas aren’t safe. — Alec Hogg

I’m in Davos with Popo Molefe, former North-West Premier. I remember those days and that’s a long time ago now, it feels.

Yes, it’s a long time. That is 15-years ago.

And then private sector and now you’re back doing national service.

That’s correct. The country has been in trouble over the last nine-years and the damage rising out of the problems that started nine-years ago are more pronounced in this current period.

We’ll talk about that in a moment, but your own Province, the NW Province, it seems to have been really difficult stuff there. Is there progress now? Is it coming right?

Well, again, the NW is similar to many institutions that have been damaged. We have one of the architects of the South African public service, if you like, Doctor and Professor Job Mokgoro is leading that Province. I hope that they will give him enough time to turn the Province around. It’s very sad when you think of where we took that Province from, and how hard we worked to build integrated communities inclusive for society, and to build an integrated economy where everyone had the opportunity to participate, developing skills amongst young people. Of course, the NW was always in the top three performing Provinces in the country for the 10-years that I was a premier there. It is sad that it had to be dragged to this morass of chaos that it is finding itself in now.

But you are serving on a national level now, and particularly first of all with the Passenger Rail Association and now more with Transnet as a whole. Just tell us your story. Why did you decide to sign-up for national service again, given the amount that you’ve already contributed?

I decided to sign up for the national service because, as you might recall, I think 47-years of my life were dedicated to the struggle for freedom of my country, as well as the transformation of society, once we had attained our liberation in 1994. When, therefore, the country is in a state of crisis and all hands are required on the deck, being the kind of service-oriented person and a patriot that I have become – I could not close my ears and my eyes to the challenge and the call by the president of our country, to all go back to the frontiers to rebuild the country. We all have to do so and of course, restore the values that had, over a period of time, being eroded. Yet, there are values and principles that had inspired us over the years, and sustained the SA revolution and our determination to build
what came to be as a Rainbow Nation, under the leadership of Nelson Mandela and Bishop Tutu.

You've taken a lot of flak though, for doing the exposures that you have done. It hasn't been an easy ride.

That's true, Alec, I did not expect to be cuddled, to be kissed as a darling of those who were the beneficiaries of corruption. I expected intensified push-back and intensified attack, which is exactly what has happened. Obviously, the intention was to defocus, me and those who were determined to confront corruption. But I was determined that I would not be diverted from the cause, which was correct and was for the benefit of SA.

That's an interesting point, because you are getting. I wouldn't say a ground swell, but there are people who think that the Zondo Commission, for instance, is going to get diverted. People like you, and the work that you are doing at Transnet is not going to be able to continue. How does one ensure that the message gets through that this is for keeps, this is for real?

Well, I think to the contrary. The Zondo Commission has created a ground swell of support, just by merely exposing the maleficence, which in the past appeared like mere allegations and suspicions. Now, many South Africans know that State Capture and corruption – the endemic of corruption is real. So, I think all of us realise that we were on the precipice of this big mountain and about to collapse the entire country, and I don't think they would allow that to happen again. So, in many ways, I think the Commission's work has created an all-round mobilisation of South Africans of goodwill, and actually put the beneficiaries of the maleficence that characterised the last nine-year on the run. But they've got no place to hide at the moment. So, the Commission will not be derailed. Naturally, those who still belong to your Bell Pottinger type networks, the Gupta type networks, which they have built on the basis of the largesse, they were dishing out. They will continue to fight back but they are fighting a losing battle.

Within Transnet itself, or within your portfolio, if you like. You've had the Lucky Montana issue, you've had Siyabonga Gama – how deep was the corruption that you found, when you arrived there?

If you take briefly, Prasa.

We had said the locomotives, which we had procured from Spain, were not fit for purpose. They had departed from the design, which was set out in the RFP, before the procurement. The contract was given to a company with no track record of leasing or even manufacturing of locomotives here, in SA, which was created as a front fundamentally for the Vossloh, which was a Spanish company. We've been to court. We've won the first leg. They appealed – we won the appeal so, Prasa must simply now demand that the R2.6bn paid to the Spanish company and their black surrogates in SA, should be paid back to Prasa. So, that the taxpayer's money can return so, we have to do that.

Then they must take their locomotives back. We've got a ruling of the court through mutual assistance between the SA Law Enforcement Agencies and the Justice System – they've got to make sure that globally, we pursue these people who have to pay back the money. So, we have established the fact that there was corruption and that corruption happened under the leadership of Mr Montana and the Board at that time. He made a lot of time trying to reduce this, to simply animosity between himself and Popo Molefe, and I refused to be dragged into the personal clashes.

I remained focussed and it is the result of the work I did that bears testimony of what the real facts were. So, that we are done with.

Gama tried a similar tactic of Montana. It has not worked – he is out. But the corruption is deep. It's scary when you look at the billions, which were diverted and the inflation of prices to create the cream for those who wanted part of the money to go into their pockets. Being the companies of the Guptas. If you think of a company called China South, Hong Kong, and then you had to question, which every time when China South Rail paid money it was paid money by Transnet. It was required through China South Rail, Hong Kong to then pass on 21% to Tequesta. Of course, I'm aware that they have subsequently deregistered Tequesta because they were creating lots of companies to launder money around but we're going to get there.

The Law Enforcement Agency will have to do their work. Fortunately, we also now have an extradition treaty, with the United Arab Emirates (UAE), so it should be possible therefore, to demand that those suspects identified, who are hiding in those countries, in UAE,
for example. They must be brought back to answer.

How important is it that they are seen that the individuals who committed this crime against the citizens of SA? How important is it that they are seen to be brought to book, that they go to jail?

You know, Alec, if SA is serious about confronting corruption and all types of maleficence the Law Enforcement Agencies, the organs of State must be seen to be resolute in bringing these individuals to book. They’ve got to do that. We are supplying evidence to all of them, the Hawks, the Special Investigating Unit, which was proclaimed by the president in April last year, and we are collaborating with them to get work done. Fundamentally, for me, as a head of a corporate citizen called Transnet, it is important that I get the money that was paid to individuals and companies in a manner that is undue and reflects undue enrichment. That money gets back into the coffers of Transnet. We must be seen to be recovering some money and as you would have noticed last week, we reported that we had already received back R618m.

That’s big numbers. It rolls off the tongue but it’s a lot of money.

Yes, and I’m pleased that at once we raised this matter with the China South Rail and CRRC, they immediately agreed to pay back the money. They didn’t even wait for the Bank of China, with whom the money was, to pay it back. They said, we will pay it back. We are now waiting for them to pay the VAT that was part of the money that they received because they received R700m. We got only R618m, which is without the VAT. So, we will continue to do so. We’re dealing with the over-payments, to various OEMs when the prices escalated from R38.6bn, for the procurement of 1 064 locomotives to R54bn. So, together with them, and we have to examine how the prices went up there.

And to agree that to the extent that some of the money they did not deserve. They will have to pay it back, but we also work on the basis that we’re going to have a long-standing relationship with these OEMs. Particularly, because they have already supplied locomotives, we have accepted some of them. But they are lagging behind by well over half or over 50% of what they should have supplied already, in 2017. So, we’re now revising the business case and our revisions suggests that we actually did not need 1 064 locomotives. We need 953 locomotives, over the period leading up to 2025.

So, it could have been from the beginning been arranged in packages of delivery instead of going for what became the biggest, single order of locomotives in the entire world. So, we are negotiating that because we’ve got to bear in mind that we have a drive to bring investments into our country and we’ve got to send a message to the ‘to be’ investors that when there are difficult problems, we will deal with those problems in a rational manner. Rational also, because if you were to say, like we did at Prasa, ‘take your locomotives back – give us our money.’ In this case, you would collapse Transnet and the differences that whereas at Prasa the locomotives were not fit for purpose. These ones are fit for purpose and the company needs them. It has got to move goods. It has to provide services to various customers in the country, who do exports and imports, therefore keeping the economy ticking so, it’s important for us to be rational.

Going back a little bit, to the role of McKinsey, it was exposed obviously, with what happened at Eskom, but it’s almost like their training ground was at Transnet. Is that on the agenda, at some point, to go and look into?

Well, we are busy looking into it. McKinsey, one of the transactional advisers that we’ll be engaging in the negotiations. Just before I came here, I met with the head of the lead partner responsible for risk. So, we will continue to engage them. We are engaging Regiment. Regiment, we have sent summons to them to pay back the money that they got out of Transnet for work that was not done. But we’re also asking the individual executives, through whose recklessness the company lost a lot of money, to pay back that money. So, we are pursuing them.

That’s always been a good strategy and certainly sends a message out to other executives.

Yes, to those who are remaining – they now know that the mess up, they will have to pay, in their personal capacities.

On a broader scale though, we’ve got the Tuna Bond scandal going on in Mozambique, Credit Suisse engineered the whole thing. We’ve got in Malaysia, the 1MDB scandal, $6.5bn, Goldman Sachs. What is it about multinationals that seem to have allowed this kind of behaviour in the past? The behaviour that is now being so investigated in State Capture. Why did
they think they could get away with it, in developing countries?

Alec, I’m not an expert on those matters. But my sense is that the biggest mistake that these multinationals or global banks made, is that in pursuit of increasing the base of the deposit, the deposits from customers or increasing the customer base – they seem to have allowed the middle men to come into play, and those middle men purport to deliver customers. And it turns out that those customers acquired the monies that they give, in manners that are wrong. But it also suggests that these multinationals do not have robust risk management mechanisms to detect these things before they happen.

Onto Transnet itself. You have inherited quite a mess there. What are we likely to see when the financial results come out, as a result of the investigations of the corruptions that’s being uncovered?

Well, Alec, we expect that the irregular expenditure will increase. So, it’s not going to be better than the previous year. Obviously, once we have determined that the 1 064 locomotives procurement was irregular and therefore, unlawful. It has to go into the audit report. But the good thing about it is that it’s not like something uncovered, which was hidden by either management or the board of Transnet. It is something that through the transparent approach of the board and management we are now exposing and we are owning up to it as a company.

So, that is what the difference is. Unlike in the past, where they were trying to cover up things. I think Parliament, Scopa, the DPE portfolio committees – when they look at our reports, they will look at it in a manner that reflects and understanding that before you fix, before things can be good, they’ve got to be worse. There’ll be the storm before the calm.

We expect that to be a problem. We expect these irregularities. We have to convey that message to the SA public, to business in SA so, that they have an understanding. But also, to say to them, whereas in some instances in the past, irregular expenditure included fruitless and wasteful expenditure. In our context it would be instances where procedures and processes were not followed, but value was derived out of the monies spent, and I made an example of the locomotives. They are fit for purpose. They have been delivered, tested and accepted so, whilst it might have been irregular it is not wasteful.

All change at Transnet, at the moment. You’ve also got a new CEO, how is he settling into the new role, and I ask this because Paul O’Sullivan, the ace investigator said, in the past, when he provided information to Transnet it would get forgotten. He provided information in November, and the board moved incredibly quickly to root out the bad elements on what was a R4bn potential fraud.

Alec, the difference between the current board of Transnet and the previous one is that the previous board was captured, together with management by the Guptas. So, they were part of this phenomenon of State Capture, and the agenda that advanced personal material accumulation. Whereas our board is a board that is committed and patriotic. It wants good corporate governance and it is working well with management of the company. That is why we can act quickly when any South Africa brings something to our attention something that is not well, inside Transnet.

So, we are in a process of allowing them, individually, to tell their story because that is going to help us to determine whether we have a team we can work with, in those who are remaining, or we simply have to go the wholesale admissions and get new people. The important thing, of course, with Transnet is that it has got a lot of well-trained people. We just need to move them away from the culture of apartheid and also, from the culture of craft, those who are there. Because some of them are very skilled people and the company needs them.
If they are willing to turn a new leaf, we can do wonders to this business.

And there are, clearly good people, and just to close off with. If one goes back to the VBS Report, and the scandal that went on there. Someone at Transnet said, ‘no’ with the money that was going to go into VBS, and it shows that clearly, in every organisation, it’s usually just a few bad eggs.

Yes, that’s good. We’ve got to send a message out there that we have picked-out and identified a couple of rotten apples, but the majority of the apples are still good quality. They are edible – we South Africans can still enjoy them in the service of improving our freight and transport infrastructure. Building relationships with our customers on a fundamentally new plane. Including using Transnet as an incubator or a crucible that builds emerging businesses and treating each one of the on the basis of equality and acceptance, purely on the excellence of the business ideas and proposals. Rather than trying to work only with those who are referred by some people in high political offices outside there, instructing the top people in management.

With this kind of Transnet, we are building, no politician is going to come or a party functionary comes and instructs anyone of us to carry out something that is not part of the developmental agenda of the country, and the State, or the mandate of Transnet as a State-Owned Company.

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Sasol’s CEOs on Davos, Lake Charles and a firmer oil price

Two and a half years ago when the Sasol directorate appointed joint chief executives, there was a fair amount of discomfort among investment analysts. Having two captains has proven challenging for many similarly sized businesses. But Bongani Nqwababa and Steve Cornell have proved to be sparkling exceptions to that apparent rule. How so? I’ve watched them here in Davos. They are genuinely good friends, which surely helps. But it looks to me that the true catalyst is their humility. They seem to have conquered the ego expansion which too often accompanies those promoted to elevated positions. – Alec Hogg

Well, it’s become a little bit of a tradition now, to capture the two joint CEOs of Sasol, Bongani and Steve. Lovely to see you again this year. How many times have you been to the event now?

BN: A pleasure to meet you again, Alec. It’s our third time. So, by now, you’re starting to feel veteran like. You know what clothes to bring and what sessions to get to.

SC: Well, you always think that, but you always learn something each time, and I find it stimulating – the sessions and the discussions, it’s always a pleasure.

Do you allocate resources here as well - ie, split the responsibilities?

BN: It depends. We are largely together but some sessions, if we are meeting stakeholders, depending on who it is, sometimes we are together and sometimes we are separate, but we prefer to work together.

Now, without putting any words in your mouth, it does appear that Team SA has done quite well this year.

SC: Yes, from my perspective they have. I think everyone is looking for positive movement in SA, and the reception continues to be more and more positive here in Davos. I think that reflects what’s going on back home and that they see good movement and, what we look for as business leaders is, clarity and certainty and we’re starting to see more and more of that. So, I think that’s what you’re seeing here as well.

Often, when one wants to get to the truth you invert, and it doesn’t happen too often. When you have a look at what’s been going on in SA lately, but from the inversion scale, you haven’t been mentioned in dispatches anywhere with all this bad news that’s been going around. Is that because of governance issues? What do you put that down to?

BN: Yes, it’s down to governance, although the latest gentleman who was on the State Capture Commission last week, Agrizzi, or whatever his name is. He mentioned that they tried to get into a contract with
us way back in 2002, via one of our union leaders. We told them to go away and they went away.

It seems, with hindsight, the obvious to have done but it wasn’t so. Did you have much pressure from the ‘dark forces’ at the time, those nine-years now, that everyone is talking about?

BN: No, not really. Although in my previous life in mining I had an attempt but because maybe we were a private company, if you tell people to go away and set the rules very clear, then they go away.

Steve, it might be unfair, given that you are American but we are seeing that multinationals from the West have been caught out a number of times now in abusing their privileges. In Malaysia we saw with Goldman Sachs. We’ve seen the Credit Suisse issue on SA’s border, in Mozambique as well. This exposure must be good in the longer term for developing countries.

SC: I think we’ve said that as well. What you’re looking for is good governance and if it fails, that you find it, you bring it forward, you take the right actions against those who maybe caused it to fail, and then you put in systems to try to make it better. It’s a continual process that all countries and all companies go through. I think Bongani and I are pleased with where we think Sasol Limited is. You can imagine we’ve tried to test that over and over in the last couple of years but no, it’s not limited to any one spot on the globe, that’s for sure, or any one company.

Let’s start in America. How’s Lake Charles doing?

SC: Yes, so this is the year of delivery. It’s such a massive project. It’s not just one unit, as we call it but it’s really 7, or 8, or even 9 units, each of those units being 100s of millions of USDs of investment.

So, the first unit is in the process of coming online, it’s starting to make product so, we’ll hopefully be able to announce that officially in the very-very near term, and then we’ll go to the next one, and the next one but it will consume most of 2019. So, this is the year that we bring it on and stop spending money, hopefully, and start making some money.

You’ve been quite aggressive early on in cutting the costs there at Lake Charles. Have you lost any capacity as a result?

BN: In terms of the cost cutting – it was largely to do with the rest of the organisation at Lake Charles because we are growing, we’re actually growing in terms of headcount. If the combined complex will have around a thousand permanent people although at the peak of construction it’s 9 000 people so, we are growing there and it will diversify our earnings from 70% South African, and 30% to the rest of the world, to 50:50, and we’ll rely less on crude oil because there’ll be more ether in feedstock, which will be important for us.

What do international investors think about that change from 70:30 to 50:50?

BN: They are quite positive because our growth will become more of a chemical company. Actually, both on the MSI Index and on the Johannesburg Stock Exchange (JSE) we are listed as a chemical company. But although that is the case, the mindset is still otherwise and even the analysts, when they do an evaluation on us, they are looking largely at the crude oil price, but it will be more intricate going forward.

Are there any particular advantages being a multinational, in your field, based in SA?

BN: There certainly are because we are proud of our home-base because for us, there is free capital flow because we built this project for over $11bn and not a single rand (ZAR) was transferred from SA to America to build the plant. But because close 68% of our shareholders are South African, it means that when the dividends are declared this money will eventually flow back to SA, if the share register remains the same.

Without getting too complicated, how did you do that? How did you manage to get a $11bn project and not have to fund it from SA?

SC: So, we have operations, currently, in Europe and in the US, not as big as what we’re building. So, we had offshore reserves from those operations and then we fund project finance going to the US, going as USD loans that were backed by the project itself.

So, basically, we were able to sort of ring-fence that offshore and use offshore funds and offshore financing and be able to keep it away from having to go after our ZAR reserves. So, it’s worked out really well.
As one of the major companies in SA it brings other responsibilities, particularly now that the president has been saying business needs to play its part and needs to be more involved with government in turning things around. How's your arm being twisted to say, 'come on,' is it through bringing on more interns? Is it through expanding employment? It appears as though there's a massive drive now for business to get involved and help rebuild the country after the bad nine-years.

SC: We were one of the first people who signed up for the YES Program and what we said is that we'll bring on a thousand interns over a four-year period. The first large percentage of that, for the first year, is already in progress so, we're feeling good about that. I think what we can do is just continue to be a very profitable company and look at, can we continue to invest? We've said it before, and we were one of the few companies that invested in new mines over the last four-years. We brought on two new mines in order for us to be able to sustain our mining and Secunda operation until 2050. So, those sorts of things. We're going to look at where are the opportunities to add value and where is the opportunity to add jobs?

Just as a, perhaps from a left field there, with Eskom struggling so much to source decent coal are you able to step into that breach?

SC: Bongani maybe able to answer better on that, but the coal that we use isn't the same quality coal that they need for thermal for their uses. We take it and gasify it and turn it into chemicals, which doesn't meet quite the same thermal content, if you want and without getting too technical. So, we sell a little but the majority of it probably wouldn't fit their needs.

BN: Yes, because most of the coal we produce is for our internal needs, which is 40m tons, and then we export 3m tons but that's higher calorific value, which is not for our quality coal and not for Eskom's quality coal. So, no, we do not supply them with coal. However, we do supply them with lots of diesel when things are rather difficult.

What about electricity?

BN: In terms of electricity it might be not widely known that we are the second biggest generator of electricity in the country, but largely for internal purpose. But it's a structure, which will look forward to depending on whether the feedstock changes. Should there be more access to gas we can change the energy landscape in SA so that there's a lower carbon generation of electricity.

I just mentioned electricity because there are big things happening at Eskom – we know that. We heard this morning from the president that he got a phone call at 05:30 from NUM. They want to talk to him urgently about the developments, big things in the next little while. Hypothetically, if Eskom were to be unbundled, would that be something appealing to you? Would there be parts of it that Sasol would like to bid for?

BN: I wouldn't say so, because although you might be aware that I used to be the CFO there some time ago. So, personally, I believe the answer lays in unbundling and privatisation but others might see it differently. But it's not in the core of what we are focussed on because should we want to grow our electricity centre it will largely be lower carbon intensity rather than high carbon intensity.

Maybe we should just have a look at one of the huge potential that SA is sitting on that we've stopped talking about, which is shale gas. Is there any unlocking or potential unlocking of that? We saw how government worked aggressively on solar and wind, but sitting on an apparent shale gas treasure chest?

SC: I think more work needs to be done, Alec, on how good is the geology and can we, economically develop it? Of course, the environmental issues that have always been out there that you need to be sensitive to and determine if you can develop it and do it in a way that meets all the stakeholders needs. They've been obviously, extremely successful in the US, at developing shale oil and shale gas. They're starting to try to do that in other areas around the world. No one yet has been anywhere close to being as successful, and I think there's a lot of reasons for that. But Bongani and I believe that it could be something that would be extremely positive for SA, and that we'd love to see if we can help evaluate it and if it doesn't work it doesn't work. But if it does work then how can we help in terms of bringing that resource to fruition?
Because you were involved at one stage, if memory serves me correctly?

SC: Shell was actually the lead in that. We were a little bit behind. We looked at all the data but we'd have to do a lot more work before we'd move forward but it's there. What we've also said is, given the whole issue around climate – you've got to look at other sources being renewable but gas is a bridge. Renewable cannot do it today right so, the bridge between coal, one of the highest carbon feedstocks, and renewables – gas plays an obvious role. So, for us either developing it in SA or developing it in Mozambique for Mozambicans but if there's enough then also bringing it down to SA so, that's another area we're looking at as well.

Okay, let's get back to Davos itself. You meet a lot of your counterparts, your peers, from other multinational companies. What's the feeling been about the energy scene, and specifically the oil price?

BN: Okay, if I can split it between energy fuels and then Steve can talk about the chemicals. On the crude oil side there's a view that although there's growth in terms of shale production, which we'll get to about 11 million barrels per day. If you consider that the world demand is just over 100 million barrels a day, and it comes, the consumption is about 3 to 4 per year, and it grows by 1.3. So, what that means is that you need to be growing the supply by between 4.3 and 5.3 per year, and that's not happening. So, as a result, although there is an oversupply at the moment, because there's no conventional supply being grown it's very likely that we might have a spike in the crude oil price in the next five-years or so. Even with all the electric cars, with all the energy efficiency the fundamentals are the fundamentals.

SC: So, if we can switch to the chemical side. Chemical demand tends to follow world GDP right so, what chemicals are there to meet the needs of consumers and as the GDP increases the consumption increases. So, there's some talk around what's the real growth rates in Asia, some concern on softness. I'd say most people are kind of moderately optimistic so, we always look at what can we control? We control our own production, our own cost, and we'll continue to do that. And of course, we're bringing on a new chemical production facility to meet that demand so, we think we're well positioned. We think we are really, well positioned on the chemical side.

Being in the US, helps as well, given the way that the economic policies are being crafted there.

SC: There are two reasons why we're very happy we made the decision in the US, there's probably more than that but the two biggest ones are the driver for profitability in the chemicals is a low feedstock cost, and the US has one of the lowest feedstock costs in the world – and we see that continuing for quite some time. So, that was one of the real drivers and that hasn't changed. The thing that has changed when we made the decision Mr Trump wasn't in the White House. Now he's in the White House and the only major thing that he's passed that has affected us directly is lower taxes in the US. So, that's actually been positive for us. You can say all sorts of things about pros and cons of the current US Administration but in terms of our business it hasn't really been a negative at all. There've been some positives for us.

So, looking ahead, when you go back to SA and you talk to the people of Sasol, what are you going to be taking from Davos 2019?

BN: It's a message that there is, although the economy might slow down in the next year, and some people are talking that there's a 30% chance of a recession this year but maybe 50% next year. The long-term vision companies of our kind look in the very long-term so, things might come down and go up but growth is our friend and we'll grow into the population growth. There's a great future for us.

SC: Thank you, Alec, SA is our home. The majority of our employees are there, and the majority of our assets are there so, we're going to continue to optimise it and, like Bongani said, we look out at the 2040/2050 period and we see continued growth and we're going to be a part of it.

When you talk to your global peers, if they think about SA at all, are they noticing that things are changing?

SC: I'd say, most of the people we meet and one of their first questions they ask us is, 'so, tell us really, what's happening in SA?' Because it's hard from afar to read the tea leaves so, always probably spend the first 10-minutes of our conversation giving our view, which is on balance a very positive view, and of course, they have to
make up their own minds but I'd say, that's one of the things we carry with us to Davos.

What exactly do you tell them?

BN: We tell them that although, we had an aberration for nine-years, the fact of the matter is that institutions of democracy do work. So, there's an independent media, probably more independent than in other big Western governments I've been to. Then also, the judiciary is very independent. Issues are being dealt with. The Mining Legislation, which was problematic for a long time, is being dealt with. Then we now have a minister of police who is highly energetic and decisively dealing with crime, which is a big issue in our country. Then the president is committed, together with his ministers, to create an enabling environment to make sure that there's growth because every business person wants an environment where they can find growth and make money. It's not more complicated than that.

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The original version can be read here.
It’s been my privilege to have known the subject of today’s episode for many years, almost since the day arrived 27 years ago at a then small banking company with an idea of starting an asset management business. Deciding to back this one man and a briefcase was one of the smartest moves Investec’s Stephen Koseff made. Under Du Toit’s direction, Investec Asset Management is now a multinational company that trades punches on equal terms with the best in the world, with $150bn in assets under management. So, this mad keen marathon runner is an entrepreneurial star in his own right. Du Toit will soon be getting the opportunity to stretch these muscles when Investec splits into two units, with the asset management listed as a separately investable entity. But that’s a story for another day ...

The focus of this episode is all about change. And specifically, the mushrooming field of Environmental, Social and Governance (ESG) reporting, which has become a core element of every ambitious business. So important that Du Toit reckons every public company needs an ESG expert as a board director.

—I Alec Hogg

I’ve been coming for a few years. It’s normally good to short the theme or go the other way, where Davos is bullish the markets go down, and Davos ... It’s a part like The Economist’s front cover, well I can give you a long study on that – we invest covers in the world but typically, if you don’t let that sway your investment decisions you can do quite well. So, I think the broad ... I’d rather comment as opposed to this year’s theme, and by the way the Fourth Industrial Revolution (4IR) is not, it’s very difficult to criticise your host but before we go to a 4IR we actually need a new energy transformation and no Industrial Revolution has ever been led without the very serious energy usage transformation before.

I think we can argue about the names, but I think energy transformation, to me, is one of the key indicators of sustainability success over the next few years. Sustainability is finally, and that’s the real credit to Davos and to Klaus Schwab and his team. As we’re starting to identify sustainability at a far wider concept than saving polar bears or planting a few trees. I was very privileged to serve on the Business Commission for Sustainable Development, which was formed here at Davos about three-years ago, and delivered its final report last year. As I came in, I walked past Paul Polman rushing to about the third breakfast already.

Paul was the chairman of this committee and Mark Mueller-Brown was the other chairman. They came up with something where business and all of us participated. Where business contributed to the concept of sustainability and what we really did is took it much wider than the classic sustainable investment or environmental protection, or living a bit cleaner. It is about creating an economic future for this world and for the people of the world, which doesn’t clash with the logic of our planet, the design of our planet, and I think that’s a simple thing.

We don’t want our grandchildren to live on a planet, which is as beautiful as the one we inherited, probably more beautiful, more clean, more healthy and that also, therefore includes economics or business, and jobs and profits because if you can’t do that ... If you can’t give people jobs, they are going to chop down trees. If there are no jobs, they’re going to illegally mine, they’re going to over-fish – all of these that are troubling our planet.

So, my point is the Davos annual topic is important. There is a revolution on the go whether it’s the 4IR or an energy revolution, (we can argue about that outside) but it’s time we interpret the
sustainability concept very broadly because if we don't do it now, we will really be depressed if we sit in this room in 15 years' time.

That’s a fantastic introduction to the topic. So, I guess if we pin this to the UN's sustainable development goals, it’s an absolutely enormous global undertaking for policy makers and corporates. Within that we can put the financial services industry, whether its banks’ lending money into the economy, or if it's investors like Investec Asset Management investing in companies. What is the role here in corporations, generally and the financial services industry specifically making the world meet these goals?

I think firstly, we were all very excited in Paris a while ago. Then came the seismic change in US politics, I shall say no more, and interestingly the Chinese are onboard, almost all the big polluters are onboard except the biggest historic one and also, the sort of out was given to not only the corporate world but the world at large. I think this is a temporary thing. I think the American people are far more perceptive, whether it’s down to the political process or not, on the ground people are starting to understand and if you go, and I’ll just tell a story, if I may, about sustainability?

We have, now please don’t write this, an office in Mauritius, and we have a very good man running the office there. He likes fishing and if you go there, and if they have time, they can do a bit of fishing. And when the Somalis were at their peak in hijacking big ships the fishing vessels fished further off the coast of East Africa, and of course the fish stocks were covered very quickly. This is evidence from the ground, rather than stuff written in journals but it’s really important how quickly the environment can come back and recover. Therefore, I think ordinary people see that. Ordinary people around the world see climate change affecting agriculture. If you live in a country, well I come from Africa. If you live in a place where agriculture is a means of life for most or many people. Old people will tell you, it is now tougher to sustain yourself.

Why? And the reason is getting out. People are starting to understand that there’s a problem with the way we run our Earth, our system. So, my sense is we’ll get through the political breaks on the sustainability movement. The difficulty is actually implementing it at government, local government, corporate and small business level. Now, I think we’ve failed in the business commission. There's one thing that I really tried, and we argued it, but we haven't succeeded yet because the world is not truly mobilised yet and that is that every public company should not just have an audit committee chair or a risk committee chair, or a human resource or remuneration chair. But there should be a non-executive director, appointed to oversee the drive for sustainability in a business, and shareholders should police it. Why, because we all know, it’s well proven, it’s good for long-term profits, it’s good for mitigating liability as we’re going to see some humongous court cases.

**PREMIUM: Scientists say this is our last chance to prevent climate crisis**

What we need to move into is how we can satisfy the need for near term profits, which is part of capitalism and by the way, if you stop that you're going to get a whole lazy system. So, we shouldn't throw out the baby with the bathwater. We should drive for profits but we should put in a framework, which is long-term and sustainable. I think companies are trying and companies are doing well but what we lack at the moment, particularly in the investment community is standardised data. Once you have standardised data you can compare. Once you can compare how companies compete and actually, the system self-corrects and the beauty is, we have the market system, which allocates and re-allocates capital.

Neil, may I just do what politicians do, and I’m not one but to give you an answer to a question you didn't ask? That is that I’m a huge believer and I’m very optimistic in the current capital system of self-correcting. What we’re doing, we’re driving ourselves into a depression because a few people became truly successful, and we say 1% or the 0.1%, not the 1%. By the way, you’re all part of the 1%. It’s the 0.1%, it’s the guys who arrive at Davos in the jets, not the guys like us who come by train. They own everything. What’s wrong with that, by the way? They’ve provided something, which was bought by people around the world, which benefited consumers and most of them give that money away when they die and invest in good causes, by the way. That’s noted with a current sort of Gini coefficient. The fact that the Brazilian Gini coefficient has improved significantly over the last 15 to 20 years, it’s
not set, and the fact that this system is very powerful and lifts up the bottom is not set.

So, if we go there, we say, this system can implement faster than any government system can. We should use it to implement the transition towards the sustainability and allow the profit motive to exist. Now sadly, and I'm going to end here because my answer is too long. My profession, the economics profession has miserably failed us. They spend time in Ivy League classrooms writing complicated formula on blackboards, and no one but themselves and physicists understand. They created these wonderful models for which they won Nobel Prizes, which contributed very little to the understanding of how our system works, how it should work and over the next decade – if we're going to win this war against the sustainability threats, we have to develop a sufficient consensus on why our system works? Why the benefits are outweighing the costs, and how we can all, as ordinary people, contribute to that success? I think we've got a huge job to do.

Thank you, Hendrik. So, I have a couple of thoughts on some of the things you were saying. From what I've seen in the last couple of years, sustainability, ESG, responsible investing is now seen as the kind of mainstream positioning for every asset manager that we've come across. You can see with the PRI, the Principles of Responsible Investing, in 2010 I think there were around $20tn managed against the PRI standards. That's now something like $85tn has been signed up to the PRI standards. Everybody talks about it. In reality, how much of that is PR and how much of it is asset managers, and asset owners, genuinely believing that there is a way to reach sustainability goals through managing businesses responsibly?

I think it's really interesting. If we sat here five-years ago I would have said to you there's a lot of hot air and PR, and we had a few managers who really understand people like Generation – David Blood and built a fantastic business. Some of the other smaller boutiques who focussed on this. Today, I think, and you get these big ads by Amundi all over the FT yesterday – talking about ESG integration. Now, Amundi is Europe’s largest asset manager. A lot of asset managers now have integrated to a very serious extent, proper ESG filters. They initially started looking at governance (G) – that was the easier big. I think we’ve kind of reached the apex of the intervention in corporate governance because it’s now really hard to be a public company.

But on the social and the environmental side the sophistication of the work has improved but is still captive to the lack of consistent data. You get consistent accounting data – you can look at the profitability, look at the cash flow of the business. You can understand the number of products over time, you can monitor it, you can discuss the price of the stock. You’ve got everything at your fingertips. You don’t have these things…There are many providers competing. You don’t have standardisation. Call it the reporting councils or reporting boards – they need to do a lot of work.

Now, of course, we know the world is still split between American accounting and the rest, but at some point, I think this will kick over, and therefore you’ll have very good objective data to look at over time, because the point is over time. It’s very important – asset managers should not simply impose their opinions on companies because they are part-owners. They must reflect the opinion, largely of the society, the people who invest with them, and we get very clear guidance from the institutional investors. On the retail side it’s more difficult but now, these days, you have the tools to ask your mutual fund investors what they think about certain things. Then really fight very few battles because you don’t have the economics to fight every battle, and we are learning.

But what’s interesting is the younger people coming in the firm are genuinely serious about this because they are frightened about the kind of world they are going to inherit. So, the 60-year-old portfolio manager may still think it’s okay to buy just carbon cash flows. The younger don’t, but I think where we get it wrong is, and maybe I’m now giving my age away, but would I have done the same as the young students running and protesting in front of an Ivy League Foundation or endowment saying dis-invest. You know there’s this, there was an interview in the FT, and a comment, ‘look at the contradiction.’ When in the 80s Americans were disinvesting from SA, they forced IBM to give their business away. IBM was probably the best corporate citizen in that country at that point in time. Alec and I can tell you that because they gave, lots of those days, people chances who wouldn’t have
got chances because of the apartheid system, because of the way they ran themselves.

So, I think it’s very important that we don’t turn ESG into a disinvestment movement because then large cash flows will end up in the hands of the so-called stranded assets, of bad people, who buy those cash flows really cheaply and care even less about the environment. So, we want BP to transform over time.

We don’t want BP just to cut off its nose to spite its face and go bankrupt because the world is still dependent on carbons for a time. So, the balance in how people interpret ESG is a bit like how people interpret religion.

We need to have a much, more vigorous debate on that, and in our case, we believe this to be client led. This is constituency led, and it’s led by the communities you serve, and asset managers, therefore, have to become much more sensitive to their constituencies and not simply impose a one size fits all.

We, for example, focus our activism in areas where we actually can make a difference. It is a huge problem today and particularly driven, may I say so, largely by the media who always want to stage fights between activist investors and companies. Now that is not a healthy case.

When a company’s CEO spends half his time fighting one of his own investors instead of delivering to the shareholders, it’s a problem. I think we need to evolve the sophistication of that because you cannot just go and spray paint at a company and say, ‘stop doing something.’ You need to help a company to put in structures and systems, and I’m coming back. There should be a non-executive director on every public company board that holds management to account on its sustainability agenda. I think each company that sustainability agenda is very different.

I agree and again, you say something, which kind of prompts me to think through. In 2015, VW was seen as the best investment on the Dow Jones Sustainability Index and then obviously, not long after, we had the VW case, which obviously we all know and read about. Now, to what extent is culture because this is clearly an issue driven by culture – to what extent is culture important when you’re running an organisation? How do you align your culture to your strategy, and how then do you align your culture to meet those sustainability ambitions, both corporates to have, and actually as an investor’s perspective, how does that fit into the mix?

I think, firstly you mentioned the word ‘index’ and I had to take that bait. Everyone now is index, and index. If you just invest in the index, you’re going to always get the Volkswagens. People are necessary in the ecosystem to smoke out the Volkswagens, to find them, and to ask them the hard questions, and not just to hold them because they’re there and because they’re big at that point in time because you believe they’re good. That’s the value that is so beaten up every day, in the press – active management, yes, you can’t beat the benchmarks. But let me tell you what markets looked like without asset managers. Without managers who think differently or try to separate winners from losers, and try and withdraw capital from people who do wrong or who don’t do well and allocate people.

I’m a huge fan of active management, by the way, I’m not just saying that but at Investec Asset Management we have, and the whole of Investec we have, for many years, thought about being purpose driven. Now, once an organisation has a sense of purpose it then can define itself. It can then create a set of values to which it holds its own employees to account, which is much more powerful than a set of rules. Or a legally driven set of requirements. In our case, we very simply after, it took about 20 years, the asset management part is almost 28 years old, but we came up with a simple thing. We want to build a better firm, we want to invest better, and by doing that, contribute to a better world – very simple.

What does a better world mean? If you work back, you’ll find somewhere down there that you have to learn, and it’s a learning process so, we’re probably halfway there. Embed decent ESG principles.

At the moment, we’re living in a, and I do agree with the analysis that we have now moved into a multipolar world, decisively into a multipolar world. Most of us have only understood a unique-polar world. So, the risk with the ESG and the sustainability agenda, and the value as a culture agenda, is you impose American culture or British values or British corporate governance on everyone else. I tell the guys in the office you can’t vote – we had a very simple template and if you go to these voting agencies they really, sometimes come with simple templates and you do have to apply your mind to that and you do have to over-
rule. So, for example, voting off any director that has linked to a State in an economy, which is largely led or controlled by the State, which happens to be apparently the second largest economy in the world.

You’re going to have a really ineffective board if you’re just going to have a bunch of people from abroad, who are truly independent and can’t speak to the State, okay, so don’t apply.

Then you had people who had systems for four-thousand or five-thousand years who have run themselves in one way. Now, we’ve lived in a world where there was a lot of waste and preaching. A lot of less well-thought through advice given. I’m really fascinated by the way that the Washington consensus is now reversing itself. I grew up as a kid studying economics and I learnt that countries had to open their markets. That countries have to allow multi-nationals to come in and free flow of capital and all these good things. Well, at the moment, a small section of the voted group of a large economy feels hard done by – it changes the rules of the global economy on its head. It just turns on its head and it starts preaching the opposite without consequences.

So, I really believe we’re going into a world where we also have to have the subtlety of multi-culture, with multi-regionalism built into the way we interpret what’s right and wrong. It doesn’t mean that right becomes wrong, and wrong becomes right. It just means understanding the context and I think that is the challenge, particularly for investment managers. How can you tell a poor country not to develop its natural resources, if it only has one resource, carbon? How can you tell them not to? You could help them to do it cleanly, efficiently, and you can advise them to do the rest, but you can’t stop them and I think that’s where the real challenge of implementing this globally comes in because if you simply send an instruction to all companies you’re invested in to behave in one way you are going to destroy value and that’s where I think a great deal of work needs to be done.

The first bit of work is to get the data consistent. Then make sure you represent the communities on behalf of whom you invest, and thirdly, make sure that you understand the context. So, for example, I went to a Singapore meeting on the sustainability issue, and the Western press it doesn’t get a lot, and Temasek in particular. Just go and read their website and it's first in class. It’s better than, as Singapore does it, better than anything in the private sector. I always take my guys to their website and say, ‘just read this’ if we can be half as good, great. But I went to their annual sustainability week two-years ago and they had a whole lot of Asian family companies there, where the patriarch was there, and sort of three generations – in a large room and talking about sustainability and ESG.

Now, there was no chance that the patriarch was going to give up control – there was no chance. Whether the non-voting shares or either because he built the business, and he wants his granddaughter to do really well and he’s drilling her and there’s varying corporate governance in those companies but it’s a different governance. So, when he asked them about sustainability, the Temasek speakers were also really good and the people they got. They contextualised it in the communities those people operate. In fact, I saw
a consensus there, which is probably stronger than the lip service we see in many large Western corporates with departments, which put many pages in their annual report. But actually, you know the CEO is driven by the next quarter’s profit.

I’m just using this example to say, one must be careful not to launch a voting campaign against an Asian family company that actually, is doing a hell of a lot for the community around, even if it’s for the patriarch’s personal account and not necessarily through the company, then the smart annual report that complies with everything that we’ve set, in terms of our stewardship guys. So, that’s really my point, and as emerging market investors we see it every day and we have to respect the way countries operate in their context.

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The original version can be read here.
The annual Brand South Africa dinner in Davos was so heavily oversubscribed this year that I only got a seat because of some late cancellations. A huge difference to recent years where there were always plenty of no-shows — such was the decline in the nation’s appeal while Jacob Zuma ruled the roost. Last year in Davos Cyril Ramaphosa led the delegation, even though still the deputy president. His impromptu speech, which I recorded on my iPhone, went viral with tens of thousands of South Africans, who were encouraged by his message. He took the mic again tonight, and once more delivered an uplifting message without referring to a single note — or that politician’s crutch, the autocue. And once again he delivered as inspiring a message as you’re likely to hear in the Alpine resort. It was also under half the length of last year’s.

Once again my trusty iPhone did the recording so apologies for the less than broadcast quality. And to give you a better feel of the mood, the recording starts as SA’s president takes the microphone — bantering with his Finance Minister, Tito Mboweni, with whom the rumour mill said there was friction after his late arrival at the pre-Davos breakfast last week. — Alec Hogg

Cyril Ramaphosa: This is a fun night. We’re not really meant to have speeches. We’ve heard all the wonderful speeches today and many of you who we hadn’t seen in some of the sessions we were in have been busy, I’m sure. The press conference that we had the media in, Minister Mboweni kept on saying, ‘why is the Minister of Finance here?’ So, it’s good to have you here, back from what you were doing or not doing.

So, the media was more interested in you than in anyone of us. So, maybe you will tell us later what makes you so famous with the media. Maybe it’s the tweeting that makes you ... They were hoping that you would have tweeted something that is more exciting about being here in Davos.

Ladies and gentlemen, thank you very much for being here. We are, as much as this is a fun moment, we’ve got a number of people who come from a number of other countries and we would like to welcome you and we are really humbled by your presence here and the support you continue to give to SA. Many of you, as I’ve looked around the tables, have been with us for many years. Some of you are investors. Some of you are fellow travellers, some of you are interested in our story. Earlier I saw, who did I see earlier, I saw so many people. I saw Claire Blair, who is here – there she is. It’s you I wanted to welcome rather specially. It’s wonderful, Claire, that you have found time to come and dine with us. Let’s give her a round of applause.

There are quite a number of other people ... Mrs Blair. Here’s to Cherie Blair, and I saw Tony earlier and he’s looking good. He still talks a lot of sense after all these years. I thought when you retire as a politician you start losing some of your marbles, but he hasn’t. It’s wonderful so, thank you all for being here. We’ve had a really wonderful day. A very busy day and all of us have been all over the show and this is time to let our hair down and to relax, and to enjoy South African cuisine and the food, and the wine I meant to say, so this is the moment that we can just relax and be social with one another.

We are pleased to say that our reception here has been very good, once again. We’ve been well received. That’s certainly the impression that I think many of us have had. Both by the media, as well as a number of participants here, in Davos, because they are recognising that we are a country on a new journey.

We’ve entered a period of renewal and have embarked on a new journey, and I think many of us are feeling a sense
that this is the type of journey that we’ve embarked upon. When we had a pep-talk during the week, *last week preparing to come here*. It was a number of you who said, as we were trying to craft a message about what we are going to say when we come to Davos because a number of you, particularly people in business, who said, ‘Mr President, we’ve got a very positive story to take to Davos.’ Let’s not downplay the progress that we have made. Let’s not put ourselves down, and let us go and tell the world precisely what we have been doing over the past few months.

What we have been doing is quite phenomenal. It really is great, and many people are recognising it. Recognising it in a way that they interact with us, even the questions that they ask. One of the questions they asked me on two occasions was, we want you to tell us the formula. Give us the formula of how you have been able to craft this collaboration between business, government and labour. Just tell us what the magic is because they say they don’t see it in many places in the world. *Stephen Koseff had actually said*, when he was in one meeting overseas that a bit of admiration had been expressed on how we collaborate. Today I was asked by two people and I explained that there is a renewed determination on our part, as South Africans, to make SA work, and to take our country forward. Having realised that we’ve lost the past nine-years.

The past nine-years could be regarded as lost years, *where we lost our way*, both at a political level and may I say, an economic level as well. People recognise that but also give us respect for having acknowledged that we did lose our way and that we are now on a path of renewal having recognised where we lost our way. They also recognised that we’ve been pretty open and honest, about how we lost our way on a number of fronts, and they say, that just enhances our image because they can see that we are a serious lot of people and the collaboration that we have forged and continue to forge, between labour, business, community and government – it holds well for the future.

This is precisely what we are also showcasing tonight. Tonight, to have this type of dinner, where we collaborate and where I don’t have Stephen Koseff shouting at me. It’s maybe the sport sometimes. When he’s upset with something, he calls me and says, ‘what are you guys doing?’ I often say, Stephen, I’m the president, and then he goes quiet and says, ‘sorry, Mr President.’ So, the shouting and all that has come to an end because we’ve deepened collaboration. We are deepening it on an ongoing basis and I think the other important thing is that we’ve developed a method of listening to one another.

Listening to one another, even if somebody comes up with crazy ideas and sometimes, they do, and quite a number of business leaders here will say that we’ve got this idea, and then we’d say, ‘that’s a mad idea – drop it.’ Then they say, ‘okay, we’ll come back with another one.’ But that is the openness that we’ve engendered. That people should be treated as South Africans with respect. They should be able to come forward, even with unsolicited ideas, put them on the table. We interrogate them, discuss them, and if they are cogent and weighty enough, we can then take them forward and either implement them. So, we are a realistic government and that is the impression that I would like everyone to have.

This is your government. We are all South Africans and our motto is, ‘let’s work together to make our country great’ because greatness is what really awaits us.
If we can do a number of things correctly, and we may be taking baby steps in a number of areas, but these are areas that we want to work together with all of us on, with labour, business, as well as communities and government. The world that is unfolding before us now is a world where collaboration is going to be more and more the order of the day. Where we’re going to have to be working together.

I’ve just come back from Geneva, where we were launching a report, and ILO report on the future of work. The ILO, as you know, is a combination of business and labour in cities around the world. It was formed in 1919, after the First World War, where the founders of the ILO, both business and government felt that they needed to address the challenges of the time. The challenges of the time still remain the challenges of today. We were launching this report on the future of work. How do we address the challenges of the Fourth Industrial Revolution (4IR), where people are going to be replaced by robots? How do we anticipate everything at the head of the curve? So, these issues we’ve concluded as the ILO collaboration team that can only be best handled when we all work together.

When there's deep collaboration between labour, business and government.

In our case, in SA, we include communities, and we've been able to achieve a great deal for the collaboration that we have forged, which includes communities as well. For me, it's inconceivable that even, at any endeavour, be it business or even government projects or whatever – that one can execute those without having deep collaboration with a number of role players. This is what we want to showcase more and more, through the world and I would say, maybe this is what Nelson Mandela bequeathed us because it has become part of our DNA to be able to collaborate, do things together, and do them so well and so perfectly.

Only because we can work together.

It is for that reason that we are saying, our country is on a journey. The past nine-years were lost years, but we cannot continue to be mourning the lost years that we’ve had. We now need to pick up our socks and say, ‘together we can put our country in a much better position, reposition the country.’ Our businesses, our education, our health system – you name it, and go and mobilise investments and bring them home to SA. This can be done in a very direct and important manner. And we can deal with issues that are complex and difficult – the land question, we can deal with it and find answers. It is when we find answers that we are able to really move the country forward.
Earlier today I was talking to Mark Cutifani of Anglo, and he was saying, ‘we, as Anglo American, wants to work together with government on finding solutions, even on the land question’. On issues like water, infrastructure – let’s work together. Therein lies great solutions when we do so as a collective. So, my message tonight is that there is nothing impossible for us to achieve. It’s only those who are cowardly, those who are mentors, who will not be able to find solutions. I’d like SA to be the land of the brave. The land of the courageous. The land of people who are visionaries who look forward and say, ‘we are going to pick up this country, which was devastated by a horrible system of apartheid’.

We want to pick it up by the scruff of its neck and take it forward, and that we are doing to do together. That’s what lays ahead for all of us. The good thing is that we even, as the governing party, are preaching a message that we are sending out to the country and we’ve put it into practice. We’ve addressed the jobs challenge in our country. There is no other country that, in my view, has held a Job Summit where business, labour, communities and government get together and say, ‘let’s address the Job Summit’.

Then I told a couple of presidents on the African Continent, at the AU that this is what we’ve done. They said, president, can’t you tell us more details how you get to do something like this? Quietly, I said, this is our DNA. This is how we do things in SA. So, we want to do much more and the Investment Conference that we have, which we are going to repeat this year, which is good example that we are able go into together and get the commitments.

During the course of the day we’ve had a number of discussions, both on a financial basis, and the otherwise convening sessions. On a bilateral basis some of the companies that came to me. Commitments that they invest more confidence. They’re saying to us, ‘we actually want to do more – we want to go a mile further’ and that, to us has been very encouraging. Very encouraging people like Jacko Maree, our investment envoy. They’ve been doing a lot of good work, Trevor Manuel, Mcebisi Jonas, and Phumzile Langeni, they’ve been doing fantastic work. Controlling the whole thing.

When I appointed them some journalist said, ‘are you not actually denuding the role that ministers should have?’ I said, no, it is going to complement what ministers should be doing. Indeed, that it is exactly what it has been able to do because people like Jacko and others have been able to reach places where we have not been able to reach and their participation, together with us here is just proving a very good point about how working together with people, who are not necessarily in government.

Some of you will be called upon. Let me put my cards on the table. I will want to call upon some of you to come and play some role in helping us achieve the goals that we have. A number of you are already involved with us, in government, and may I say, this is really giving us a great deal of strength. We want to draw on your intellectual capital. We want to draw on your experience. We want to draw on your knowledge base so that we can utilise as many talented South African to take the country forward.

I want to conclude by saying, not only that our presence here is needed, actually, we are humbled. We are humbled that we are now noticeable for the good things. In the past we used to be noticed for the bad things that we were doing. But now we are being noticed for the good things that we are doing that takes the country forward. We’re being called upon to play leadership roles in a variety of forums. Some of you are leading a number of ... And we know that you’re flying the SA flag and we’re grateful for that. We do that with a good measure of humility.

In the past there was a little bit of arrogance and bravado and show-off. But now we should do everything that we are called upon to do, either on the world stage or anywhere, with humility. Because that is how Madiba was – a humble, towering giant of our country but he was able to attract as many people as he possibly could because he was humble, and this is the one distinguishing feature that we remember about Madiba. I say, that is the one attribute that we should display, even as South Africans.
So, the grass on our country is coming back. The recognition is coming back, and people are becoming much more attracted to us, and let us play that role, with dignity, and with the humility that it requires. I can say that, ‘yes, SA is back – we are definitely back’ and we must play our role, and our role is an important one, both on our Continent and globally as well. We may not be very good at sports or some sporting events, but I think in terms of our intellectual prowess and in terms of what we can contribute to the wellbeing of the world is great. In terms of business – let us continue attracting businesses into our country and the potential investors, who raise issues – we can deal with them.

So, I would like to thank you very much for being here and let’s have a fun night and let’s enjoy ourselves. Let’s look forward to the next Davos once again. Thank you very much.

This article was originally published by BizNews on 24 January 2019.

The original version can be read here.
We never chatted about it in this interview, but Absa CEO Maria Ramos is sure to allow herself a wry smile when reflecting on the latest rockets to hit her former bosses at Barclays. Because while Ramos was making a massive statement in Davos with the newly independent Absa, her previous bosses, including ex-Barclays CEO John Varley, were in a London court charged with fraud and corruption involving their direct involvement in bribes paid to the facilitator of a $3bn Qatari investment. By contrast, Ramos has an unblemished reputation in decades of running SA’s Treasury and Transnet en route to her directing of Africa’s largest retail bank. She is also a long-time Davos attendee, including having co-chaired the World Economic Forum’s annual meeting. But this year was surely the highlight of her decades long participation as Absa became the first African business to take a major presence on the Davos high street (the Promenade) to celebrate its arrival as a major continental force. As Ramos explains in this interview, she believes if something is worth doing, then it’s worth doing properly. And Absa’s presence in Davos 2019, was proper indeed. – Alec Hogg

Maria Ramos, this has been quite a Davos for you. Just take us through the whole idea of branding yourself and being so heavily exposed here, in this centre of the world, for a week.

Maria Ramos: Absa’s statement of intent in capturing Davos Promenade
From BizNews

Chocolate and fantastic food. But I think importantly, the work that’s been done here, the fact that we had the investment seminar with the president yesterday, and a fantastic panel, and lots of investors and actually, interestingly enough a lot of people that don’t normally attend the SA seminar, as there’s a lot of competing things. Some foreign investors and quite a few of those came through. Some new investors and sometimes investors that have been in SA, but have not been around, came through yesterday.

Actually, I should say that also to the SA dinner with Brand SA the night before, and Brand SA has been a fantastic partner to us as well. Today we launched the Financial Markets Index in Bali at the time of the IMF, but because there’s another opportunity to make that visible to another opportunity to meet with international investors, given what we’ve heard this week. How would you be engaging with these guys?

Well, I think and I’ve thought a lot. I don’t know about the insights so, thanks for that, but I think there’s lots of people with very good insights, and you’ve been coming here for a long time. One of the things that has given me huge amounts of confidence and certainly has lifted my spirits a lot this year and it’s made me feel I can really go out there with confidence and talk to people. It’s just been the way the president has approached this and led the government team on this, because he’s gone out there, his message is clear and he’s open about the issues, and he’s open about saying that we’ve had nine lost years, nine horrible years. We have to admit that, but I think we have something to build on, and I think back when we first started. It’s easy to romanticise about it but it was incredibly hard. We had such a lot to do.

We had huge deficits, we had a deeply divided, and unequal society. We had to build it. In fact, the Central Bank did, actually, build from scratch. We didn’t have a Treasury. We had to build it. In fact, the Central Bank did, actually, build from scratch. We didn’t have a Treasury.

There’s another opportunity to that’s not being made visible to the public so that gives me confidence. There’s a lot of work to do, let’s not kid ourselves, but I think we have something to build on, and if I think back when we first started. It’s easy to romanticise about it but it was incredibly hard. We had such a lot to do.

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I don’t know if there’s anyone with better insights outside of Klaus Schwab, than yourself about this whole Davos story. Now, the South African story – if you were back at the Department of Finances, as the DG there many years ago, when you had to meet with international investors, given what we’ve heard this week. How would you be engaging with these guys?

Well, I think and I’ve thought a lot. I don’t know about the insights so, thanks for that, but I think there’s lots of people with very good insights, and you’ve been coming here for a long time. One of the things that has given me huge amounts of confidence and certainly has lifted my spirits a lot this year and it’s made me feel I can really go out there with confidence and talk to people. It’s just been the way the president has approached this and led the government team on this, because he’s gone out there, his message is clear and he’s open about the issues, and he’s open about saying that we’ve had nine lost years, nine horrible years. We have to admit that, but I think we have something to build on, and if I think back when we first started. It’s easy to romanticise about it but it was incredibly hard. We had such a lot to do.

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Sometimes, if you’ve been around the block, you can see things happening. You know what it means to destroy institutions, and I think we haven’t completely destroyed them. We have some phenomenal institutions in our country. We have a phenomenal Central Bank or the Reserve Bank, which is a pillar in an institution that we absolutely have to preserve. Monetary policy is fundamental. We’ve got a Treasury that works. It needs to be held together. I think our judicial system, when I talk to people across the world, they look at us in awe and say, well the fact that your judicial system works as well as that is fantastic. And these are not just people in emerging markets. These are also people in developed countries.

Maria, there are a lot of counterforces. In fact, Songezo and I were talking about it beforehand how Twitter has now been hijacked by people with their own agendas. But one of the really, strong stories that’s coming through is that the president is just playing nice and that after the election he’s going to change. Now, you’ve known him for a long time.

Politics is politics right, and I’ve never really played politics like that. I think and have always known President Ramaphosa as somebody of integrity, of his word. Somebody who does what needs to be done and holds to his word. I have to think about the commitments he made under some very tough circumstances in the course of last year, and how he’s delivered to those commitments. I think that’s what we must go on. I have never known him to do anything else. In all the years I’ve known him, and there are other people who know him even better, but I have always believed that he’s a person of his word and he’s a person of deep integrity. So, I think and feel like the country is in really good hands and, as I say, he went out at the State of the Nation Address last year, when he took over. He set out a program under some incredibly tough circumstances, and also the country had a very difficult growth trajectory.

So, we’ve got a lot of things going for us and that’s why I have confidence. When I sit here this year and I look at what we’ve achieved and I look at also, you know it’s easy to get gloomy, but the president has set-out a work program, whether it was the Job Summit, the Investment Summit, these Commissions of Enquiry, the State-Owned Enterprises (SOEs) and Eskom. This group of people he’s put together – the changes on the boards, the Advisory Committee made up of some of the most senior and savvy people. These are all things that are worthwhile thinking about and ticking the boxes on.

In those circumstances, we know, that it’s easy to be tempted to change course, right. But he stuck to the commitments he made, and I really think there’s always going to be countervailing forces, and of course, social media and if there’s an election coming up. But I really think that he’s delivered on what he said he was going to deliver on. I believe that his commitment is in the interests of the country and in the interests of South Africans, and a commitment to doing the best, by growth and sustainable growth, and jobs, and a deep commitment to young people. I’ve never heard him say anything else.
Talking about young people. Here you are in Davos, CEO of a bank that has a substantial presence. Now South African owned again and you started off as a bank clerk.

Absolutely, I always feel that if you've got aspiration and you've got commitment and hard work – those are essential. I do think though that we also need to understand that we have to create the opportunities for young people. Our country is replete with talent. Our job actually, is to create the space for that talent to flourish and to grow, and create those opportunities. I did have to work very hard but not everybody should have to do the same thing. I think that I can also say that you can't get there without hard work. I think that's important. You can't walk into a place and expect somebody to do things for you but it has to be that combination between hard work and opportunity, and I had lots of those opportunities too. I shouldn't pretend I didn't because I did.

I think we need to create the space for young people to feel that they have the opportunity that they can be the best that they can be. That they can fulfill their dreams. And you'll see that as an organisation, how deep our commitment is in the field of education – we have put in 100s of millions of rands into education. We have put thousands of young people through university and college. We are putting hundreds of people through programs on coding. We are taking kids from school and we're teaching them coding. We've setup academies with universities so that we can train people with cyber skills because we know that's kind of the cutting edge, if you know. We're talking about the knowledge economy and the Fourth Industrial Revolution (4IR), but with that comes a new set of risks around cyber and data protection. Actually, the world is short of those kinds of professionals so, we've partnered with UCT to develop a program on cyber. So, we're putting through that.

Exciting times, in many ways, but for Absa in particular. Now that you are South African owned, now that you have made Africa your home, how's it going to change on your strat sessions and the way you look at life?

So, we're doing all of this, not just for South Africans. All our programs take in young people from across the Continent. So, our bursary programs take in young people from SA but from all the countries we have a presence in. Our cyber program, although it's UCT based, and when we recruit, this is the second intake and we will be in this intake, and going forward increasingly so, looking for people from across the Continent. So, we've got a very specific approach where we don't just look at SA, but we look at people across the Continent as well. So that's really, primarily, the way we approach this. In the way we think about our business, we've launched Facebook Workplace so, all our colleagues are linked across the Continent on that.

And that being a cellphone?

That being a cellphone, exactly so, everybody is online, and I suppose, on Facebook. When I post something from Davos everybody can see it simultaneously. If I do a townhall I can do it to everybody, and I'm talking to colleagues all over the Continent into each one of our businesses.

Has the divorce gone amicably?

Yes, I think we did a fantastic settlement with PLC. It was a very friendly settlement, but I think a very good settlement for us as well. You'll know that PLC has paid or contributed and settled with us on $1bn, which we got at the time, to pay for the separation that we needed in order to do the separation of systems and the grand change across the Continent.

Looking back, and I know you didn't really drive it this way but the timing was opportune.

Well, I think PLC had made the choice, at the time, in early 2016. Frankly, it took us by surprise. Separating from PLC wasn't our choice, but it was their choice. But, you know, when these things happen, they happen so, it wasn't something we were anticipating but you've got a big organisation to run and with everything like this that happens, the thing that my mind immediately goes to is, 'okay, so it's happened let's get on with it. What are the opportunities that emerge from it?' I fundamentally believe that we are a better and stronger organisation with greater opportunities as a consequence of it.

I think, actually, probably as a subsidiary of PLC we lost that confidence. When you're a subsidiary of a very large, global organisation you are a subsidiary of an organisation. Although we were always a big bank, I think you lose that sense of yourself and identity. I think what's happened since we became a self-standing organisation and more so now, I think what we have is that confidence back.
I think the Absa now, the Absa with a new identity, a new business model, a new strategy, the Absa on the High Street or on the Promenade of Davos. If I talk to colleagues across the length and the breadth of our business, all 42,000 of us, is a business that is very proud, and confident, not arrogant because I think arrogance is not the right thing, but a confident business.

I think actually, confidence is also what you saw in Team SA this year, it was a confident team. I think it was a confident team because between the government team led by the president, and the business team that was here from SA.

There was that sense of, ‘we are here together to bat for SA Inc.’ I think confidence is the magic ingredient actually. There’s a lot of things that need to happen but if you don’t have the confidence and with confidence comes trust. If you don’t trust, then you can’t build confidence. Lots of things you need to do, no doubt but you need to have confidence. I think, sometimes, we underestimate the importance of confidence.

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The original version can be read here.
Meet Durban’s Skye Meaker, photographer extraordinaire, Davos 2019’s youngest speaker

The subject of this episode had two bits of good fortune. First, to have parents who were mad about the bush. Second, to find his passion – wildlife photography – outrageously early, in his case even before he started attending school. Those twin pieces of fortune brought 16-year-old Skye to the 2019 World Economic Forum annual meeting, via the unlikely route as the under 18 winner of the 45 000 entrant World Wildlife photographer competition. After placing some years ago, he had a dry run until the 2018 competition where his patiently acquired pic of a leopard he had followed for eight years scooped the top prize for this young Durbanite. The WEF invited him to Davos and his engagement alongside iconic Jane Goodall made him the youngest speaker at this year’s event. At around the same age as Grade 11 learner Skye Meaker is now, I had a life transforming experience sparked by an overseas trip. So was keen to discover whether the exposure to something as overwhelming as Davos would change him ...

we kick off the interview from the part in our chat where I asked Skye what he was likely to take home ...

– Alec Hogg

Just experiencing that and learning that it’s not only my way of thinking but there’s hundreds of other ways of thinking on a certain and on different topics that I wasn’t even aware was such a big thing. Like I’ve just came back from a talk about how the pollution in the ocean has just increased dramatically over the past few years, and how we can now track the fishing boats and the big illegal ones. So, we can start helping to save our ocean now. So, learning about things that I didn’t know before was the whole reason that I came here, and it was the whole reason that I’ve been fortunate enough to experience it all.

Do you think of the world differently to, say, your mum’s generation?

I say, definitely so. We are the ones that have grown up with the technology. Since the day I was born I’ve always had something digital in my hand. I’ve been fortunate enough to separate myself from my generation in a sense where I do disconnect myself from the rest of the world, social media wise. When I go and do my photography in nature but we, as the younger generation have a lot more ideas, time, and energy, compared to the older generations but we lack the experience and the knowledge, which is why

I also came to represent the youth and to try and share that bond and that only if we work together we can actually make a better difference for our planet.

Skye, this competition that you won. That brought you to Davos, how many people enter it?

This year there were over 45 000 entries. So, out of all that the top 100 gets selected, and out of that top 100 voters for the whole world representing nature and the beauty of it and conservation. There’s a category winner for every category so, I was fortunate to win the under-17 category.

Of the whole world?

Of the whole world and then out of that I won the whole entire category, which is the best under-18 photographer, for wildlife in the whole world.

What pictures did you send in?

I sent in 10 pictures, which is quite a toughy subject for me because I’ve placed the first year, I entered with a picture
called ‘Vanishing Lion’ which talked about the harsh reality of how low the lion population in Africa was. Then since I haven’t been able to place, even though I’ve entered every year. Then last year I sent pictures, which I thought showed what I liked to see in nature. The beauty of nature and the intimacy with the animals too, because I want people to look at a photo once and say, that’s a good photo, but then look at it again and think, what does this photo mean? What is it trying to show? And that’s what I tried to show that year and I ended up winning the best under-18 photographer.

What animals?
So, for this year in particular, I focussed a lot on birds. I entered five birds, specifically the Blacksmith Plover. I had two pictures of it but the leopard. I’m very passionate about the big cats and specifically that of a leopard that actually won. The whole competition was a leopard that I’ve been photographing for the last eight years.

How do you get to have that ability to see these animals in the wild?
You did mention to me early that your parents have encouraged you to go to the bush from a young age.

Well, think it’s something where I’ve been fortunate enough that my parents are so passionate about it that it’s just a by-product of me going on adventures with them that I’ve able to pursue my photography because it’s not something that every kid will like, ‘I want wildlife photography’. So, it’s quite a unique situation for me. It’s something that I’ve been brought up and something that I’ve been fortunate to experience.

And your favourite part of the country?
My favourite part of the country is actually CT. I really love that place, but for wildlife photography in particular so, this is my favourite part in almost the entire world, Mala Mala Game Reserve. I find that the leopards are just beautiful and the interactions that you get are spectacular.

How do you take a good picture of a leopard?
Well, it’s actually quite a weird one because there are so many different leopards and from different areas so, they have different behaviours and different traits, and to try and capture that it’s quite difficult for a photographer. So, for me, I like to focus on what I would like to see in the moment and what I feel. So, the inspiration I get from seeing that leopard is how I try and portray in my photograph. So, in my winning picture I saw the peace and tranquillity of the moment, and that’s what I tried to capture.

It is art, isn’t it, and in art you try to give a story or try to give a message to people who are witnessing it or experiencing it. Do you always try and work something in?
Well, I started off just taking pictures to share memories with my family and friends but, as you said, photography. We don’t just paint, we paint with light. I tried to share what an artistic approach to, not really that artistic but I just want to show the true beauty of what nature is. My job is pretty easy, in a sense where I get to go out and see the beautiful plains of Africa. All I have to do is make it so that I can record it to the best of my ability so, that people that don’t get that opportunity can experience it for themselves.

You said, you didn’t watch David Attenborough being interviewed here by Prince William, but a big part of his message was to say that the technology available today really opens up nature to the world.
What technology do you use, apart from a camera?

So, obviously I have a cellphone, I'm a teenager, we do have to use that. But I do use computers a lot. Actually, at the school that I'm currently attending, Clifton College, we use our iPads predominantly to learn. We don't use textbooks anymore. So, that's more of a greener approach in a sense where it's easier, it's quicker, it's more accessible and it's one of those things I've been brought up with so, it's natural for me. So, I don't really think of it as, I use this technology, and that technology. It's just, 'I use technology'.

But what I'm getting at is the propagating, if you like, of your pictures because clearly you don't just take a picture and then just look at it yourself. You want people to see it. How do you do that?

So, there's various competitions that I enter to get my pictures out there. I use social media, obviously, so Instagram is a big one for me, but I like to show the people in person, it's quite a weird thing for me. I have a website so obvious I try and get people...

You can tell us what the website is.

Okay, it's skymeaker.com so, it's just my name and through there you can see all of my photos that I've taken throughout my journey as a wildlife photographer. I think something that's really and unique to me and my website is that I do have photos from when I first started to the photos that I'm taking now so, you can almost follow along with the journey that I've had, over the past few years of my life.

What are you going to do when you finish school?

I'm going to go study BCom Accounting.

No, I thought you'd be the next world wildlife professional photographer. What's your passion really?

My passion and my love are nature and photography physically, but I've been told by my parents and it's one of those things where photography is one of the hardest things to do, to pay the bills. And I don't want to confuse my passion with something that I need to take photos of to pay the degree. Then pursue my photograph fulltime because I feel like, with my photography I only take a few good photos in a week, let' say. But those few good photos are really good because I feel the inspiration that I get from the animal and from the environment and if I'm forced to take a photo every day that's good, I don't feel that inspiration. You'll see that the quality of my work will just degrade so, that's what I'm trying to accomplish by saying the best of both worlds and try and combine them together.

I guess that is always the artist's dilemma and has been for a thousand years but, on the other hand, if you could start selling a few of your photos now, it might make the decision easier.

I have previously sold a couple of my photos. I've just auctioned a photo for The Make a Difference Foundation and that sold for $3k so, it definitely is an option for me but the time it takes and the money it takes to go to all of these places and to take the photos. It's quite hard for a person to live almost a "normal life". Because the person that mentored me, Greg du Toit previously mentioned – he spends 11 months away from home and for me that is something, to a lesser extent I want to do, but I don't want to be forced to have to go 11 months away from home without seeing people and living in a water hole until you get the photo that you want. Although I do want to get the best photos I can, it's quite the dilemma.

Was that François Pienaar's Make Difference Foundation. How did they find you?

So, they contacted me originally. I've heard of his work previously, and it was one of those where I was going to
approach them eventually, but they just asked a few questions, which I obviously said. It's such a good foundation and it sold for quite a bit so, I got to see the feedback from it and I got to see the results from the actual foundation, which was something that was super special for me and since then I've been giving them a picture to auction off for their charity and this year they've just asked me for one of my leopard pictures specifically so, I'm in the process of sending that to them.

Skye, it's quite extraordinary that you as the youngest person in Davos, are engaging closely with Jane Goodall and icons like that. Do you think it will change your life?

It's quite weird because I'm so young, that I don't really know what's in store for me for the rest of my life. I know that I want to be doing something to better help nature and conservation and I do know I want to do photography but in terms of something like experiencing Davos, and WEF. I appreciate it a lot, but I think I'll appreciate it a lot more when I'm older and out of school and reflect back on it, thinking, 'this is something that actually shaped what I'm doing today'.

What about your pals back home? What stories are you going to be telling them?

It's actually quite weird because they've followed along, they've watched all of my links. They have been very supportive of me, I've met some pretty fancy people, I've done some pretty cool things, and I've got to see the snow so, that's pretty cool and interesting for us because in Durban we are very hot all the time.

Just to close off with. David Attenborough and Jane Goodall, you've now met both of them, and engaged with both of them. What's your thoughts on them?

Beautiful people and they are genuinely the most passionate people about nature and conservation I've ever met. They are so genuine that it almost inspires you to be the best person you can be and do the most that you can because throughout their lives they've made such a big difference and opened so many peoples' eyes to problems and the beauty of nature. So, I want to follow in their footsteps as the next generation.

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The primary advantage of regular returns to the World Economic Forum’s Annual Meeting in Davos is the way one gets to witness broad global trends imposing themselves – or fading away. In recent years, the science of ageing has been moving ever higher on the agenda, aligned perhaps with the demographic shift in the rich countries which dominate the global economy. Constantinos Demetriades (36) is one of the field’s star researchers, leading the prestigious Max Planck Institute for the Biology of Ageing. So, if you want a long and healthy life, listen to this fascinating interview – one of those “only in Davos” experiences. – Alec Hogg

I’m here, in Davos, with a man who’s described as a star researcher. Now, you’re going to have to tell us a bit more about that later, but it’s Dr Constantinos Demetriades, did I get the pronunciation right?

Yes, that’s correct. It didn’t sound very Greek, but it shouldn’t. I’m 36 and I started my independent group almost two-years ago, at the Max Planck Institute for Biology of Ageing, Cologne, Germany.

Remembering our audience is primarily South African so, they probably haven’t heard. They should have heard of Max Planck, but maybe in a nutshell, what is the Max Planck Institute about?

So, Max Planck is a public organisation in Germany. It is holding more than 80 research institutes all over Germany, and some of them are even abroad. The various institutes actually research about nearly anything, from bio-medicine, to ageing, to nuclear physics, to material science so, literally everything. The freedom that we get as researchers, at the Max Planck Institute is amazing and this is one of the things that I really appreciate there. There are no quotas. As soon as you get the trust and you get the position to do research there – you can work on anything that really motivates you, and drives your imagination and curiosity, which is really amazing.

And Max Planck himself was a predecessor, I suppose, of Einstein, who everybody has heard of.

In a way, yes. He was one of the founders of modern psychics I’d say.

What drew you to this field of ageing?

My piece of the pie in ageing research has to do with, what we call, nutrient sensing. To simplify that, I always like to use a metaphor from nature, to help people understand. So, some animals like bears, for example, they hibernate so, they’re active when the conditions are optimal, and when they have enough food in their environment. On the contrary, in the winter, when the food resources are limited, they lower their metabolism and they kind of sleep until the conditions are optimal again. So, this is exactly what our cells also do. We have trillions of cells in our bodies and each one of them has a very complex mechanism to sense whether enough nutrients, like food, is available in its environment and to adjust its functions based on the availability of these nutrients.

Read also: Meet Dame Linda Partridge and learn how to live longer and happier

Why is this important? This is important because when these mechanisms are dis-regulated and this happens very often, in many diseases like cancer, diabetes, but also during ageing. When these mechanisms start to malfunction, this is a major cause of these diseases and it can drive ageing so that we know very well, at the moment. So, what we are doing in my group is, we are trying to understand how precisely these mechanisms work in healthy cells and what goes wrong during ageing and disease. Aiming, eventually, to identify novel ways, more targeted, and more precise ways so, I would say that precision is the key word here. To be able to understand where we should be acting in these mechanisms, to
eventually deliver drugs that might help people one day, against these diseases.

So, it’s almost like reductionism, in a way, going down right to the very basics?

This is very correct so, I like saying quite often that we have been doing things the wrong way so far, because we have drugs that target these mechanisms and even nutritional habits so, eating less is definitely good for everyone. However, we’re not there yet, and in my opinion the reason why we’re not there yet is that we don’t understand how precisely these things work. So, we touch on something and this, it’s like a network, this affects everything else. So, we really need to understand what exactly happens in a very precise manner, every time we inhibit one of those factors with a drug, or when we eat this or that kind of nutrient, in order to be able to predict better where to intervene in order to avoid all the side-effects or having drugs that prove to be eventually inefficient. We’re really looking down to the molecular mechanisms, in order to … We aim to improve the efficiency of the overall process, without just trying things randomly and checking whether they’re going to work or not, in the end.

For real practical insights, as a person of your age, who looks incredibly healthy and hopefully, you’re going to live a long time. What do you do to ensure that?

This is going a little bit against my research, I’ll say so, but I’m trying to exercise as much as I can, as much as my busy schedule allows.

What kind of exercise?

I’m doing a little bit of biking. I like more outdoor activities so, I’m not the kind of person that would go in the gym and start pumping-up or anything. I’m trying to bike, I jog a little bit.

But nothing terribly strenuous but it gets your heart going.

And I’ll say that it doesn’t need to be something too intense. Actually, too much is not good anymore so, a little bit of exercise, being a bit careful about how much we eat, what we eat. Too much protein is definitely not good. I’m not saying that people should not eat meat, on the contrary. Meat is also very important because it contains very important nutrients and nutritional value. But let’s say, the bottom-line, if I can put it like this; too much of anything is not good for us.

The UK have got a five-a-day program. Is that sensible? Does that align with your research?

It makes perfect sense to actually distinguish between different nutritional groups, based on the nutritional value and the actual quality of food. However, things are not that simple. For example, usually fat is considered bad but not all kinds of fat are the same. So, you can get fat from olive oil, which is a really great source of fat, and we really need it. Or you can get fried sun oil, which is really like saturated oil, which is bad for your health. I think we need to be more specific in the identification of the nutrient groups.

It’s interesting to see how the world is changing, environmentally or environmental consciousness is now coming to the fore. But the same thing with ageing, perhaps because of demographics. Are we on the right track though, because there’s a whole lot of popular science, which one sometimes has to question?

I will say that this really raises the importance and the necessity for us, the scientists, to act more responsibly and first of all, to communicate this research with the public so that, like you said, there is a lot of fake ‘research’ and lots of anecdotal stories about what to do to stay healthy and live longer. Some of those might even be dangerous for people. So, it is our responsibility to inform the public about our research and I’m really optimistic about the future. I would say it’s the near future so, I would say within the next 5 to 10-years – I think we’re going to have really amazing discoveries about how our nutritional habits should be, and how we should be better using drugs that are already available. Or, which mechanisms like I was explaining before, we should be targeting to develop a new class of drugs that would be improved and would act more precisely and more efficiently in the future.

You mention a lot about drugs, pharmaceuticals. There’s a whole movement that says, you should keep them away from your body.

I think this is the reason why we live to our 80s today, and we didn’t do that in the 50s. So, the health system, I know a lot of people tried to move back the nature and of course, this is really good but there are conditions that you really need to treat with drugs. I will say that it’s very dangerous to stick to, like natural products, without having proof that
they work. So, some of them work perfectly fine, even better than drugs, and it’s great if we stick to that. However, in some conditions we really need to move to something that has been produced by humans. So, this has increased our life expectancy from like living up to our 50s, to living up to our 80s now.

But how do you know, as a layman? How do you know which natural products are good for you? Have you got any tips that you can pass on?

Let’s say, similar to the research that we’re doing on testing chemical compounds, like the drugs that pharma companies produce or even before the pharma companies produced it. Like the ones in the discovery stage. Researchers are doing exactly the same thing with natural compounds so, this is going through the whole process of being tested in simple systems, in the lab, and moving to animal systems, and going to clinical trials. So, all of these compounds will need to go and do go, in most cases, through the same processes, like chemical compounds do.

Where do we find the results of that research?

There are public level databases like PubMed for example, and others that people can research with any kind of keywords. These databases only list research that has been through peer reviewing. So, in most cases at least. In the majority of the cases the results are in the data that you can find there, which can be reliable and trustworthy.

So, we have data available. We have more information than we’ve ever had in the past, we just need to use it properly. But it hasn’t helped us yet with Alzheimer’s and Parkinson’s – those two, I heard them being described as medicines to twin monsters. You’re still young, you’re 36, are you confident that a cure will be found in your lifetime?

Yes, I would like to clarify that. Although we don’t have a cure yet. The treatment of these conditions has been improved dramatically over the last years. For example, even in Alzheimer’s of course, there is no cure, but people can live longer before developing severe symptoms and this is because of all the research and the drug development process. Although it’s not my field, I have to say, there is really immense research going on at the moment. So, I’m very confident and I don’t want to promise a cure or anything, but I’m very confident that we’re going to make great steps in the years to come, also in these directions.

Helped, no doubt, by big data. Do you use much of that?

We’re looking more into the small mechanistic details. We’re also producing big data from our process, but we only do that as a tool to then look at the big picture first and then to focus down to the small details, in order to understand how exactly, these things work.

You mentioned earlier that the Max Planck Institute and the European Council, who have actually brought you to Davos, which we need to talk about in a minute, they give you lots of freedom. How does that differ from somebody who is a tenure at a university?

Universities I would say, is a similar situation, at least in Germany and in most European countries. Freedom in science is something super important because it allows you to perform curiosity driven research and this is exactly what generates all the discoveries so, you need to be curious and to ask questions that are not biased, in the first place. This is an amazing environment and I’m happy that you mentioned the European Research Council (ERC). So, all of these organisations like ERC and Max Planck Society give you all this freedom, and this is a very important step in research and in science.

How’s it making your life different? What are you being able to be curious about, which perhaps would not have been supported by a more, traditional route?

Let’s say that the science that we do has a very strong potential to lead to the development of drugs in the near future, or let’s say, in the next 10 years. However, at this stage, this is something that, let’s say more pharma companies would not be interested in at all. Therefore, you really need organisations like the ERC to trust this curiosity driven research, and let’s say, facilitate this development period until you have something that could be readily applicable to the clinic or interesting for the public. So, this allows you to do your research until you reach that stage, and this is really amazing.
Silicon Valley is very interested, at the moment, in ageing. There’s an enormous amount of investment that’s going into it. What is your view on the ethicality, if you like, of that or how that impacts the whole search for truth and search for answers?

Usually, in that case, people are more interested in having something yesterday so, as soon as possible, and in some cases that’s how things work but, in most cases, that’s exactly how things don’t work. And of course, people cannot be patient so, time is ruthless, and it doesn’t wait for us. So, if someone or an organisation, or a person, or a funding agency needs to have results, applicable results now, it’s fine to ask for that. But at the same time, people, funding sources, and the public need to understand the importance of basic science because so far, we’ve been working on a trial and error thing, and this is totally inefficient. So, I should mention at this point that more than 86% of the drugs or chemical compounds that are in clinical trials are doomed to fail.

In my opinion, this is because we don’t exactly understand what they do. Like the small details so, they either prove to be inefficient, or not to be tolerated by patients due to severe side effects. So, the public and the community needs to realise that a future without strong, basic research would simply be a future of trials and errors, and this is 86% errors. So, I would say that we need, at the end of the day, a combination of funding-based research in order to build the foundations or produce knowledge that can be applied later on. Then invest on that part of the knowledge that seems more promising to lead to the development of new interventions to improve health and ageing, in a timely manner.

It’s exciting to hear this, and in the long-term one has to be optimistic about the consequences but what about people who are in their 60s, or even in their 70s now. How can they, to close off with, adjust their lifestyles or invest in ways that will keep them healthier for longer?

One recommendation, not ourselves, but research has a lot of data on that now. Staying active is very important, and by active, I mean both physically active and mentally active. It is really clear now that keeping your brains busy during ageing, really reduces the chances of dementia and Alzheimer’s, and the same thing for your body. So, people staying active and it doesn’t need to be really heavy stuff so, just walking a few hundred metres per day, or biking a little bit is very important for our bodies to stay active. The second part is nutrition so, avoiding too much protein, too much bad fat is only for the good.

And crosswords and Sudoku, and playing the horses.

So, all this kind of stuff trains your brain so, crosswords, Sudoku and video games – everything that keeps your brain active, I will say that it’s really great and the elderly should be doing more of that.

What about retiring at 55? We recently published a story, which said that if you retire late, you’re not likely to live that long so, it’s confusing.

It’s hard to answer this question because I think there are so many parameters that we don’t take into account. Let’s say a person doing office work – retiring at 65, is not the same as like a lumberjack retiring at 65. At the same time, someone retiring early. We don’t know what they’re going to be doing after that. Some people have hobbies and travel a lot and stay active and that’s perfectly fine. Some others might just retreat and do nothing, and this is definitely not good. So, I wouldn’t generalise. I know that we people like to have statistics and this is usually quite fancy for the media, but I would really avoid generalising. I think this is a case-by-case scenario.