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**Editorial Board;**

Barry Cleveland, Lina Howard, Hugh Maunder & String Smith

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## Editorial

*by Rob Murphy*

There has been a lot of discussion in the financial press recently re the possibility of South Africa's credit rating being reduced to speculative or "junk" status, but what does this mean for ordinary South Africans?

In simple terms, if South Africa were a person with an income, debt obligations and a budget to manage repayments of that debt, our salary is going down while our costs of debt are rising. What South Africa makes from exports of commodities has been slashed by a weak global economy that just doesn't want to buy our raw materials.

This means the government is not making as much revenue off taxes because economic activity is low, and it still has to spend on infrastructure development, its public sector wage bill and various other obligations that keep the country ticking over.

Moody's expects economic growth will slow to a paltry 0.5% in 2016, which is nowhere near what we need to continue servicing our debt obligations. Our sovereign or national debt mainly takes the form of government bonds, which is a form of borrowing where the government promises to pay the lender an interest rate to make the exchange appealing for the investor.

The problem is that, with the country's income so dented by the global economy, government policy uncertainty in some sectors, strained labour relations affecting productivity and its huge wage bill, South Africa has to borrow more and more.

This is the edge of the cliff – if South Africa gets downgraded to junk status some global investment companies like pension funds and asset managers would be precluded from holding our debt because they have rules about how much risk they can take. Junk status effectively means a country becomes a risk for defaulting on its debt because it might not have enough money to pay back what it has borrowed and the interest it has promised to pay the holders of its debt.

It is a vicious cycle: if we get downgraded, investors will begin to avoid investing here, the prices of our assets will drop because of the lack of demand for our debt and our shares listed on the JSE, the rand will weaken further, inflation will shoot up and the average South African will have to endure higher costs for goods and higher interest rates.

This is very similar to what happened to Russia at the beginning of 2015, after it too was struggling to make as much money selling oil at depressed prices and was subsequently shifted down to junk status by ratings agencies. Typically, according to research by Rand Merchant Bank, it takes about 7.5 years for a country to recover from a downgrade to junk status. Those would be hard years of low growth in South Africa's economy.



# Minutes

12 May 2016

Compiled by Hugh Maunder

## Attendance

18 Members & Makeups = 58%

## Visitors

David Cook – The speaker

David Kayala

## From the President's Chair

Past Pres. Jackie took the chair in the absence, on urgent business, of Pres. Stephen.

## Slots

There was a stunned silence when John Viv. announced that their house had been sold and he and Mary would be moving to Sunningdale in the near future.

Justin requested assistance in running "**Adventures into Citizenship**", to be held from Sunday 26 June for a week, and will accommodate 50 learners mostly in Grades 10 and 11. He circulated a schedule for members to indicate when they would be available.

## Fellowship Announcements

**Keela will be celebrating her birthday on 21st.**

## Guest Speaker

Ambassadorial student **Dave Cook** gave a fascinating talk, with slides, on the Deep Well project in Africa. His charity cycle from Cape town to Malawi, for him, and further North, for his friends, has already raised £4000 and he will send us a video once completed.

Dave has completed many rides for charity, all over the world, and earned thousands of £'s from sponsors, mainly based in England. We were all amazed at the energy and determination that came from such a quiet unassuming gentleman.

Biffy introduced Dave and Mike thanked him.

## Swindle

We expected a swindle when String's name came out of the hat but he only pulled the 3 of hearts instead of the 2 – aah shame!

Dennis was elated when he won the R10 second prize.

## President's Quote

"Service to others is the rent you pay for your room on earth", Mohamed Ali

## Dates To Diarise

May 19	Bev and Colin Bird will talk about their visit to New York
May 24	Raid on Constantia Club
May 26	No Meeting (see above)
June 2	Business meeting – please attend
June 4	Wynberg Rotaract Induction
June 23	Induction of President, Alan. Time and venue to be announced.
June 26	Adventures into Citizenship

## Duty Roster

	May		June	
	19	24 not 26	2 BUSINESS	9
Sergeant	Barnard	RAID	Hovstad	Murphy
Wynpress Editorial	O'Driscoll	ON	Schreiber	Smith
Wynpress Minutes	Howard	ROTARY CLUB	Smith	Howard
Door Duty	Schonegevel	CONSTANTIA	Todd	Van Eeden
Grace	Gowdy		Crous J	Crous S
Loyal Toast	Smith		Van Eeden	Van Niekerk
International Toast	Lidgely		Murphy	O'Driscoll
Speaker Intro	Hovstad			Gowdy
Speaker Thanks	Van Eeden			Van Wyk
Find speakers			Crous J, Howard, Todd, Van Wyk, Gowdy	

*Does this sound familiar, chaps? Does it ring a bell?*

A group of chaps, all aged 40, discussed where they should meet for Christmas lunch. Finally it was agreed that they would meet at The Brass Bell in Kalk Bay because the view was great, and the waitresses had big breasts and wore mini-skirts.

Ten years later, at age 50, the friends once again discussed where they should meet for Christmas lunch. Finally it was agreed that they would meet at The Brass Bell in Kalk Bay because the view was great, the food and service was good and the beer selection was excellent.

Ten years later, at age 60, the friends again discussed where they should meet for Christmas lunch. Finally it was agreed that they would meet at The Brass Bell in Kalk Bay because the view was great, there was plenty of parking, they could dine in peace and quiet, and it was good value for money.

Ten years later, at age 70, the friends discussed where they should meet for Christmas lunch. Finally it was agreed that they would meet at The Brass Bell in Kalk Bay because the restaurant was wheelchair accessible and had a toilet for the disabled.

Ten years later, at age 80, the friends discussed where they should meet for Christmas lunch. Finally it was agreed that they would meet at The Brass Bell in Kalk Bay because they had never been there before...

And finally for all those Dropbox addicts:



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