



**BUSINESS
LEADERSHIP
SOUTH AFRICA**

BLSA BULLETIN

DECEMBER 2021



Research &
Initiatives



Policy Update



BACSA Update



Public Relations,
Comms and
Marketing

Following a successful launch edition in September, we're pleased to present our second operations update report, designed to keep members informed of BLSA's activities. Thank you for the positive feedback on the first issue, and we welcome comments and suggestions on ways to improve the report to ensure it remains a valuable resource for members.

Three months is a long time in the political-economic sphere and much has happened since our maiden bulletin, but the municipal elections and medium-term budget policy statement (MTBPS) stand out, while inflation fears are escalating.

With the former, I am concerned that the coalitions formed might result in political friction that distracts the focus of the newly elected councillors from the important issue of improving service delivery. But each time we hold free and fair elections, I remain grateful that we live in a country with a well-functioning democracy.

The MTBPS, not too surprisingly, rolled over some important issues to February's budget but I believe the strong commitment to fiscal discipline that Finance Minister Enoch Godongwana emphasised throughout his budget will be perceived positively by investors and rating agencies.

It seems that as we address one crisis, another approaches and rising inflation will need to be managed. Global inflation, spurred by supply shortages, is already being felt in South Africa through the R1.21/litre hike in the petrol price in November. The inflationary pressures just from that will ripple through the economy and follow the 15% jump in electricity prices from 1 July this year.

I hope that none of these issues impedes the smooth functioning of the BLSA initiatives outlined below because they are doing important work, each in their own way, to improve the nature of our society.

The scope of BLSA's initiatives is wide, ranging from enterprise and skills development to drought relief and policy advocacy. It extends also to assist in the fight against crime – both at ground level through BACSA's Eyes and Ears campaign and at a strategic level in its efforts to combat organised crime.

I'd like to convey a very special thank you to all the people involved in each of these initiatives. The hard work and dedication go a long way to making a real difference in South African society.

Yours sincerely,
Busi Mavuso



Operation Vulindlela

BLSA has partnered with the Operation Vulindlela team on three projects outlined below:

- **General and Critical Skills Visas:** Deloitte has been appointed to deliver on the project as outlined in the terms of reference. Mavuso Msimang continues to play an oversight role on the project, and he facilitates high-level engagements with the relevant government agencies. The project has been extended to conclude at the end of January 2022 and a report with recommendations will be presented to the Government Steering Committee for implementation.
- **Spectrum Auction impasse:** BLSA is assisting with the appointment of a technical expert to advise the OV team on how best to resolve the current spectrum auction impasse between the regulator and industry players.
- **Raw Water Pricing Strategy:** BLSA aided with the appointment of a specialist who is assisting National Treasury, the Presidency and the Department of Water and Sanitation to finalise the revised raw water pricing strategy given that the current strategy does not result in optimal socio-economic outcomes. The project has been extended to conclude at the end of February 2022.

SOE Reforms Engagement

Following the request from BLSA to the Minister of Public Enterprises for a meeting to engage on how business can meaningfully work with the SOE Council, the Minister addressed the BLSA Council on the 8th of July 2021. Subsequent to the engagement with the Minister, the BLSA Exco engaged with the DPE representatives to discuss the resources that they require to advance the work of the SOE Council. BLSA is now awaiting a formal request for the type of skills that are required by the SOE Council. BLSA has also been approached by the Presidential State-owned Enterprises Council requesting a deployment of skills to the different workstreams of the Committee. The BLSA Board will discuss the request.

Infrastructure Project

An engagement was had with the National Treasury to understand how BLSA can assist with the amendment of the PPP regulations. NT expressed concern about accepting support from BLSA from an independence perspective.

Localisation Research

BLSA is currently considering the appointment of a project manager to engage with the champions that were identified to agree on localisation targets at company level.

The Beyond Advocacy Fund (BAF)

The Beyond Advocacy Fund, which is a partnership between BLSA and USAID, focuses on funding catalytic projects that advance the NDP. The programme has been extended for another two years, from May 2021 to March 2023.

For this extension period, the BAF programme has awarded four new projects in the following priority areas:

- (a) job creation with a focus on small and medium enterprises development, including access to finance and market opportunities.
- (b) addressing youth unemployment through, for example, matching of work seekers with job opportunities, expansion of learnerships, and alignment of TVET college curriculum development with industry demand.
- (c) enhancing the delivery and maintenance of water and sanitation infrastructure.

An overview of the four new projects is given below.

National Business Initiative (NBI) TAMDEV Drought Mitigation Project

The Nelson Mandela Bay Municipality (NMBM) in the Eastern Cape is experiencing severe drought which has had a negative impact on the domestic, agriculture and business communities of the metro. To address this, the NMBM has put measures in place to mitigate the drought's effects by implementing a drought mitigation strategy that aims to essentially reduce overall water usage and wastage.

The NBI, through its TAMDEV initiative, will offer technical support to the Drought Mitigation Plan of the metro and skills transfer to strengthen the water use efficiency interventions and strategies as stipulated in the Drought Mitigation Plan of the metro.

Afrika Tikkun Services (ATS) "Empowering youth for in-demand ICT careers" Programme

Afrika Tikkun Services seeks to empower youth by means of implementing training and skills programmes linked to in-demand ICT jobs through its partnerships with Naspers, Microsoft, the Department of Social Development (Gauteng and Western Cape), the City of Johannesburg and the Beyond Advocacy Fund.

The activities include recruitment, training and placements for people aged 19-35 years and offers career guidance, job readiness training, specialised training, as well as sources learnerships and job placements (entry level and work experience).

Gen Africa/22 on Sloane Capacity Building Programme

22 ON SLOANE is a start-up campus that offers disruptive start-ups and innovative SMEs a solution to scale, from the initial idea through to commercialisation, funding opportunities and access to markets.

22 ON SLOANE in partnership with the Innovation Hub (which was established by the Gauteng Provincial Government to promote economic development and competitiveness of Gauteng through fostering innovation and entrepreneurship) are implementing a Capacity Building Programme. It aims to not only support start-ups at 22 ON SLOANE but to also help scale 22 ON SLOANE's operations across various township-based incubators in Gauteng.

Enterpriseroom EnterpriseFund Township SMME Development Programme

Enterpriseroom seeks to address SMME funding gaps through its finance solution, EnterpriseFund, that accesses financing from corporate entities and matches it with low interest finance from the Small Enterprise Finance Agency (Sefa). The aim is to provide accessible, beneficial finance and pre- and post-investment or funding support to SMMEs through its funding readiness programme that consists of training, mentorship and technical support to address challenges that would prohibit SMMEs from qualifying for funding.

NBI TAMDEV Eastern Cape Capacity Building Project

Significant progress has been made in the past two months with the appointment of the additional resource to support the Project Management Unit. The focus has been on restructuring the work of the Project Management Office for optimal realisation of outputs. Various teams are also developing their workplans which will feed into the finalisation of the project plan and monitoring framework.

TAMDEV offers technical support and transfers hard skills, through hosting various coaching and training sessions, to the municipal teams. It also provides financial management support to the Budget and Treasury Office and constrained municipalities as requested by EC COGTA and is supporting the review of the Spatial Development Framework and the Land Use Management Scheme of the Amahlati Local Municipality.

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National Health Insurance (NHI)

Since the BUSA team presented the business position on NHI at the NHI Oral Submissions to the Portfolio Committee on Health on 29 June 2021, BUSA has engaged with the Department of Health, via bilateral engagements, but no progress has been made on the role of medical schemes in terms of s33 of the NHI Bill. This section stipulates that medical schemes may only offer complementary cover to services not reimbursable by the NHI Fund once the NHI has been fully implemented as determined by the Minister through regulations in the Gazette, therefore s33 remains a problem.

Due to the discussions surrounding the possible introduction of a basic income grant (BIG), it was decided that the BUSA board would send a letter to the Minister of Finance asking for an engagement with him and other ministers in the economic cluster to discuss how all the proposed social policies, the Social Security Fund, BIG and the NHI fit together and how they will be realistically funded.

The letter has been sent to the Minister of Finance but there has been no reply as yet. This, we presume, was mainly due to preparation for the MTBPS as well as the local elections.

Going forward, BUSA will engage the Minister of Health to try to establish a bilateral to engage further on NHI and its implementation.

Revised Draft of the Constitution Eighteenth Amendment Bill (Revised Draft Bill)

BLSA submitted its comments on the Revised Draft Bill to the Constitutional Review Committee on 13 August 2021. We were invited to make an oral presentation to the committee the following week, but unfortunately the date provided clashed with the BLSA board meeting. Our requests for further information regarding time went unanswered, despite numerous follow up emails from our side. It later transpired that the committee was indeed very disorganised, and many parties who had indicated an interest in making oral presentations did not get the opportunity to do so.

Notwithstanding the inability to make oral presentations, we were able to access the final committee report on the outcome of the public consultation process, that made reference to some of the points made in our written submission. The Bill has been sent to Parliament to go through the voting processes. Voting had not yet taken place at time of writing.

Fiscal Sustainability Research Project

BLSA has partnered with BUSA to undertake research work on fiscal sustainability in the South African context. Intellidex was briefed to undertake research on an urgent basis on the basic income grant, focusing on its long-term sustainability, as well as how we can balance the grant with job creation. This research will empower business to engage in a more constructive manner with government.

Intellidex completed the research and the outcomes were shared with members during a Special Council meeting on 9 August 2021. The research paper has also been distributed to members for their information and input, if any.

The next opportunity for engagement with government was scheduled for after the MTBPS. As stated earlier, the BUSA board has written a letter to the Minister of Finance requesting an engagement on BIG and all other proposed social policies on the table. The aim of that engagement is to put forward the business view in a frank manner and ask what assistance the private sector can provide to government i.e research support to lead to better evidence-based decision/policy making.

BLSA Submission on the Proposed Amendments to Schedule 2 of the Electricity Regulation Act, Licensing Exemption and Registration Notice (Schedule 2)

Notwithstanding the amendment to Schedule 2 lifting the threshold to 100MW, NERSA's licensing (and registration) process and requirements remain opaque, onerous and lengthy. Accordingly, BUSA would like to proactively engage with NERSA to obtain a clear understanding of the legal requirements NERSA must adhere to, balanced against the

reasonable ability of applicants to comply with these; and to simplify and streamline these requirements and set the minimum requirements that will allow project development work to commence, and investments to be made on the reasonable expectation of licence (or registration) approval.

In respect of the above, BUSA solicited business input on a proposed workshop guideline framework and requested a date for the workshop from NERSA. There has been no response yet from NERSA to the request for a date for the workshop, due to the process they underwent publishing and soliciting comments on the consultation paper to determine a new Price Determination Methodology. BUSA is following up for a date for the engagement post the COP26.

The Draft Companies Amendment Bill 2021

On 1 October 2021 government published an invitation to the public to comment on the Draft Companies Amendment Bill (CAB). BUSA prepared a draft position paper which was circulated to members for their input. The draft paper raises the following concerns with the draft Bill:

- access to company financial information and the effects of non-compliance thereof by directors and prescribed officers;
- disclosure of the income gap ratio between the highest paid and the lowest paid worker;
- disclosure of the beneficial interests in the company's securities and the identification of shareholder benefits or the true owner of the financial interest; and
- the disclosure and submission of various company financial statements.

The business proposal as set out in the draft submission is that the access to information in relation to the financial statements of a company should be regulated based on the size of the company to lessen the administrative burden on smaller companies. This burden will lead to smaller businesses being less able to compete with bigger corporations as the operational costs will increase as result of this additional administrative burden.

The Protection of Personal Information (POPI) Act must be taken into consideration in terms of the access to private information, as the requirement to disclose any company information is not absolute unless it is justified in terms of POPI and the general principles of enhanced transparency and accountability in terms of the Companies Act of 2008.

In terms of the pay ratio between the highest and lowest paid worker, the view is that the method currently used in section 30A of the CAB will not be an accurate reflection of remuneration structures as the remuneration of CEOs is highly influenced by the annual performance of a company which varies every financial year. The lack of consistency therefore will not be a true indication of income. The proposal is that the wording of section 30A(d) should be revised to accurately define remuneration and be adopted in the CAB.

There are major concerns in relation to the disclosure of financial security interests and the obligation on companies to obtain information regarding the identity of true beneficial owners. The view is that the definition of "true owner of securities" in terms of the CAB needs to be revised.

The BLSA view is that the disclosure of annual financial statements to the public should be limited to those companies that are required to have a social and ethics committee. The offence of a director or prescribed officer for non-compliance of disclosing company information must be determined by the reasonableness of the circumstances.

We have received a significant amount of input from members on the draft submission, all which have been very insightful and useful to BUSA for purposes of strengthening the draft business position. These comments will be incorporated into the final draft as best as possible before the final version of the submission is submitted to the DTIC for its consideration.

Business Against Crime South Africa (BACSA)

The legal process to merge BACSA into BLSA started during 2019 and was formally completed during the course of this year. BACSA is now a division of BLSA through which BLSA delivers on its crime, corruption and ethics mandate as well as assisting with boosting state capacity.

The online Forensic Investigation training curriculum developed by Deloitte has been approved by the DPCI and will be facilitated by Deloitte over six sessions starting in mid-January next year.

The sessions will cover the following areas:

- overview of the legal framework;
- identification of sources of digital evidence: best practices in the collection of data;
- digital forensic investigation;
- cyber investigations;
- transnational organised crime; and
- big data mining.

Extortion Businesses (Construction mafia/Business forums)

The Justice Crime Prevention & Security (JCPS) Cluster in Government has prioritised that extortion be addressed at a national level.

Functionality to capture all cases of extortion has been developed and was implemented on the BACSA Web portal on 4 June 2021. This functionality is publicly available, and 47 cases have been reported. BACSA managers specifically canvass the reporting of cases on the portal. BACSA will compare its records with the SAPS before the next meeting.

The National Provincial Priority Committee has been meeting online every month since 8 July 2021, facilitated by BACSA. BACSA has been appointed as secretariat to the custodian of the meeting, the SAPS, Organised Crime Section. The SAPS tasked the Northern Cape, Mpumalanga and Limpopo with specific projects. The Presidency's Infrastructure South Africa is participating in the meeting and writing the work of the committee into the National Infrastructure Plan (NIP) 2050. The final meeting for the year took place on 11 November 2021.

Provincial task teams are in place in all provinces and steering committees have been established in the Western Cape, Gauteng and KwaZulu-Natal. Establishment of steering committees in the other provinces are in progress. Business participation in the Provincial Committees appears to be a challenge. Public knowledge of these structures may improve participation; hence SAPS Corporate Communication is invited to the National Committee.

Victim Empowerment and Support

The Exco had an in-depth discussion regarding the future of the Victim Empowerment Programme. A decision was taken to exit this programme as it does not align with the core programme objectives of BLSA.

It was decided to apply the ringfenced funding received in 2021 from donors on priority Victim Friendly Rooms, during the exit stage. An evaluation report by SAPS will guide this process.

Eyes and Ears (E2) Programme

During September 2021, a record number of more than 9 500 alerts/incidents were shared through E2 with SAPS.

To date, the initiative was successfully implemented in Gauteng (October 2019), the Western Cape (March 2020), KwaZulu-Natal (August 2020), Limpopo (September 2020), Eastern Cape (October 2020), Free State (April 2021), Mpumalanga (October 2021) and the National Operational Command Centre (July 2021).

Implementation of the E2 Programme in the Northern Cape was planned for 10 November 2021. The NorthWest Province E2 programme is planned for 2022, depending on the SAPS readiness and Covid-19 conditions.

Drugs to the value of R25 million were recovered and three of the suspects were arrested by the SAPS, after monitoring the movement of suspicious vehicles for more than three months through the BACSA Web portal's vehicle of interest list.

Four suspects were arrested, a hijacked BMW previously used in several hijackings and armed robberies was recovered, as well as stolen jewellery. The original vehicle that had been cloned for use in committing these crimes was identified. The monitoring of the movement of the cloned vehicle was done with the assistance of the BACSA Web portal's vehicle of interest list.

The distribution of information to SAPS Investigating Officers via Email notification was implemented on 1 October 2021.

Unrest-related activities

Since the start of the looting and violence on 9 July 2021, BACSA, through its Eyes and Ears information portal, had more than 800 Public Unrests, 50 robberies and 13 burglary unrest-related incidents. The information of the incidents reported was shared with the SAPS for their response.

While there are indications that the unrest has ended, most of our partners believe we should remain on high alert.

From 1 August 2021 to 22 October 2021, a total of 136 unrest-related incidents were reported to the E2. All incidents are automatically escalated to the National Operational Command Centre (NOCC).

Information Sharing Programme

The objective of this programme is to share business information with the SAPS to ultimately improve its intelligence-led policing capacity. The Eyes and Ears Initiative already plays an important role in the sharing of situational awareness information with the SAPS. All information gathered through the Eyes and Ears Initiative is shared with the Provincial Operational Command Centres and SAPS Crime Intelligence.

The Business Fusion Monitoring Centre commenced its operation on 1 August 2021.

Its purpose is to maintain and establish a platform for the gathering, analysis, and dissemination of information through a collaborative approach among businesses and between business and the SAPS, with the goal of maximising the ability to detect, prevent, investigate and respond to criminal activity.

The Business Fusion Monitoring Centre is currently being equipped and several systems are already monitored.

The official launch of the Centre is planned for the first quarter of next year.

The aim is for the Centre to gradually grow its willing participants, as the need arises, providing their own resources, expertise and systems. This might include, for example, SAPS, representatives from the private security industry, the cash-in-transit industry, CCTV service providers, the banking industry, the retail industry and the petroleum industry, etc.

Distribution of information to SAPS investigating officers via email notifications was implemented on 1 October 2021. From 1 October 2021 to 28 October 2021:

- 765 unique SAPS-circulated vehicles were identified, verified and confirmed as wanted by SAPS.
- 8 080 emails were sent to 285 Police Stations.
- 101 Circulations were cancelled (recovered, corrected).

Priority-wanted vehicles were identified and actioned (top 20 list). This can be seen as a major step in the sharing of information.

Industry Forum

The purpose of the Industry Forum is to create a platform where all industries and the SAPS can collaborate in a structured and formalised way, for the SAPS to be more responsive to business/industry specific issues and for industry to assist the SAPS, where possible, to create a conducive environment in which business operates.

The Industry Forum is active and has met several times with the latest meeting on Tuesday, 16 November 2021. Several programmes have been identified through it, including the initiative to address extortions and information sharing.

Illicit Trade

After receiving input from the Board, we have had several engagements with SARS senior representatives, including those from the Illicit Trade Unit, regarding how best BLSA can support the Unit.

The following possible interventions, that will be explored, were agreed to with SARS:

- implementation of reliable digital production counters with digital anti-tampering devices, to ensure:
 - accurate production measurements; and
 - automatic reporting of volumes to SARS
- enable tracking and tracing of cigarette packets;
- mark packages for export or local consumption – simple visual marking on packages;
- electronic seals to track export containers; and
- implement of a duty (credit) to be paid for exports if not exported within a predetermined time.

BACSA will be responsible for setting up a Proof of Concept for production counters. Industry is positively supporting these interventions. A demonstration was postponed by the lockdown.

SARS to investigate the marking of packages, electronic tracking of containers and Duty for exports.

A Steering Committee for Illicit Trade is to be created, with the first meeting scheduled before the end of November. Representatives from business and SARS are confirmed, while SAPS representatives will be identified with the Consumer Goods Crime Risk Initiative. The Terms of Reference have been drafted for approval at the meeting.

04

PUBLIC RELATIONS, COMMS AND MARKETING



The BLSA Hub

Filtered on a weekly view, the Hub has had more than 5 450 pageviews in the past three months, with an average time on each page of two minutes and five seconds. The week of 3-9 October is the top-performing week with 567 pageviews. This is followed by 25-31 July (506 pageviews), with the trendline oscillating thereafter but remaining above 279 pageviews.

In terms of content, the home page has had the greatest number of hits with 559 pageviews. Often readers click on “home” after accessing a Hub piece, or they land on the Hub home page initially.

The Infrastructure for South Africa report received the next highest number of hits with 168 pageviews followed by the 6 September BLSA CEO’s letter which welcomed BUSA president Bonang Mohale. This received high traction on social media with various tweets being shared by other lobbyist groups such as Business for South Africa (B4SA) and Business Unity South Africa (BUSA).

In the period under review, 2 204 Hub users were based in South Africa (74,23%) and 334 in the US (11,69%). The remainder (about 14%) span Ireland, UK, the Netherlands, Germany, Finland, France, Australia and China.

The acquisition trend largely shows a positive relationship between social media and Hub users. Of the 2 964 users in the past three months, 1 292 were directly due to social media and 948 were due to direct hits, which are visits made to the Hub either by typing the website URL into a browser or through browser bookmarks. Direct links are also links from platforms such as Mailchimp (which we use for the CEO’s newsletter). This is followed by organic searches (568 users), which are supported by the search engine optimisation component. Search engine optimisation attempts to improve the quality and quantity of website traffic from search engines. It targets unpaid traffic rather than direct or paid traffic. By highlighting key terms under each article, we can make the Hub visible to searchers if they type in certain search terms.

The CEO Weekly Newsletter

Newsletter recipients grew from 1 189 on 12 July to 1,215 on 18 October 2021. The rate of unsubscribing is low.

The top-performing pieces disseminated via Mailchimp are the 13 September 2021 CEO's letter (597 total opens) on vaccine mandates; the 18 October 2021 CEO's letter (594 total opens) on SA's vaccine milestones; and the 16 August letter (566 total opens) on structural reforms.

Social media platforms

The number of followers on BLSA social media platforms has climbed consistently, with Facebook the exception. It declined from 31,461 followers to 31,043 in the past three months. Twitter followers are a combination of BLSA's corporate account as well as CEO Busi Mavuso's Twitter account. Mavuso's personal Twitter account has 6,894 followers, while the BLSA corporate account has 12,900 followers. These two social media accounts complement each other, thus generating stronger traction.

The top-performing tweet in the past three months was on Mavuso's personal Twitter account, with 12 retweets, 12 likes and 6,625 impressions. This was a tweet welcoming and congratulating incoming BUSA president, Bonang Mohale. The tweet had mass resonance and was reshared by various business advocacy and lobby groups, journalists, and heads of industry, among others.

Media exposure, Tonality and Public Sentiment

For the period under review, BLSA's overall media coverage increased by 127%. The primary driver for this increase is the performance of the FIN24 weekly column as well as moving our Business Day column from the Companies and Markets section of the paper to the dedicated op-ed page of the newspaper. News24 with a 3.2-million reach also drove positive sentiment with our best-performing article entitled, South Africa faces 'digital load shedding' in the next few months, CEO warns.

Sentiment Analysis

Earlier this year we procured the services of BradsEye to help us better understand the public's sentiment in relation to BLSA and the work we do. For the period beginning February 2021, BrandsEye collected 3 393 non-enterprise mentions. Of this population, 3 352 mentions were deemed eligible for sentiment verification. This resulted in a margin of error (MoE) of 0.1% for BLSA's Net Sentiment for February-September 2021. Each mention is seen as unique, and each interaction is graded with its own sentiment score.

Key findings in respect of tonality and public sentiment included BLSA CEO Busi Mavuso being mentioned in over half of the conversations about BLSA. Over 95% of BLSA conversations were neutral in terms of sentiment. Looking at the drivers of conversation, BLSA's campaigns around illicit trade and the energy crisis generated the most traction, in addition to Mavuso's commentary about the civil unrest in South Africa. Mavuso's commentary regarding digital load shedding being a reality in the next few months also drove conversation.

Negative sentiment peaked in April and resurfaced again in September. The main drivers for negative sentiment were backlash towards the former BLSA Chairperson making appearances at the State Capture enquiry, as well as backlash received from the readmission of Bain as a member of BLSA.

BLSA again thanks everyone who was involved in these initiatives and wishes members a happy festive season and a prosperous new year.

*Happy
Holidays*

