



**BUSINESS
LEADERSHIP**
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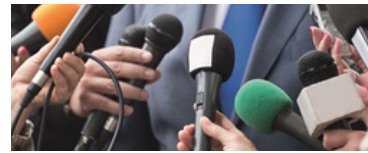
**Research &
Initiatives**



Policy Update



BACSA Update



**PR, Comms
and
Marketing**

The importance of the “on-the-ground” work outlined in the initiatives below is escalating as the threats to our economy grow. From providing support to SMMEs to looking at ways to assist in the regeneration of our state-owned enterprises, the more we can get the basics right, the better we’ll be able to withstand shocks to the economy, which seem to be arriving more frequently.

In the previous quarterly BLSA Bulletin I highlighted the threat of inflation, which was being fuelled by global supply shortages. This was largely caused by demand for products and services spiking as economies emerged from lockdowns while supply chains were still disrupted. Vladimir Putin’s invasion of Ukraine exacerbated the inflation threat, through the oil price in particular but also through rising food prices driving up global inflation. Russia accounts for 18% of international wheat exports and a supply disruption will see food prices climbing from already elevated levels: world food prices jumped 28% in 2021 to their highest level in a decade, according to the UN Food & Agriculture Organisation’s food price index.

For South Africa, the threat of inflation eroding people’s incomes while food prices are rising is particularly concerning, with the memory of last July’s civil unrest foremost in our minds. As BLSA addresses these issues at a high level through policy advocacy and in working with government in numerous areas to improve efficiencies in the economic system, the work in other structures aims to build a stronger foundation in important areas of society.

The threat of inflation – as with other economic risks – is best overcome through sound, evidence-based policies. And we have made some solid progress on this front that needs to be recognised.

I was encouraged by the tone taken by President Cyril Ramaphosa at the recent SA Investment Conference. While the president did not make light of our challenges, he listed the progress made in the country over the past 12 months such as the lifting of the licensing threshold for embedded generation projects from 1MW to 100MW, the successful spectrum auction, the cutting of red tape across all government entities as well as Transnet’s establishment of the National Ports Authority as a separate entity.

While these “wins” still face implementation challenges, they make for an impressive list. The president invited investors and organised business to assist the country in overcoming its challenges as it continues along the path of recovery and we at BLSA welcome that invitation.

Again, I’d like to directly thank all the people involved in the initiatives listed in our operational update below. While the pace of change may often be frustratingly slow, we are making a difference in our work which is aimed at developing a stable society built on a growing economy that can improve the lives of all South Africans.

Yours sincerely,

Busisiwe Mavuso



1.1 Operation Vulindlela Support

Operation Vulindlela is a unit within the Presidency that works with National Treasury to accelerate reforms, particularly by identifying and overcoming obstacles to ensure execution on policy commitments. As reported in the previous BLSA Bulletin, BLSA has partnered with the Operation Vulindlela team on three projects: General and Critical Skills Visas; the Spectrum Auction; and the Raw Water Pricing Strategy. BLSA has been providing ongoing support to the team and the projects.

BLSA is providing further support to Operation Vulindlela and the Department of Water and Sanitation in the form of technical capacity to improve Water Use Licence Application processes.

1.2 Engagements with the National Prosecuting Authority leadership

In the wake of the Zondo Commission reports identifying widespread acts of corruption and theft of state resources, BLSA is consulting with the National Prosecuting Authority (NPA) on finding mutually appropriate mechanisms to support the NPA's work and ensure that it is adequately capacitated so that those who have been implicated are prosecuted.

1.3 Engagements with Minister of Finance on the Budget

In view of BLSA's longstanding concern regarding South Africa's low economic growth and high levels of public indebtedness, BLSA supported Business Unity South Africa (BUSA) at Nedlac in its engagements with Minister Godongwana and social partners on the recently announced National Budget.

1.4 BLSA position on a potential Basic Income Grant

As a corollary to BLSA's focus on fiscal sustainability and inclusive economic growth, BLSA will shortly be convening sessions with members on the possibilities of funding some form of Basic Income Grant (BIG) – considering recent extensions to the Social Relief of Distress (SRD) grant and an apparent political inevitability of introducing income support to South Africa's most vulnerable. The fiscal realities, tax options and impacts on business will be unpacked and presented in a final report for members.

1.5 Presidential SOE Council support

BLSA has formally contracted the National Business Initiative (NBI) to provide technical assistance to the Presidential State-Owned Enterprises (SOE) Council and will receive regular reports on progress in this regard.

1.6 Beyond Advocacy Fund

BLSA continues to partner with USAID in managing the Beyond Advocacy Fund. As reported in the previous version of the Bulletin the four projects: National Business Initiative; Afrika Tikkun Services; 22 on Sloane Capacity Building Programme; and Enterpriseroom EnterpriseFund Township SMME Development Programme. These focus on the following priority areas:

- job creation with a focus on small and medium enterprise development, including access to finance and market opportunities;
- 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; and
- enhancing the delivery and maintenance of water and sanitation infrastructure.

1.6.1 Afrika Tikkun Services (ATS) “Empowering youth for in-demand ICT careers” Programme

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

1.6.2 Gen Africa/22 on Sloane Capacity Building Programme

Gen Africa/22 on Sloane Capacity Building Programme is a start-up campus that offers disruptive start-ups and innovative SMEs a solution to scale, from the initial idea through to commercialisation. It also provides support with funding opportunities and access to markets.

1.6.3 Enterpriseroom EnterpriseFund Township SMME Development Programme

Enterpriseroom aims 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.

1.6.4 NBI TAMDEV Drought Mitigation Project

The Eastern Cape is emerging from a severe drought which has had a negative impact on the domestic, agriculture and business communities. To address this, the Nelson Mandela Bay Municipality has implemented a drought mitigation strategy that aims to reduce overall water usage and wastage.

1.7 BLSA 2022 work plan

A comprehensive and detailed work plan for 2022 is in the final stages of approval by BLSA's board and is intended to closely align BLSA's day-to-day activities with its overarching strategic objectives, while pursuing clear value-adding initiatives to members and society more broadly.

The workplan will focus on the seven priority areas:

- Support the NPA in prosecutions for state capture/corruption.
- Influence the professionalisation of the public service with broad civil society consensus on required reforms.
- Resolution of regulatory blockages relating to sub-100MW electricity self-generation capacity, in order to contribute to energy security.
- Support SOE reform through the capacitation of the Presidential SOE Council.
- Support the reduction of red tape in collaboration with the Red Tape Task Team in the Office of the Presidency.
- Tangible, quantifiable support to municipalities through various initiatives in collaboration with partners.
- Providing support to Operation Vulindlela and National Treasury on the reform agenda, with particular focus on the review of the PPP framework.

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Policy Update



2.1 National Health Insurance

Following the presentation of the business position during oral submissions on National Health Insurance (NHI) to the Portfolio Committee on Health, BLSA issued a media statement on its stance. BLSA remains actively involved in the Health Working Group (HWG). The HWG is tasked with monitoring government deliverables under the Presidential Health Compact Process as well as the progress on the stakeholder engagement plan which was signed off at the last quarterly meeting. Parliament has not passed the NHI Bill. Once the parliamentary process has been finalised, we will invite our members to provide inputs and participate in the various work streams.

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

The Constitution Eighteenth Amendment Bill, which aims to amend Section 25 of the Constitution relating to the state to expropriating land without compensation, failed to garner the requisite number of votes to be passed in Parliament. As a result, no changes to the Constitution are anticipated. The focus now turns to the Expropriation Bill (EB) whose progress through Parliamentary processes we will monitor and keep members updated.

2.3 The Expropriation Bill 2020

The purpose of the Bill is to provide for the expropriation of property for a public purpose or in the public interest, to provide for certain instances where expropriation with nil compensation may be appropriate in the public interest and to provide for matters connected with the expropriation. A series of public hearings was held for written submissions on the Expropriation Bill. Public comments were requested for the definition of "property" and "expropriation" in clause 1 of the Bill and the inclusion of mineral and water rights as distinct forms of "property".

Once the public participation process was concluded the Portfolio Committee on Public Works and Infrastructure received a briefing on the public responses to the Bill. BLSA monitored the process and provided the report presented on the public participation process which included written and oral submissions, the countrywide public hearings and analysis of the submissions received. The committee's clause-by-clause deliberations on the Bill was expected to begin in the first term of 2022 whereafter an update will be provided on the progress made and members will be invited to provide inputs.

2.4 Fiscal Sustainability Research Project

The research project on fiscal sustainability in the South African context undertaken by Intellidex on behalf of BLSA and BUSA was shared and noted by our members. As highlighted, the research paper

discussed the long-term sustainability of a basic income grant (BIG) and the impact of the grant on job creation. The BUSA board has written a letter to the Minister of Finance requesting an engagement on the BIG with all other proposed social policies also on the table. The aim of the engagement is to state business's view in a frank manner and to get an indication of what assistance the private sector can provide to government. We anticipate a response from the Minister of Finance.

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

Notwithstanding the amendment to Schedule 2 lifting the self-generation threshold to 100MW, NERSA's licensing and registration processes and requirements remain opaque, onerous and lengthy. BUSA would like to proactively engage with NERSA to get a clear understanding of the legal requirements NERSA must adhere to, balanced against the reasonable ability of applicants to comply with these. The aim is to simplify and streamline processes and set the minimum requirements that will enable project development work to commence.

Investment decisions can then be made on the reasonable expectation of licence (or registration) approval. On 1 February 2022 Eskom, NERSA and the Department of Mineral Resources (DMRE) presented to the Energy Security Workstream at Nedlac. The presentation was circulated to BLSA. The Draft Electricity Regulation Amendment (ERA) Bill was tabled at Nedlac for engagement by the social partners, however the DMRE announced the directive from Cabinet to amend certain sections of the Bill. Once Cabinet approves the final ERA Bill, a parallel Nedlac and public consultation process will take place wherein the social partners will engage on the Bill. Our member Webber Wentzel was briefed to undertake a legal expert review of the ERA Bill. BUSA will engage at Nedlac on the mandated position.

2.6 Eskom's Multi-Year Price Determination Application

In terms of Section 4 of the National Energy Regulator Act, 2004 (Act No.40 of 2004), NERSA's mandate is to regulate the electricity industry in terms of the Electricity Regulation Act, 2006. The regulator determines Eskom's revenue on a multi-year basis. This revenue application was prepared by Eskom in accordance with the MYPD4 methodology. NERSA denied Eskom's application based on the invalidity of the methodology. Eskom approached the court on 3 December 2021 on an urgent basis to set aside NERSA's decision. The court granted Eskom relief in terms of the 2022/2023 financial year tariff. The court held that NERSA must decide Eskom's 2022/2023 tariff based on the prevailing methodology as published and approved by NERSA in 2016.

The business submission highlights that it fully agrees that both the rate of increase and the uncertainty of the electricity price are barriers to economic recovery and growth. Furthermore, Eskom and NERSA are urged to engage meaningfully with relevant policymakers to develop suitable policy options to address these barriers. NERSA has since approved an increase of 9.6% against Eskom's application for 20.5%.

2.7 The Draft Companies Amendment Bill 2021

On 1 October 2021 government published an invitation for public comment on the Draft Companies Amendment Bill. A draft position paper was circulated to members for their inputs. The final version was submitted on 29 October 2021 to the Department of Trade, Industry and Competition for its consideration. We are keeping abreast of any developments in relation to the final Companies Amendment Bill that will be undergoing the Parliamentary processes.

2.8 National Minimum Wage Commission Report

Section 6 of the National Minimum Wage Act of 2018 requires that the National Minimum Wage Commission (NMWC) review the national minimum wage annually and make recommendations to the Minister of Labour on any adjustments to the NMW. The Chairperson of the NMWC presented the NMW report and invited public written representations in respect of the recommendations in accordance with section 6(2) of the National Minimum Wage Act, No. 9 of 2018. On 14 January 2022 the BUSA team submitted the business position on NMW, which objects to an increase for 2022.

Our members concede that no increase is suitable given the current trajectory of the South African economy struggling to recover from the Covid-19 pandemic and the aftermath of the July looting. The main purpose of the research engagement was to understand the nature and extent of wage disparities and the adverse economic effects on certain sectors that require some form of relief and the possibility of not increasing wages.

The research indicated that the Domestic, Construction, Agriculture and Winery sectors were adversely affected by Covid-19. An increase in the NMW discourages businesses from hiring new workers, exacerbating the unemployment crisis. The NMW for farmworkers increased by 16.1% in 2021. The proposed way forward on the minimum wage will be confirmed by the Department of Labour.



3.1 The Directorate for Priority Crime Investigations

The Directorate for Priority Crime Investigations (DPCI or the Hawks) and the private sector service suppliers held a series of meetings that resulted in an agreement for training sessions for the Hawks. Deloitte and DataDot facilitated six weekly virtual training sessions that began on 28 January 2022. The sessions were attended by 18 participants including the presenters. The cybercrime training programme met the required standard in terms of the four cyber disciplines, namely:

- Legislative Framework/Digital Forensics;
- Open source and social media;
- Online investigation; and
- Intrusion/Authorised access investigation

In future BACSA will explore the prospect of further training.

3.2 Extortion Businesses (Construction mafia/Business forums)

BLSA notes with concern that over the past few years South Africa has seen an extensive increase in extortion mafias committing crime at business sites across the country. With extortion mafia incidents crippling businesses and becoming more violent and frequent, BACSA created an information sharing site that assists victims to get justice and the SAPS to follow through on the cases. Click here create a user account and to report if your business is being extorted: <https://bit.ly/3CUfr52>

As reported in the previous BLSA Bulletin the Justice Crime Prevention and Security cluster in government continues to prioritise extortions on a national level. The revived National Provincial Priority Committee convened for the first time on 8 July 2021 in a virtual meeting facilitated by Business Against Crime (BACSA). These committee meetings were held monthly and developed into a structured format of the agreed redrafted Terms of Reference. The provincial task teams investigate specific incidents as requested and provide feedback. At a meeting on 20 January 2022, specific proposals to enhance the procedures were discussed and the NPA emphasised these specific requirements. A joint press statement is planned.

Infrastructure South Africa, based in the Office of the Presidency, requested inputs regarding Extortion into the Infrastructure Plan 2050. In the meeting the BACSA team and the South African Police Service (SAPS) provided inputs which were accepted. The provincial task teams are present in all provinces excluding the Northern Cape. The Provincial Priority Committees convene monthly.

3.3 Gender-Based Violence and Victim Empowerment and Support

Donations totalling R687,500 have been received from Anglo Gold Ashanti, Momentum and the Johannesburg Stock Exchange (JSE) for this initiative. The effective utilisation of the current funds available will be explored and used accordingly. The project will then be scaled down to focus only on the coordination of the upgrading of Victim Support centres between the SAPS and other organisations that focus on this.

3.4 Industry Forum

The Industry Forum continuously provides a platform where all business industries and the SAPS can collaborate in an integrated and formalised manner. As a result, this enables the SAPS to be more responsive to criminal activities that adversely affect businesses. Various programmes have been identified through the Industry Forum, including the initiative to address extortion and information sharing. The Forum strengthens the position of BACSA as the trusted partner of the SAPS to facilitate collaboration. It enables the creation of portals to report specific intricate cases such as cybercrime and extortion at specific SAPS functions rather than at geographically dedicated SAPS Customer Service Centres and stations.

3.4 Illicit Trade

BACSA constantly engages with senior SARS representatives from the Illicit Trade Unit on possible interventions to combat illicit trade; and on how best BLSA can support the SARS Illicit Trade Unit to prevent illicit trade activities in the business environment.

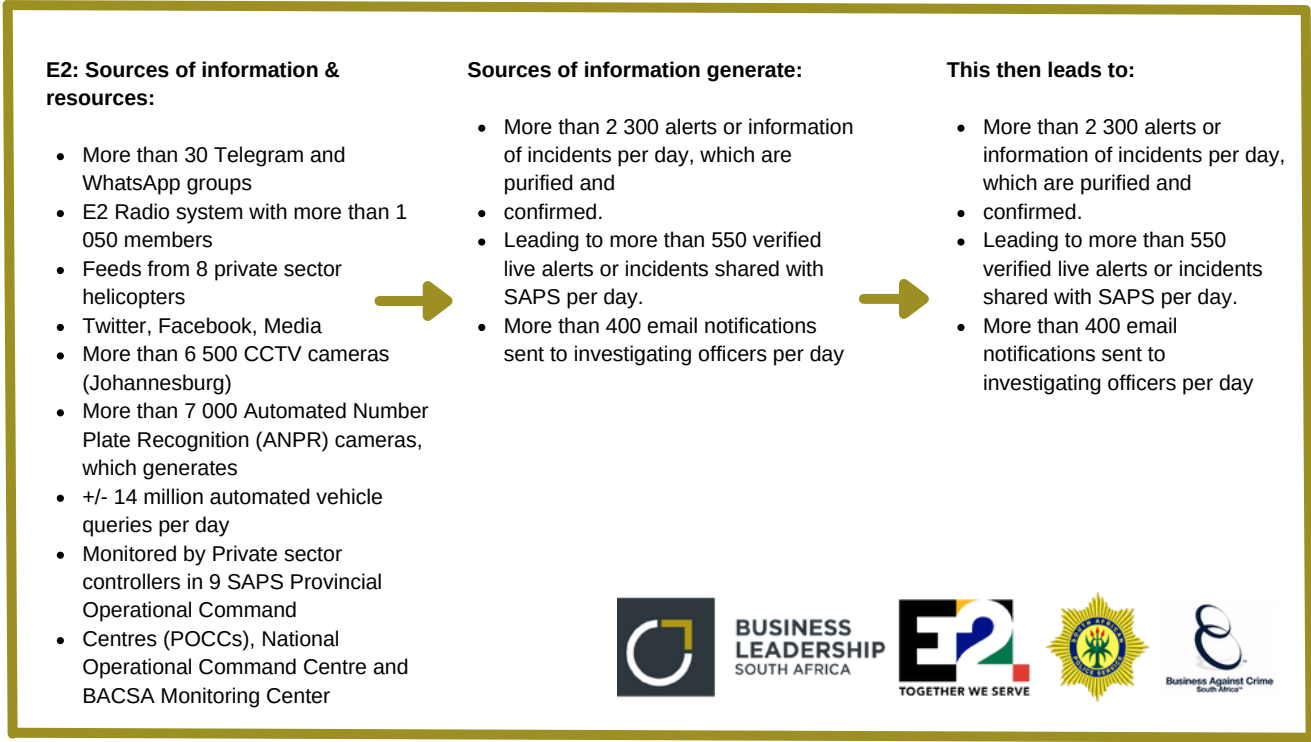
3.5 Eyes and Ears (E2) Programme

The E2 Programme is a joint venture between BACSA, the SAPS and willing private security companies to coordinate operational crime fighting efforts. The large footprint of private security companies enables the provision of live information from incidents.

The Business Fusion Monitoring Centre was established on 1 August 2021. The purpose of the Centre is to maintain and establish a platform to gather, analyse and disseminate information through a collaborative approach among businesses and between businesses and the SAPS, with the goal of maximising the ability to detect, prevent, investigate and respond to criminal activity on a national level.

To date, the initiative has been successfully implemented in Gauteng (October 2019), Western Cape (March 2020), KwaZulu-Natal (August 2020), Limpopo (September 2020), Eastern Cape (October 2020), Free State (April 2021), Mpumalanga (October 2021) and Northern Cape (November 2021). Implementation of the E2 Programme in the North West Province is planned for 2022, depending on the SAPS readiness and the Covid-19 situation.

How E2 collects information and some of its achievements to date:



04 Public Relations, Comms and Marketing

4.1 BLSA Hub

In the period under review, users of the BLSA's Hub portal were predominantly based in Africa. They made up 2,267 of the 2,901 total users. The bulk of Hub users (2,223) were based in South Africa (76.4%) while 311 were from the US (10.6%). The remainder (about 13%) span the UK, the Netherlands, France, Ireland, Germany, China, India and Austria.

On average three articles are posted on the BLSA Hub every week. To track the impact of this the Hub is filtered on a weekly view. In the last three months the Hub had more than 4,948 pageviews, with an average time of 1 minute 57 seconds spent on each page. The week of 17-23 January 2022 was the Hub's top-performing week with 843 pageviews. This was due to the CEO letter and the press release on Bain's membership, which was a trending topic at the time. This was followed by the week of 10-16 January 2022 with 593 pageviews. The trendline oscillates throughout the quarter but remains above 60 pageviews.

In terms of content, the home page had the greatest number of hits with 599 pageviews. Readers often click on "home" after accessing a Hub piece, or they land on the Hub home page initially. The 10 January BLSA CEO's letter about the Zondo commission was the second-most visited page with 203 pageviews. The acquisition trend largely shows a positive relationship between social media and Hub users. Of the 2,901 users in the past three months, 1,139 were directly due to social media and 945 were due to direct hits, which are visits that arrived on 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 (622 users), which are supported by the search engine optimisation component.

4.2 BLSA CEO's weekly letter

BLSA'S Newsletter recipients grew from 1,216 to 1,233 for the period under review. The rate of unsubscribing was fairly low. The top-performing pieces disseminated via Mailchimp are the 18 January 2022 Press release on Bain which was opened 507 times; the 15 November 2021 CEO's letter on the Eskom energy crisis (393 opens) and the 17 January 2022 CEO's letter on BLSA's criticism over Bain (391).

BLSA CEO, Ms Busisiwe Mavuso's column titled, *Godongwana's message should be sent to every public servant in the land*, was the fifth most read column in Business Day for 2021.

4.3 Social media platforms

BLSA's digital marketing strategy relies largely on social media and search engine optimisation. Social media clearly is the key driver in the acquisition of Hub visitors, accounting for 1,292 users in the past three months. The number of followers on all BLSA social media platforms has climbed consistently, with Facebook the exception. It dipped from 31,461 followers to 31,043 in the past three months. There are some data problems to be noted with Facebook's analytics, particularly in calculating fans, however, we attribute the majority of the decline in followers to our strong stance on COVID-19 vaccinations and the push for employees to return to work.

BLSA Twitter followers are a combination of BLSA's corporate account as well as Ms Mavuso's Twitter account. Ms Mavuso's personal Twitter account has 7,046 followers, while the BLSA corporate account has 13,292 followers. These two social media accounts complement each other, generating stronger traction. LinkedIn followers are on a steady increase, currently at 3,478 followers.

4.4 Media exposure, tonality and public sentiment

During the period of review Ms Mavuso was named second runner up for Businessperson of the Year by the Daily Maverick. From 22 October 2021 till 27 January 2022, BLSA had 312 editorial mentions across publications throughout South Africa. This accounts for a 31% share of voice for BLSA SA news. Ms Mavuso was the most frequently cited of the BLSA leadership team. Her stance on hybrid office-home work and COVID-19 vaccines in the workplace drove conversation volumes. BLSA also saw positive sentiment gains driven by the #EyesAndEarsSA campaign. Partnership with the E2 initiative by the SAPS and participating security companies in the #EyesAndEarsSA campaign drove conversation volumes and engagement and was further compounded by influencer involvement.

4.5 Online Media Exposure

Subsequent to the release of Part 1 of the Zondo State Capture Report and for a period of three weeks, BLSA received a lot of backlash regarding Bain and Co being readmitted as a member in mid-2021. On 25 January 2022, Prof Bonang Mohale was interviewed by PSG Konsult for its "Think Big Series". The interview was intended to focus on the future of economic policy but ended up touching on BLSA and the Bain and Co issue as well as the membership of BLSA of other business organisations named in Part 1 of the State Capture Report. This interview reignited the Bain and Co fire.

According to BrandsEye, a social data and insight application that BLSA uses, on 25 January 2022 and 26 January 2022, BLSA received an unusual spike in negative sentiment and risk engagement. This is on the same day the interview was aired. The State Capture Report Part 1 and the Bain issue had died down by 20 January 2022, only to resurface after this PSG Konsult interview. Prof Mohale's statements from the webinar were taken by media houses such as Media24 and shared on their websites and social media platforms which have approximately five million followers collectively. Some social media members who either watched the interview or read the articles that followed the webinar went on to negatively tweet about BLSA. The top three people who negatively tweeted about BLSA and penned op-eds after the interview was aired were Bain and Co whistle blower Athol Williams, author, broadcaster, political analyst and public speaker Eusebius Mckaizer, and CEO at Nocks Oil, Angus Norkie.

4.6 Eyes and Ears (E2) Safer Festive Season Campaign

Over the festive season last year, BLSA and its subdivision, BACSA, collaborated with the SAPS and the private security industry on a joint initiative called the Eyes & Ears Initiative (E2). The initiative ran a festive season campaign that aimed to tackle the festive season's increased crime rate while also amplifying BLSA/BACSA's commitment to contributing towards building a crime-free South Africa; emphasising BLSA/BACSA's commitment to partnering with the SAPS and other stakeholders to contribute towards the prevention of crime in the country; and showcasing the growth of E2 over the past 12 months.

The campaign also aims to encourage a culture of civilians reporting criminal acts and blowing the whistle on criminals in their communities; intensifying a united front between the private sector, the SAPS and private security firms in working together to fight crime; and using local influencers and celebrities to drive messages and tell their stories. Initiatives like the Safe Festive, Safe South Africa campaigns remind people to stay vigilant, and most importantly not to take matters into their own hands. Although some people indicated that they don't trust the SAPS to assist them, it's good to see that there is still a majority of support for the SAPS.

4.6 Eyes and Ears (E2) Safer Festive Season Campaign

South Africa experiences a sharp increase in crime during the festive season. This is attributed to the remarkable increase of cash volumes which leads to armed robberies, burglaries and CIT heists. Alcohol abuse and the consumption of recreational drugs also contribute to the spate of violent crimes during this season.

BLSA and its subdivision, Business Against Crime South Africa (BACSA), collaborated with SAPS and the Private Security Industry (PSI) on a joint initiative called the Eyes & Ears Initiative (E2). The initiative ran a festive season campaign that aimed to tackle the festive season's increased crime rate whilst also amplifying BLSA/BACSA's commitment to contributing towards building a crime-free South Africa; emphasizing BLSA/BACSA's commitment to partnering with SAPS and other stakeholders to contribute towards the prevention of crime in the country; and showcasing the growth of E2 over the past 12 months. The campaign also aimed to encourage a culture of civilians reporting criminal acts and blowing the whistle on criminals in their communities; intensifying a united front between the private sector, SAPS, private security firms in working together to fight crime; and using local influencers and celebrities to drive messages and tell their stories.

Initiatives like the Safe Festive, Safe South Africa campaigns are great to remind people to stay vigilant, and most importantly not to take matters into their own hands. Although some people indicated that they don't trust the SAPS to assist them, it is good to see there's still a majority of support for the SAPS.