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# Annus Mirabilis

By Stephen Sadie

Ann Crotty introduces her article in this edition, with the words *annus horribilis* (horrible year). As I was thinking about writing this editorial, the words *annus mirabilis* (wonderful year) came to mind. I hope you will excuse my use of Latin phrases. But as I sit and ponder on 2017, I realise that 2017 has been quite a wonderful year for CSSA.

Chartered Secretaries Placements was active this year and established itself as the go to place for companies searching for company secretaries and governance professionals. Given the state of unemployment and the spike in retrenchments, this is an important benefit for our members and students.

March was an incredibly busy month. We held a seminar on International Perspectives on Corporate Governance on 16 March, which featured a number of international speakers. Jeremy Maggs was MC of the seminar and did a fantastic job of moderating two panel sessions. We hosted a CSIA council meeting on 15 - 16 March, which was attended by eight member countries. We have supported the new CSIA CEO, Zahra Cassim who is South African. Zahra has consolidated CSIA in the course of the year. CSIA is particularly important as we interact with countries that are outside the ICSA stable such as India, Kenya, USA, Indonesia, Bangladesh, etc.

We also hosted the ICSA council meeting on 17 - 18 March, where Mervyn King was awarded honorary fellowship of ICSA. ICSA has made some important initiatives as it readies itself for growth. CSSA is well represented on the structures of ICSA: Jill Parratt serves on Exco, Karen Robinson serves on the Professional Standards Committee and Natasha Bouwman serves on the International Thought Leadership Committee.

We had a one day board strategy session to plan for 2017/18 on 31 March which developed clear strategies for building CSSA. A members' general meeting was held on the evening of 31 March, whereby a new memorandum of

incorporation was approved. The governance structures of the Institute were modernised and the board was reduced in size.

I visited Botswana from 25 – 28 July. A successful AGM was held attended by 40 members and students. We also held a two day conference in Gaborone.

We continued to run seminars throughout the year which eventually totalled 25 seminars. In August we introduced webinars which took off very well. We held 12 webinars in four months. Members appreciated the introduction of webinars, which were easily accessible to members in all corners of Southern Africa.

We welcomed two new managers – Sabrina Paxton, Technical Adviser and Nikita Theodosiou, Training and Universities manager. Both of them have brought a new energy to the Institute and we look forward to their contribution in building a strong CSSA.

September was another busy month. The 9th Premier Corporate Governance Conference was held at Montecasino on 18 – 19 September with an exciting line-up of speakers. The international ICSA president, David Venus, spoke at the conference.

I visited Cape Town 25 – 26 September and spoke to members and students about the forthcoming changes in ICSA that members were being asked to vote on. I also met with the law faculty at UCT which has agreed to start offering the board subjects in January 2018.

The awards ceremony was held at the Wits Club on 28 September. The guest speakers were Shamida Smit (president), Adrian Skuy (lecturer at Rissik Business School) and myself. It was good to see the high calibre of graduates coming through, which bodes well for the future of our profession. You can read more about this on page 26.

The international ICSA annual general meeting was held on 4 October in London. Two important



changes were overwhelmingly approved by members. The first change was a second designation called the Chartered Governance Professional. The second change was the introduction of affiliated member status. These changes represent a major step forward for a body as old as ours. These changes are built on the hard work that went into developing the new curriculum. We look forward to the introduction of the new curriculum in January 2019. Not all of our students are able to or will want to go the full Chartered route and so affiliated membership will help us to retain these members. Secondly, the Chartered Governance Professional will help us to attract a broader grouping of members to the Institute. Jacqui Baumgardt, our assessment and accreditation manager, has played a sterling role in trying to get our new curriculum through the QCTO approval processes.

The year ended on a highlight with the Integrated Reporting Awards on 15 November. We are proud to say that we have held these awards for 61 years since they started in 1956. Nik Rabinowitz entertained the crowd of 400 guests with his unmistakable brand of humour. Isaac Shongwe, founder and chairman of Letsema, gave an inspiring speech. As usual, this edition of Boardroom, gives a good overview of the Integrated Reporting Awards.

Although it has been a wonderful year for CSSA, we continue to face major challenges such as a faltering economy. Let us all double our efforts in 2018 in taking our important profession forward!

Lastly, it was decided at the Board meeting on 16 November that going forward Boardroom will be published in an e-magazine format. We do hope that you enjoy reading this last edition of Boardroom in its current format. I wish all of our members and students a joyful festive season as you spend well-deserved time with your loved ones.

# 2017 - *Annus horribilis* for auditing profession

By Ann Crotty, Sunday Times journalist



As *anni horribiles* go it doesn't get much worse than 2017 for the South African audit profession. While some would say the problems have been bubbling under for several years, most commentators reckon they took on a dangerously ominous tone just a couple of years ago when the industry's very own regulator seemed to turn on it.

Back in December 2015 the Independent Regulatory Board for Auditors (IRBA) issued a regulation requiring firms to disclose the length of tenure of an audit in the independent auditors report to shareholders. This was to ensure shareholders were aware of the length of the relationship between auditor and client. Given that the tenure frequently ran to decades this disclosure might have been expected to shock shareholders into taking the dramatic action of seeking new auditors.

The move was widely seen as part of the IRBA's determination to loosen the tight hold that the Big Four firms (Deloitte, PwC, EY and KPMG) had on the profession. So there was little surprise when in September 2016 the IRBA announced it was beginning a process

to implement Mandatory Audit Firm Rotation (MAFR) for audit firms in a bid to strengthen auditors' independence for their clients. "The board's decision to pursue MAFR is aligned to our objective to enhance audit quality, which ultimately contributes to public and investor protection," said the IRBA. It went on to explain how it had extensively researched the issue of audit firm independence, not just in South Africa but across the globe.

Inevitably, because this is South Africa, transformation was part of the problem. "In a South African context, during our research the IRBA identified the lack of economic transformation and domination by certain firms within the profession," it said, adding what was to prove to be a notable understatement, "We accept that any change to the status quo will be met with some resistance."

Weeks later in Parliament, before the standing committee on finance, the public got sight of the level of that resistance. All sorts of forums representing all sorts of powerful groups warned the committee of the chaos that would rain down on the economy if the IRBA had its way.

The IRBA, which is the decision maker in the matter, was utterly unmoved. In early 2017 it became evident dramatic change was unavoidable. In February the major protagonists were back before the parliamentary portfolio committee. For a while it seemed the public was siding with the audit profession and were a little nervous about challenging a powerful industry that had served the country well for a very long time. There was also the suspicion that the IRBA was primarily driven not by the desire to ensure the necessary independence of external auditors but to promote the interests of black audit firms and black auditors. While transformation was deemed an important matter not too many believed it was important enough to turn the industry on its head.

One exception was the Public Investment Corporation, which had begun to make its views on the subject known through its voting pattern at annual general meetings. Suddenly the resolution to reappoint the external auditor, which was previously guaranteed to secure 99% backing from shareholders, was now notching up 10% to 20% 'No' votes. Most of the opposition was from the PIC but as the year

progressed results of AGM voting indicated increasing numbers of shareholders were paying closer attention to the auditor resolution.

As far as the court of public opinion was concerned, everything changed in late May when the leaked Gupta emails hit the headlines and stayed there for much of the remainder of the year. Although KPMG, like the big banks, had dropped all the Gupta-connected companies a year earlier the leaked emails reminded the country of how close they had been.

There has been some debate about whether or not KPMG should have seen through the extremely contrived manner in which funding for the infamous Gupta wedding was secured. But after enough stories linking KPMG to the Gupta wedding the public didn't seem too concerned about the ins-and-outs of technical auditing details. The picture was painted of a major audit firm with an unprofessionally close relationship with a firm so corrupt it risked huge damage to the economy and the state. While KPMG might not have been expected to track the minute details of the Guptas' tax affairs, given its lengthy relationship it's difficult to imagine it was not aware of what was going on between the Guptas and various corrupt politicians. It was a no-win situation for KPMG as the firm was damned if it knew and damned if it didn't.

And while the Guptas' business may not have been a substantial generator of income for KPMG the suspicion was it provided access to

very substantial business opportunities within government.

All-in-all it was a story that could have been scripted by the IRBA to support its plans for MAFR. Although not everyone saw it that way. Christine Ramon, spokesperson for the Chief Financial Officers' Forum, continued to urge circumspection and argued the KPMG scandal did not justify the significant cost and risk burden companies would face if forced to rotate audit firms every 10 years.

Initially KPMG seemed to believe it could ride out the storm with some deft PR handling. But the evidence kept piling up and the public anger kept reaching ever higher pitches of indignation stoked by individuals such as Sygnia's Magda Wierzycka and Pan African's Iraj Abedian who were determined to ensure no one escaped proper scrutiny. Even the unprecedented clean out of KPMG's top eight executives in late September failed to satisfy the public's demand for retribution.

KPMG may have been centre stage but the unparalleled level of scrutiny spilled over to the other major audit firms. Soon the long-standing relationships they had with many of their clients were regarded as less a strength and more a potential liability.

In September the results of the World Economic Forum's Competitiveness Survey confirmed what the public now realised - the 'audit emperor'

actually had no clothes. Its ranking dropped from the unrealistic number one slot it had enjoyed for seven years to 30th place. The pedestal on which the industry had rested for decades was crumbling.

Questions were being asked about how such powerful entities had been able to enjoy such unprecedented levels of secrecy. And although the IRBA had taken an aggressive stand on MAFR under the new levels of scrutiny it became apparent that its oversight function was far from rigorous and allowed for little real accountability.

Towards year-end PwC's work on SAA looked as though it might compete with KPMG for the headlines. It became apparent transformation wasn't the easy answer for our auditor woes as SAA's joint auditor Nkonki was also in the frame for some questionable work on the struggling airline.

The grim news for the big audit firms is that the end of 2017 is unlikely to bring an end to their woes even if there is an improvement in the country's political outlook. The South African public remains angry and has made clear in future it is less likely to accept the bona fides of any person or institution. In future the public will not take for granted that it can trust a long-established audit firm any more than it can trust an ANC 'struggle stalwart'. For those who can't cope with change 2018 could be another *annus horribilis*.



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Integrated  
Reporting  
Awards

**2017**

15 November 2017  
Montecasino  
Fourways  
Johannesburg

**OVERALL WINNER**  
Gold Fields

**TOP 40**

Winner: Anglo American Platinum  
Merit: Barclays Africa Group  
Merit: Vodacom Group

**MID CAP**

Winner: Kumba Iron Ore  
Merit: ArcelorMittal South Africa

**SMALL CAP**

Winner: Royal Bafokeng Platinum  
Merit: PPC

**FLEDGLING/ ALTX**

Winner: York Timbers Holdings  
Merit: Hulamin

**LARGE STATE OWNED COMPANY**

No winner for 2017

**SMALL STATE OWNED COMPANY**

Winner: Sasria SOC  
Merit: Broadband Infracore SOC

**PUBLIC SECTOR**

Winner: Auditor General South Africa  
Merit: Competition Tribunal South Africa

**NON-LISTED COMPANY**

Winner: Waco International

**NPO/NPC**

Winner: South African Institute of Chartered  
Accountants  
Merit: National Sea Rescue Institute

**REGIONAL**

Winner: Capricorn Investment Group  
Merit: FNB Namibia

# Integrated Reporting Awards 2017

By Nikita Theodosiou, Training and Universities Manager, CSSA

Hosted by Chartered Secretaries Southern Africa (CSSA), in partnership with the Johannesburg Stock Exchange Limited (JSE), this year's Integrated Reporting Awards was a celebration of transparent reporting in spectacular style.

The Montecasino ballroom was adorned in red, black and white and the attendees looked dashing in their black tie attire.

The keynote speaker, Isaac Shongwe, chairman and founder of Letsema, gave a heartfelt speech that addressed many pertinent issues currently plaguing South Africans and drove home the sentiment that good governance is the key to overcoming such obstacles. Carol Paton, deputy editor of Business Day, also addressed the audience and shared Isaac Shongwe's

sentiment of good governance being key.

Local comedian and MC, Nik Rabinowitz, touched on a number of sensitive issues through the use of humour, in good taste, and entertained the crowd of over 400 attendees with his hilarious antics.

Stephen Sadie, CEO of CSSA, announced the winners and merit awards and handed out the awards to the recipients. He relayed the judges' comments for each category, which were well received by the audience.

Gold Fields Ltd came out on top, to beat almost 100 other entries, as the deserving overall winner of the evening.

Interestingly, the CSSA/JSE Integrated Reporting Awards are the longest standing reporting awards in South Africa and have recognised the importance of good corporate reporting since as far back as 1956, when JL Hullett & Sons won the first award. The JSE has been a co-host of the awards for the past 22 years.

According to Stephen Sadie of CSSA, one of the reasons why the awards are so well regarded is because "they cover 10 categories from the Top 40 to NGOs. This means that companies compete against their equals and learn from them, because apples are compared with apples."

## Integrated Reporting Awards celebrate 61 years of excellence

Multiple Winners since 1956  
Edgars Consolidated Stores Ltd - 20  
SABMiller Plc - 16  
Barloworld Ltd - 10  
Anglo American Platinum Ltd - 10  
Anglo Alpha Ltd - 9  
Nedbank Group Ltd - 8  
Transnet Ltd - 7  
York Timbers Holdings Ltd - 7  
AngloGold Ashanti Ltd - 6  
Anglo American Coal Corporation Ltd - 6  
Rand Mines Ltd - 6



# Who guards the guardians?

By Isaac Shongwe, Chairman and Founder of Letsema

Good evening ladies and gentlemen. Thank you to CSSA and the JSE for hosting this event and congratulations to all the nominees this evening. Thank you to Colette for originally inviting me to speak here this evening and to Mr Sadie for spending some time with me earlier this year to introduce me to this prestigious event.

As South Africans we live in a constitutional democracy. Our constitution is one of the most progressive in the world and we are rightfully proud of it and see it as a bulwark against corruption and power-grabbing. However, as good as our constitution is, we cannot rely solely on it to protect us against abusive politicians. For one, it has limitations. A key flaw is that the constitution was designed with a benign president in mind – Nelson Mandela, at the time.

It places huge power and trust in the hands of the president. The president is chosen not by the people but by a small electoral college of ruling party branches.

The president alone can choose his cabinet, with no obligation to explain or consult. Yes, there are Chapter 9 institutions in place to guard against presidential excesses. However, the leadership of those can be hired and fired by the president. Therefore, as a country South Africa is very vulnerable to abuse of power by a president who lacks morality and integrity – something we are painfully witnessing right now.

In trying to understand our current political challenges we are often overwhelmed and see

our problems as intractable and unique. Yet societies have faced problems of corruption, abuse of power and mangling of institutions for centuries. There is nothing unique about what is happening to our country today.

In 2003 I started the African Leadership Initiative, ALI. ALI is a leadership programme which aims to develop the next generation of African leaders who are values-based and community spirited. This evening I want to talk to you about what I have learned about leadership and building a good society.

In ALI we have found Plato is a good place to start. He is perhaps the most influential philosopher in history – Bertrand Russell, who won the Nobel Prize for Literature in the 1940's, primarily for his book "A History of Western Philosophy", said that virtually all philosophy written in the past 2500 years is just a footnote to Plato. Much of Plato's writings were on political philosophy – enquiring into what constitutes a state, what makes it good and what to guard against. His best-known work was called *The Republic*. Written around 380 BC, *The Republic* has proven to be one of the world's most influential works of philosophy and political theory, both intellectually and historically.

Plato suggests that the best way to understand how a society works is to construct it from first principles. He says we can all agree that no person is self-sufficient, that our first economic requirement is to meet the basic needs of food and shelter and that we need to co-operate to

achieve this in a society. "Necessity is the mother of invention". As a society develops, people specialise to become farmers, toolmakers, potters, tradesmen, etc. Each works to provide a service to society and through exchange we help each other and achieve a level of wealth which satisfies basic needs.



Plato beautifully describes a state in which people co-operate to meet each other's needs and I quote:

"Let us then consider, first, what will be their way of life. Will they not produce corn and wine and clothes and shoes, and build houses for themselves? ... And they and their children will feast, drinking wine which they have made, in happy converse with one another. And they will take care that their families do not exceed their means, having an eye to poverty or war."

So in the context of his times Plato describes how people can live in harmony with each other and with nature, producing enough for their needs, not in excess.

But Plato understood enough about human nature to know that such a way of life would not suffice. People will want more. We all know we are not satisfied with just what we need, we are all in pursuit of things we want, the luxuries of life. We are after all in the ballroom of a major casino tonight, this opulent structure was not built to serve any human 'need'.

So, in considering how a state is created we should actually look to see how a luxurious state is created. But the first consequence of this is that the state will have to enlarge its borders, because it won't be able to meet its needs to supply these unnatural needs. More and more land and resources are required, more physicians etc. The natural consequence of this is war, as we need to take from others to supply an avaricious state. So



**A packed ballroom at Montecasino**

out of human nature arises a situation in which a state cannot exist in simple harmony, but needs to expand and provide more and more to its citizens. Interestingly Karl Marx, in his Communist Manifesto, made a very similar point, and I quote:

“The bourgeoisie, wherever it has got the upper hand, has left no other bond between man and man than naked self-interest, callous “cash payment”. . . . It has resolved personal worth into exchange value.”

Getting back to Plato, out of this inevitable progression of humankind arises the need for guardians in society, a particular group of people raised and trained to guard the state against civil strife, foreign invasions and greedy excesses. Plato had the idea that such guardians should be educated as elite members of society, trained for years in philosophy and statesmanship. They would serve society as philosopher kings, and their education preparation would be such that they would live as servant leaders.

Looking around today it's hard to imagine that such an ideal could emerge. Our leaders do not have the education and training of the Platonic ideal. So, we need to ask ourselves critical questions:

- In a state where the guardians of the state are not fully trusted, who guards the guardians?
- Who in society keeps a check on people in power?
- How do they do this?
- What means do they have at their disposal?
- What are the forces in the hands of the powerful?

How does one deal with the challenges of guardians in a fundamentally unequal society?

In 1994 we had our first democratic, free and fair elections. We have since had four more general elections and all have been peaceful and free and fair under the professional and unbiased management of the IEC. We cannot allow this institution to be threatened in any way as it remains our ultimate defence.

In South Africa we still have a vibrant free press and we often take its value to society for granted. Think of the contribution to our democracy of the GuptaLeaks information. That was provided by a small group of zealous investigative reporters, the

amaBhungane. Operating on meagre budgets but dedicated and fearless, they deserve enormous credit for their work. How can we support them, and others like them?

Our judiciary, despite severe administrative and capacity challenges, has demonstrated independence and legal discipline of the highest order. When considering our peers around the world we cannot take this for granted.

Various elements of the state, for example the Auditor General, continue to do their duty without fear or favour. I do believe there still exists a large body of dedicated civil servants who must be facing despair and looking at the exit door. How do we bolster them?

If the NPA and Hawks have been captured, how can we strengthen other organisations in civil society? What about the banks? They have access to information that can thwart corruption by literally following the money. What are they doing about it? The South African Reserve Bank, probably the last bastion against wholesale looting. Are there ways we can all contribute to ensuring that recent attempts by the Public Prosecutor to dismember it are stopped?

And most importantly for this gathering, what about the professions and bodies that guide and monitor the conduct of business? Here there is a significant role to guard the guardians. Good governance relies on genuinely embracing its principles not seeking just compliance. We have unfortunately seen what happens when these roles are not played properly. Auditors, for example, have a clear role in guarding the guardians and hence the backlash that has affected KPMG so severely. They hold a unique position in society and they failed to do their duty.

And finally, beyond the Platonic ideal there is the notion of the individual duty of every citizen. Here, courage is required. There are multiple examples from all parts of society of citizens who have demonstrated this courage:

- The Free State chair of the Treatment Action Campaign, Sello Mokhalipi, was subjected to death threats and dismissed from his job when he had to run for his life following



**Dalliance entertains the crowd**

his speaking out against the provincial government and its poor performance on drug shortages.

- Sikonathi Mantshantsha, the Financial Mail deputy editor, who despite threats to his life continues to do his work to expose corruption at Eskom and other parts of the public sector.
- Makhosi Khoza who has stood up so bravely to the organisation she had been an integral part of since she was 12 years old despite overwhelming intimidation and threats.
- Also the numerous whistle-blowers who are regular people who took great risks exposing corruption or cartels such as Imraan Mukaddam, a small shop owner who exposed the bread cartel.

Mandela taught us that courage was not the absence of fear, but the triumph over it. As I stand in front of you this evening I am committing myself to be more courageous and I am calling on all of you to do the same.

Let me end with the words of Theodore Roosevelt:

“It is not the critic who counts; not the man who points out how the strongman stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena.”

# Judges Report

## OVERALL COMMENTS

South Africa is seen as one of the pioneers of integrated reporting and as we see South African organisations mature in integrated reporting a few common characteristics can be found amongst exemplary reporters. The first exemplary practice is being able to articulate how the organisation considers the outcomes and trade-offs between the capitals, both positive and negative, in its value creation process. Organisations that are able to successfully articulate trade-offs, are taking the lead in integrated reporting.

Secondly, good reporters are able to integrate a robust stakeholder engagement process into the assessment of risks and opportunities and ultimately the organisation's strategy. Many organisations report on stakeholder engagement

as a standalone, one-sided activity with the organisation merely telling its stakeholders what it thinks it should know. In a world of increasingly active stakeholders who hold organisations accountable, it is essential that organisations listen to the legitimate concerns of its stakeholders and engage with them on material issues.

Exemplary reporters also discuss both the positives and negatives in a transparent and insightful way. As we know, both investors and other stakeholders have access to more information than ever before, but many organisations still do not bring that information together in the integrated report in a way that really tells their story. As the economic environment becomes ever more uncertain and disrupted, and the expectations of business and other organisations ever more demanding, more

transparency is needed. Only organisations who are able to capture the information that is most relevant to their specific strategy and how they are progressing, whether it be positive or negative, will be able to build stakeholder confidence. Others will increasingly lag behind and appear to be unwilling or unable to communicate successfully.

Last year we said that many reporters appear to be in a period of consolidation, rather than aiming for significant improvements to their reports. In the current year it was clear that the better reporters were able to innovate and further improve on their reporting. A number of factors such as the level of integration of the reports evidence that these organisations are able to improve not by focussing on the report, but by imbedding integrated thinking into the internal reporting structures of their organisations.



*Carol Paton (Deputy Editor, Business Day)*



*Sikkie Kajee (Senior Vice President, CSSA) welcomes guests*



*Nik Rabinowitz, Comedian extraordinaire, entertains the crowd*



*Stephen Sadie (CEO, CSSA) announces the winners*

As in the prior year, reporting on the organisations strategic objectives remain an overall strength of many reports and many of the reports use strategy as a link to integrate various sections in the report. Another area that received high scores this year for most of the categories was the ability of organisations to clearly explain the key markets, products and territories it operates in. Reporting on the organisation's external environment is however only valuable to the reader of the report if there is a clear link between these drivers and the strategic choices made by the organisations.

One of the content elements that lag behind is that of governance. It is encouraging that there are many best practice examples in this area where organisations clearly link governance to value creation and reflect on the actual activities of the governance structures and not merely on charters and intentions. Some reporters provide clear links between the governance activities and the other elements in the integrated report but most organisations reflect on governance as a standalone section.

We can be proud that as one of the pioneers of integrated reporting, we are still seeing excellent reports being produced by South African organisations. We encourage the organisations that are still only focussing on the integrated report, and not reaping the benefits of integrated reporting, to challenge themselves to embark on the journey of integrated reporting.

### Top 40

The Top 40 category remains a category filled with flagship reporters that continue to surprise and push the boundaries of integrated reporting. It was tough to pick outstanding reporters amongst these great reporters. The continued improvement in reporting in this category evidences that it is about more than just a report, but that integrated thinking is business as usual in these organisations.

### Mid CAP

A category that holds its own with a number of exemplary reporters. These reports set out both the business model and value creation of complex

businesses in an understandable manner with good integration and a balance of positive and negative reporting.

### Small CAP

In this category there were a few innovative reporters. Areas that stood out was the business model disclosure, risk disclosures, as well as the way in which performance measures were highlighted with a balance of both good and bad news.

### Fledgling/AltX

This category has a lot of potential. Both the winning and merit award reporter evidence very strong integration covering all the important integrated reporting elements including a discussion of value creation and impacts of the capitals on its business model.

### Large SOC

The points awarded by the judges align with the content elements contained in the IIRC Integrated Reporting Framework and many of these elements were present in the highest scoring reports. An exemplary report however loses credibility if it does not consider the legitimate needs and interests of its stakeholders. Based on the fact that the highest scoring reports, in our view, lacked transparency on how the organisations are addressing stakeholders' legitimate concerns, we did not award a winner in this category for 2017.

### Small SOC

The reporters in this category do not all follow the <IR> Framework in preparing their annual reports. The good reporters in this category have clear and visual identification of material matters as well as stakeholder engagement along with strategic response.

### Public Sector:

Along with a number of other categories, the organisations in this category have a significant regulatory compliance burden. The winners in this category were able to simplify the jargon and present reports that are easy to read and understand with again a balance of positive and negative elements.

### Non-listed company

We commend all the companies in this category for taking the leap to prepare an integrated report. There is extensive research on the benefits that the process of integrated reporting bring to an organisation and we hope that you have benefited and will encourage your peers to take up the challenge.

### NPO/NGO

Even though the <IR> Framework was written with for-profit companies in mind, the concept of outcomes, as more than financial profit and as the consequence of implementing the organisations' strategy, really comes to life in an NGO. We applaud every NPO/NGO that prepares an integrated report and participates in this category. The winning reports are good examples of concise and easy to read integrated reports.

### Regional

The winners in this category have clearly set out their business model and strategy in the context of the external environment in which they operate. In addition the oversight and governance structures are discussed in a clear manner.



**Overall winner: Isaac Shongwe presents the award to Sven Lunsche (Gold Fields)**



**Mid Cap Winner:** Benjamin Joannou (Bastion) presents the award to Nadia Schoeman and Johan Prins (Kumba Iron Ore Ltd)



**Top 40 Winner:** Jacky Cuffley (Link Market Services) presents the award to Elizna Viljoen (Anglo Platinum)



**Alt-X/ Fledgling Winner:** Sharon Clarke (GIBS) presents the award Sue Hsieh (York Timbers Holdings)



**Small Cap Winner:** Greg Prinsloo (Diligent) presents the award to Lindiwe Montshiwagae (Royal Bafokeng)



**Small State-owned Companies Winner:** Shamida Smit presents the award to Pierre Joubert (SASRIA)



**Non-listed Company Winner:** Casper Troskie (Liberty) presents the award to Herman Kilian (Waco International)



**NGO/NPO Winner:** Shameela Ebrahim (JSE Ltd) presents the award to Nasiegh Hamdulay (SAICA)



**Public Sector Winner:** Carol Paton presents the award to Sam Mtunzini (Auditor General SA)



**Regional Company Winner:** Robert Likhang presents the award to Marelize Horn (Capricorn Group)

# The Gauteng Provincial Government takes a stand against corruption

By Nikita Theodosiou, Training and Universities Manager, CSSA

It is definitely an interesting time to be a South African. There has been a noticeable shift in consciousness with more and more people speaking out against corruption and state capture. In addition, the media's propensity to name and shame has placed the spotlight on certain companies and caused public outcry, resulting in substantial reputational damage for those companies, which in itself, should be a deterrent not to engage in unethical/ corrupt behaviour. Yet, corruption is so entwined in certain spheres of government, and even in the private sector, that it keeps rearing its ugly head. This is why Governmental initiatives are so important because trust in an institution is built from the top.

As a society, we are very quick to criticise people for their unfavourable behaviour but it is not often enough that we recognise those who are going above and beyond to make a difference for the better. With this sentiment in mind, on Tuesday, the 21st of November 2017, I attended the Gauteng Ethics & Anticorruption Indaba at the OR Tambo Conference Centre at the Birchwood

Hotel in Boksburg and I would like to commend the Gauteng Provincial Government for taking a stand against corruption through the formation of the Gauteng Ethics Advisory Council. Gauteng Premier, David Makhura, introduced this initiative to the public at the Indaba. There has never before been a body of this sort in South African history and it is indeed a sign of the times and the current dynamics that such a body has become necessary.

The following nine individuals will sit on the Council, each well acclaimed in their own right:-

- The Chairman: Dr Terence Nombembe, CEO of the South African Institute of Chartered Accountants (SAICA) and former Auditor-General;
- The Deputy Chair: Advocate Fariyal Mukaddam, CEO of 4 Africa Exchange;
- David Lewis, Executive Director of Corruption Watch;

- Professor Deon Rossouw, CEO of the Ethics Institute;
- Nonkululeko Gobodo, CEO of Nkululeko Leadership;
- Father Smangaliso Mkhathshwa, Chairman of the Moral Regeneration Movement;
- Puseletso Madumise, Chairwoman of the South African Non-Governmental Organisation Coalition;
- Dennis George, General Secretary of the Federation of Unions of South Africa (FEDUSA); and
- Lerata Joel Motsiri, Secretary of the Police and Prisons Civil Rights Union (POPCRU).

I am mindful that the members of the Council have their work cut out for them and I am not expecting them to curtail corruption overnight nor to perform miracles but this is, at least, a



David Makhura



Christiaan Ougaard



step in the right direction and, in my opinion, long overdue.

Addressing the audience at the Indaba where he introduced the Council, Gauteng Premier, David Makhura, declared that he openly submits his Government to the public's scrutiny and probity. He expressed his concern regarding complacency in the midst of corruption, stating that we, as a society, are not paying enough attention to our values and we need a more comprehensive approach to combatting corruption. The Premier introduced the ideology that "the public should aim to protect the government from its worst version of itself", adding, "we serve you, you don't serve us. Help us to stay accountable and true to public good" and this ideology of 'watching the watchdog' became a recurring theme throughout the day. The Premier asked the audience to do their part and stressed that each and every person in society has a role to play in combatting corruption and in creating a common mentality that corrupt/ unethical behaviour will not be tolerated. He went on to state that he has noticed that young people feel like there is more that they should, and can, do, that it is of great importance that they feel this way and that they should act on those feelings because after all, the future belongs to the youth.

As for the Indaba itself, a number of highly acclaimed academics, activists and practitioners addressed the audience, including the likes of Dr Ismail Vadi, MEC for Roads and Transport; Dr Terence Nombembe and Barbara Creecy, Gauteng Finance MEC. Two semi-interactive panel discussions were held on "tackling Corruption head on" and "regaining the

public trust through integrity" as well as five Commissions on various topics.

However, it was Mr Christian Ougaard, a Danish lawyer and advisor in the fields of administrative supervision, complaints handling and anti-corruption, that really caught my attention. Mr Ougaard stated that Denmark is one of the least corrupt countries in the world and this is largely due to a strong culture of mutual trust having been built at the interpersonal level to the extent that a public servant in Denmark would most likely be highly offended if he/she was offered a bribe. Mr Ougaard defined corruption as "the abuse of entrusted power for private gain."

He went on to acknowledge that, in some ways, corruption is in fact a natural concept, stemming from the expectation that, "if I do something for you that benefits you, I expect you to do something for me to return the favour". But there is no room for this thought process in the public sphere and whenever people are not qualified enough for the positions that they hold, they will always look for other ways to compensate for their shortcomings. Mr Ougaard went on to state that as long as you have an environment of acceptance and the expectation that you will "get away with something", you will always have corruption.

The central elements that were implemented in Danish history to combat corruption were identified, by Mr Ougaard, as being the following:-

- Recruitment based on merit;
- Focus on the rule of law was established

amongst civil servants thereby cultivating a culture of respect for the law;

- A strong and lasting political will to stop the corruption of the civil servants was entrenched in society; and
- Corruption was criminalised.

According to Mr Ougaard, the following aspects are important in pathing the way to a "corruption free" society:-

- Transparency;
- Effective supervision and control;
- A decrease in incentives for corruption; and
- The system must always be the subject of scrutiny and there must be room for adjustment when issues are identified.

Interestingly, Mr Ougaard also noted that there is no 'corruption fighting' or policing agency in Denmark per se but rather, the culture of refusing to tolerate corrupt behaviour has become so entrenched in Danish society that it is upheld, and essentially policed, by many Danish institutions in collaboration.

Although South Africa has its own unique problems that need to be considered in context, I do believe that we could learn a lot from the Danish and their frame of mind.

South Africa obviously has a long way to go in combatting corruption but at least, with initiatives like the formation of the Gauteng Ethics Advisory Council and hosting an Indaba to address the 'elephant in the room' head on, we are taking a step in the right direction and I do hope that other Provinces will follow suit in implementing similar initiatives.

As a side note to CSSA's Members and Students, I think it is important to recognise the role that a Company Secretary plays in keeping directors of a company in check by advising, and reminding, them of their duties and responsibilities and that this will go a long way in building an ethical culture, because as Premier, David Makhura, stressed, it is important to watch the watchdog and there is no room for complacency.

# Anti-money laundering is now focused on effectiveness: does your system work?

By Willem Janse van Rensburg, Cliffe Dekker Hofmeyr

South Africa's much publicised and anxiously-awaited Financial Centre Amendment Act has become law in order to comply with the global standard set by the Financial Action Task Force (FATF): the inter-governmental body responsible for the global standard in anti-money laundering and combating financing of terrorism (AML/CTF). The bar has been raised substantially.

This new approach aligns the South African legislative AML framework with the FATF standards and with the expedited roll-out of the 4th AML Directive of the European Parliament, introduced as a result of the terrorist attacks in Europe and the UK and following exposition of the Panama Papers. These new measures aim to enhance the efficiency of the current AML/CFT system and have been introduced to coherently supplement it. Although these measures were largely targeted at terrorist financing, the impact will be felt in all areas of finance, including tax. This comes as a result of substantial advances in communications and technology which make the global interconnected financial system an ideal environment for criminals to move and hide illicit funds, often to evade tax. Tax crimes (both

direct and indirect taxes) are globally regarded as predicate offences for money laundering.

This new approach to the combating of money laundering and terrorist financing (AML/CTF) introduces a risk-based approach - as opposed to a rules-based approach - in getting to identify the customer. It also introduces beneficial ownership as a concept. Crime syndicates abuse corporate entities for criminal purposes. Accountable institutions are now required to probe for beneficial ownership to identify the natural person who ultimately owns or controls the legal entity constituting the client. The risk management compliance programme will have to provide for methodology and verification sources in order to address the obligation.

The new regime also affects prominent persons: domestic and foreign. Accountable institutions now have to include the management of business relations with prominent persons in their Risk Management and Compliance Programmes (RMCP). Businesses with domestic prominent influential persons are not inherently high risk but the potential of such risks

need to be managed. Businesses with foreign prominent public officials on the other hand must always be regarded as high risk. In accordance with a risk management compliance programme, an accountable institution will have to obtain senior management approval and establish the source of wealth and source of funds, and monitor the business relationship when dealing with a domestic prominent person posing a high risk or dealing with a foreign prominent foreign official. Accountable institutions are no longer burdened with long control lists and tick boxes for each and every client and can save time and costs through the introduction of a RMCP which entails applying time and resources in areas where it is most needed, that is where the identified risks are high.

There is huge innovation in the risk and compliance space. The potential uncertainties stemming from Brexit and the new US-Trump administration do not appear to have halted the development of initiatives to investigate, expose and punish those involved in business crime.

Across the globe, new legislation has been





enacted or proposed which continues to reinforce the anti-corruption agenda. In Australia, the Coalition Government has engaged in a consultation process on proposed legislative reform including the creation of a new corporate offence for failing to prevent foreign bribery, following the UK Bribery Act model. In France, the bodies needed to implement the SAPIN II anti-corruption law are being created and established. The US Department of Justice (DOJ) extended the Foreign Corrupt Practices Act pilot programme intended to encourage corporate self-reporting and it has also sent strong signals that it will continue to take a robust approach to white collar and FCPA enforcement. Acting Assistant Attorney General Kenneth A. Blanco recently confirmed that the US DOJ “will continue pushing forward hard against corruption, wherever it is”. He also confirmed that the Kleptocracy Asset Recovery Initiative is specifically designed to target and recover the proceeds of foreign official corruption that have been laundered “into or through the US”.

He further stressed that in these kleptocracy cases, one of their goals is to return the assets to those harmed by criminal conduct. The Financial Crimes Enforcement Network (FINCEN) in the US has also introduced a final rule currently being implemented and likely to be in force by May 2018 which applies to financial institutions who have to align their due diligence programmes with FINCEN’s guidance on core elements of a customer due diligence programme. These four core elements include: customer identification and validation, beneficial ownership identification and verification, understanding the nature and purpose of customer relationships to develop a customer risk profile, ongoing monitoring for reporting suspicious transactions; and on a risk-basis, maintaining and updating customer information.

Going forward, the extent of the workload and responsibilities of every company’s compliance office will increase exponentially as AML/CTF becomes the platform to combat

crime effectively. This is the reason it has now become popular to criminalise non-compliance. The effect of non-compliance and subsequent sanctions on a company’s reputation and brand value adds further credence to the prediction above. It has already reached a point where the desire to obtain “credits” from the DOJ in the US is regarded as very similar to proving to the UK’s Serious Fraud Office that there has not been a “failure to prevent”, when it comes to investigations of bribery and corruption.

A chain is only as strong as its weakest link. The success of the global AML/CTF framework depends on the extent to which each country aligns its own national regulatory framework with the global standard. If this is achieved effectively, criminals, tax evaders, kleptocrats and terrorists will find that it has become very difficult to disguise the origin of criminal proceeds or to channel funds for terrorist purposes.

# The positive side of accountability

By Jane Stevenson, Strategic Director, Magnetic Storm



The word ‘accountability’ strikes fear into many and is perceived as a way to ‘get’ someone. The truth is, if looked at holistically, it creates a level playing field, encourages an honest culture and allows people to learn from their mistakes and grow.

Accountability is an individual value. We all know people who take pride in their ability, measure themselves against their output, and want to achieve Key Performance Areas: the people we call ‘easy to manage’ because they

are self-led. But this trait doesn’t exist in all, and not all organisations foster a culture that allows people to learn from errors.

In high-performance teams, peers immediately and respectfully confront one another when problems arise. This drives innovation, excitement, confidence, trust, and productivity, and it frees the boss from playing referee and having to improve morale.

While behaviour is individually led,

consequences must be led top-down. You need to provide the tools to break the cycle of anti-accountability behaviours: ignoring, denying, finger pointing, covering of trails, confusion, waiting for instruction, declaring ‘it’s not my job’/‘I didn’t know’.

## Setting the scene for accountability

Two elements need to be assessed to hold someone accountable: an individual’s means

and their ability. As a manager, only once you have evaluated both areas, can you hold someone accountable. Then ask: does the person understand what is expected of them?

## Creating an accountable culture

The accountability cycle by Epstein and Birchard has four elements that play a role in corporate accountability: governance, measurement, management systems and reporting. You need to have all these in place so that you can demonstrate fairness and transparency. However, this takes time.

Looking at what you can do immediately; Partners in Leadership® developed a model for accountability. Every organisation is different, but it's a useful framework for individual accountability:

### See it

Employees need to be conscious of what they

do and the part they play in a business' success. They need to see their value and how they fit into the broader context. On the flip side, individuals may not recognise talents/shortcomings, so encourage conversations and let them seek constructive feedback.

### Own it

Coach teams to identify what factors have led to a situation. Do not allow counter-productive behaviours and insist that people objectively recognise what is happening and stick to the facts.

### Solve it

Once teams and individuals own situations (good and bad), you can insist they create solutions. As a leader, it may seem easier and quicker to solve a problem, but you disempower and enable complacency by doing

this. Encourage suggestions and then offer assistance. The more they see themselves as part of the solution, the more they will develop a sense of accountability.

### Do it

Employees need the opportunity to make changes to own and solve problems and need to be taken to task if decisive action isn't taken. Moreover, when things are done right, encourage and reward to maintain accountable attitudes.

As a leader, culture is created where you spend your time, so spend time catching people doing things right and with those who are achieving well, spend time encouraging and rewarding; thank people for good work. They will feel valued and respected, and that's what creates the best culture – and encourages the positive side of accountability.

# Has South Africa reached its limit on tax increases?

By Kyle Mandy, Tax Policy Leader, PwC

Following the Medium Term Budget Policy Statement (MTBPS) delivered on 25 October 2017 there is growing concern that South Africa has reached its limit in terms of the amount of tax revenues it can extract from taxpayers through further tax increases.

At the time of the 2017 Budget in February, a number of commentators, including myself, warned National Treasury and Parliament that the tax increases announced in the Budget, particularly on personal income tax, would likely push tax revenues very close to the top of the Laffer curve, i.e. the point at which tax revenues are maximised and beyond which tax rate increases will actually result in a decrease in tax revenues.

The Laffer curve was developed by economist Arthur Laffer to illustrate the relationship between tax rates and the amount of tax revenue collected by governments. It suggests that as tax rates increase from low levels the tax revenues

collected will increase. However, at some point further tax rate increases will actually lead to lower tax revenues as the disincentive effects of higher taxes begin to dominate.

While Laffer's primary objective was to illustrate the relationship between taxes and production (i.e. that taxing any economic activity results in less of that economic activity and resultantly lower tax revenues), the Laffer curve also illustrates that higher tax rates result in a greater incentive for tax avoidance and evasion which could also cause tax revenues to fall. In this regard, it is important to recognise that a tax system does not operate in a vacuum. It is impacted by the social, economic, and political environment in which it operates.

The result is that where taxpayers perceive a government to be corrupt, inefficient and wasteful, not delivering benefits to taxpayers or the broader citizenry or a country is in tough economic times, this will result in the Laffer curve

shifting downwards and to the left. The result is that the tax system will be able to deliver less tax revenues at a lower maximum rate than would be the case in the absence of such conditions.

The evidence emanating from the MTBPS suggests that, in the current environment, South Africa has maximised the tax revenues that it can extract from its citizens and has possibly even gone past that point and is now on the downward slope of the curve. Why do I say this?

The last few years have seen significant tax increases directed at fiscal consolidation in a low growth environment and amid growing concerns of levels of corruption and government inefficiency. These tax increases saw the main budget tax: GDP ratio increase from 24.5% in 2012/13 to 26% in 2015/16, primarily led by increases in personal income tax.

However, since then the tax:GDP ratio has stalled at 26% in both 2016/17 and in the revised

forecast for 2017/18. It is not unreasonable to expect that the tax:GDP ratio for 2017/18 may fall below 26% in the final outcome. The stalling of the tax:GDP ratio comes despite significant tax increases in each of 2016/17 and 2017/18 which were expected to deliver R18 billion and R28 billion of additional tax revenues respectively.

Another way to look at this is to consider the tax buoyancy ratio. When tax revenues grow in line with the economy this will result in a tax buoyancy ratio of 1. Naturally, where tax rates are increased one would expect that the tax buoyancy ratio will exceed 1, resulting in an increase in the tax:GDP ratio. The tax buoyancy ratio for 2016/17 was 1.01 and is forecast to be 1.02 for 2017/18. In other words, the tax increases in the last two years have simply resulted in the tax revenues tracking GDP and have not resulted in an increase in tax revenues relative to the size of the economy.

As we all know by now, the tax revenue forecast for 2017/18 was revised downwards by R50.8 billion. So, how much of this is due to slower than forecast economic growth and how much is due to slippage in levels of compliance or increased tax avoidance? After all, the South African Revenue Service has acknowledged that it has seen a decline in levels of compliance.

Some simple arithmetic can give some insight into this.

In the MTBPS, the nominal GDP forecast for 2017/18 was revised downwards by R69 billion. At 26% of GDP, this results in a tax shortfall of just under R18 billion. This suggests that the balance of the projected revenue shortfall of some R33 billion relates to increased tax avoidance, a slippage in the levels of compliance or other tax administration related causes (this is in line with the fall in the original forecast tax:GDP ratio for 2017/18 from 26.7% to 26%). Of course some of this decline may be attributable to overly optimistic tax buoyancy ratios applied by National Treasury in its original forecasts, but clearly a large portion relates to the factors mentioned above.

Regardless of the reasons, the evidence suggests that tax increases are no longer providing the desired result in the form of increased tax revenues.

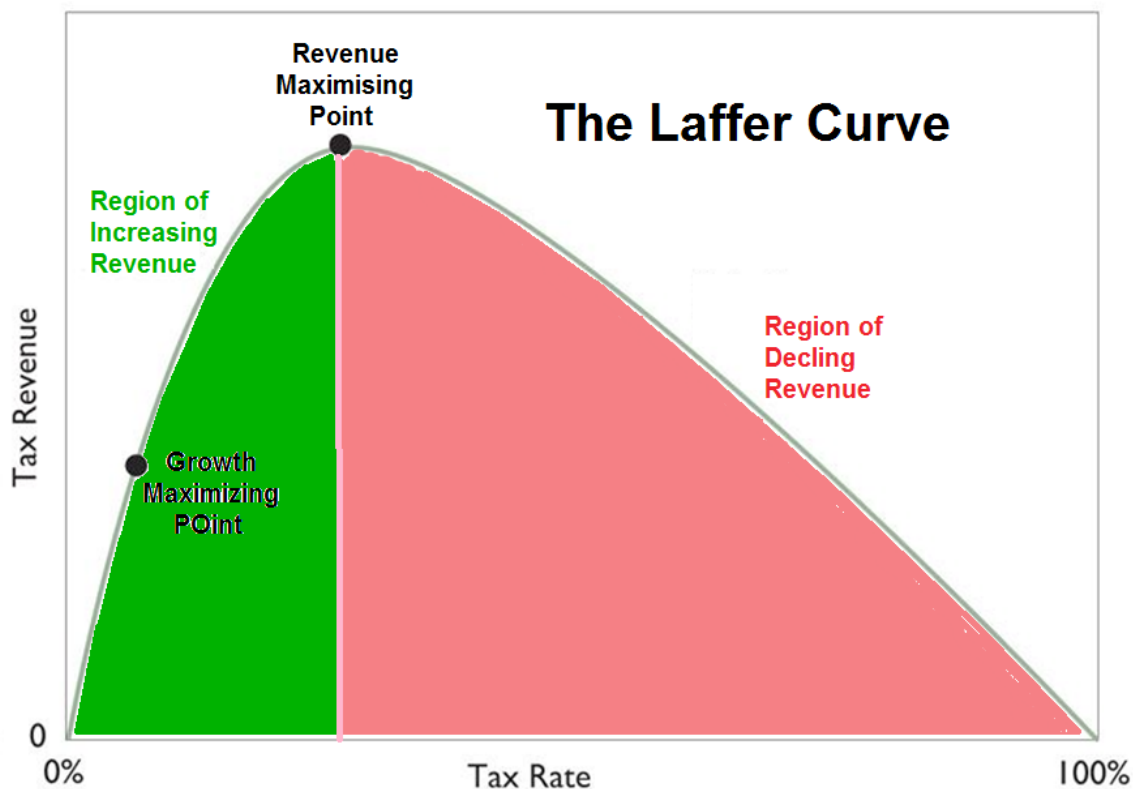
So what does all of this mean for tax policy and fiscal policy generally? Simply put, National Treasury have been placed in an invidious position. Increasing taxes further in the current environment could be self-defeating and result in a decline in the tax:GDP ratio.

This risk is particularly prevalent insofar as further tax increases in the form of personal income tax are concerned. Increasing the corporate tax rate would further dent investor confidence and economic growth while Value-Added Tax is politically sensitive due to its regressive nature, notwithstanding that this is the one area where large amounts of revenue could be raised across a broad tax base while minimising the damage that further tax increases would do to economic growth. Realistically, it is probably the only tax that could be increased and deliver increased tax revenues in the current environment.

Of course, if National Treasury is to continue along the path of fiscal consolidation, the other option is to cut expenditure. This aspect of the budget, however, is also inherently political with significant pressures for increased spending stemming from new initiatives such as National Health Insurance, social security reform and higher education funding while also having to contend with negotiations for public sector wage increases and bailouts of state-owned entities.

In light of all these issues, it is no wonder that we saw the Minister of Finance simply setting out an honest assessment of the state of affairs in the MTBPS while presenting no proposals on further fiscal consolidation measures. One

gets the sense that National Treasury is pinning its hopes on a more conducive environment come February 2018, which will potentially give it a greater level of flexibility on the tough fiscal choices which will need to be made. In the meantime, fiscal policy will mark time.



# SA copyright law on a knife edge

By Stephen Hollis, Partner, Adams & Adams

The August 2017 Parliamentary hearings on the Copyright Amendment Bill involved more than 70 submissions (written and oral), leading the Portfolio Committee for Trade & Industry to conclude that the Bill requires a lot more work. The Committee decided to take over the drafting of the Bill from the Department of Trade and Industry (the dti) and to prepare a so-called B-Bill.

Whilst it is undisputed that SA's copyright legislation needs to be updated to address the new ways in which copyright-protected works are dealt with and also to improve accessibility to copyright protected materials for people with disabilities and to strengthen the position of artists, composers, authors and performers following the recommendations of the 2011 report of Copyright Review Commission chaired by Judge Ian Farlam, the expectation was not for our Copyright Act to, in effect, be 'turned on its head.' However, many of the proposed provisions in the Amendment Bill may achieve just that, the cause being a new and unmandated focus on so called "users' rights".

Our creative industries, whether in the publishing, entertainment, film, music, arts, technology, broadcasting, education and software development sectors, all rely on copyright in some way or another in order to facilitate dealings in their works, whether by their audiences, their customers or even other creative industries. Any amendment to our Copyright Act should therefore only be considered on the basis of policies backed by evidence and with the interests of all parties in the ecosystem, creative industry stakeholders and consumers alike.

## A perceived lack of proper and meaningful stakeholder engagement

One of the key issues raised by multiple industry stakeholders in their submissions to

Parliament, is the perception that the dti did not engage with all stakeholders concerned in a meaningful and constructive manner or on an equal footing during the drafting phase.

One of the most powerful presentations delivered during the hearings was undoubtedly that of a composers' delegation led by music producer Gabi le Roux, and supported by several high profile performing artists, including Vicky Sampson, Kwesta, Ernestine Dean, Locnville and Zolani Mahola. They informed Parliament that, while dti appears to have engaged more closely with the technology sector, that includes the largest commercial users of copyright protected materials (Google/YouTube, in particular), there was unfortunately no meaningful engagement with artists, authors, composers. This, despite the 2011 Copyright Review Commission report which clearly recommended that our copyright legislation should be amended to ensure that our artists, authors, composers and performers are afforded increased legal protection against the unauthorised use and access to their copyright protected works and that royalty collection and distribution streams be managed more effectively. Instead, provisions in the Bill are more harmful to those in our creative industries who are already vulnerable, than those in the current Act.

## Concerning proposals for 'users' rights'

The Bill's introduction of an inalienable royalty right in favour of "users" has raised many

eyebrows. Many observers first thought that the entitlement of "users" to royalties of copyright works that they "used" was the result of a 'global cut & paste' error in the drafting, but were shocked to find that this was actually what was intended by the drafters of the Bill.

In what appears to be an attempt to include a 'user' of copyright protected works (in particular literary, musical and artistic works, cinematograph films, sound recordings and audiovisual fixations) into the value chain of parties who would be entitled to receive royalty payments for the use of those protected works, the Bill expressly provides that a 'user' shall have the right to claim an equal portion of the royalty payable for use of the relevant copyright protected works. Further, the 'user' shall also have the right to transfer copyright in a literary or musical work. The 'user' is even entitled to give consent to remove or modify the copyright management information of a work which is subject to a technological protection measure.

Insofar as 'user access' to copyright protected materials is concerned, the Bill proposes to make allowance for the copying or reproduction of copyright protected works for the 'purposes of educational and academic activities if the copying does not exceed the extent justified by the purpose'. Further, the Bill seeks to introduce a legal defence of fair use (see more on this below) insofar as the reproduction and use of copyright protected materials for the purposes of 'scholarship, teaching and education' and for 'expanding access to underserved populations' are concerned.



The introduction of "users' rights" begs the question: Who is the "user"? With one notable exception, the terms "use" and "user" do not appear in the Act. Copyright only concerns itself with specific acts in relation to copyright works that amount to their commercial

exploitation, notable being reproduction and public performance, which are exclusive rights reserved to the copyright owner. The exception is Section 9A, introduced in an amendment in 2002, which itself has had a tortuous route to proper interpretation, which was only resolved more than ten years after the section came into effect – to the detriment of composers and performers.

## The 'fair use' debate

No doubt, the most significant proposed amendment for turning our copyright system into a 'user access-oriented system' is the proposed replacement of our fair dealing provisions with an open-ended and general defence against copyright infringement in the form of the fair use doctrine, which has its origin in the United States.

It is rather peculiar that the dti were inspired by the United States for guidance for the development of our law. The doctrine of 'fair use' has developed completely independently from copyright legislation in the rest of the world for more than 200 years, and importing this legal doctrine without also importing the legal mechanisms that support the operation of that doctrine would be extremely risky.

The 'fair use' doctrine represents an open-ended defence to copyright infringement exemption provision which has general application in that it can apply to any purpose derived from a non-exhaustive list of 'public good' purposes. Application of the defence is determined by a Court after the event by reference to four factors, to determine whether the unauthorised use or reproduction of a copyright protected work may, in certain circumstances, be allowed.

One of the mechanisms which supports the functioning of the 'fair use' legal defence in the United States, is the fact that punitive damages may be, and are regularly, awarded. Plaintiffs in copyright infringement cases may be able to obtain top class legal representation if the attorneys are of the view that they may be successful in landing a huge monetary award. This results in a cautious approach in relying on 'fair use'.

In South Africa, our Courts rarely award punitive damages for copyright infringement. In the

absence of balancing factors and qualifications, 'fair use' will result in the very opposite of the recommendations of the Copyright Review Commission report being achieved, since composers and performers will not be in any position to protect their rights if they anticipate that a 'fair use' defence will be raised, whether in substance or simply as a matter of tactics on the part of the defendant. Consider a large multi-national organisation backed by financial and legal resources raising a 'fair use' defence for mass unauthorised reproductions of copyright works – such a case would run in the Courts for years, if the rightsholders were able to take on such a case in the first place.

Interestingly enough, in countries with which we do share common law legal heritage, such as the UK, EU, Australia and Canada the importation of a 'fair use' system akin to that of the USA, was rejected. In the UK, government commissioned an independent investigation to determine whether the current copyright (and other IP) legislation was in any way prohibiting or restraining technological or other advances. Professor Ian Hargreaves and his team of professionals conducted this investigation over the course of many months and eventually concluded (in the so-called Hargreaves report) that that the benefits of the US fair use system are largely overstated; that it could introduce vagueness into law and that the same results could be achieved by taking up copyright exceptions into their already existing fair dealing provisions (which are similar to SA copyright law as it stands) that would accommodate future technological change where it does not threaten copyright owners.

In South Africa, we need to find a solution that works within our existing legal framework and that establishes an appropriate balance between rights holders in our vulnerable creative sectors (our authors, composers, artists and performers which the 2011 CRC Report recommended should receive increased legal protections and should benefit from more effective royalty collection and distribution systems), on the one hand, and those businesses that make commercial use of their copyright protected materials on the other.

The recommendation would be for Parliament's drafting team to work on keeping our very clear copyright infringement provisions (our so-called

fair dealing provisions) intact and to introduce additional exceptions where there is a clear need to do so.

## Economic impact

One of the many criticisms of the process leading up to the introduction of the Bill was that the dti had not carried out any meaningful impact assessment, with the report under the Government's Socio-Economic Impact Assessment System (SEIAS) not indicating any independent research – or any research at all – on the impact of the Bill, especially its proposed exceptions and the 'fair use' clause. The SEIAS report and an earlier regulatory impact assessment referred to in the Bill's Explanatory Memorandum were not even released by the State in the consultation process.

The publishing sector is understandably very concerned with these proposed amendments to our Act, since the education sector has always been considered as a legitimate market for the publishing industry, just as the education sector is a legitimate market for any form of commerce. The Publishers Association of South Africa, PASA, had an economic impact assessment of the exceptions for education and the 'fair use' provisions carried out by consulting firm PwC, which warned of "severe negative consequences" for the publishing industry if these provisions were to pass into law. PASA presented PwC's report to Parliament at the hearings.

## Conclusion

The integrity of SA's copyright law is on a knife-edge. The Bill has become the battleground between those who rely on copyright to freely benefit from original creative works and those who advocate that copyright "locks up" copyright works and makes them inaccessible whilst paying lip service to rights of creators. When considering the clear and express recommendations made by Judge Farlam and the Copyright Review Commission that SA's copyright system should protect the vulnerable members of our creative industries, our authors, composers, artists and performers, to enable them to benefit from the works they created and performed, one wonders why the dti unilaterally shifted the policy objective to promote "users' rights" instead.

# Internal auditors - Where the boundaries lie with enterprise risk management?

By George Williams, Director, Risk Advisory Services, BDO

With the wake of recent developments in the global arena revealing the devastating effects of the #wannacry cyberattack that caused major business disruptions in 104 countries, businesses have been prompted to re-evaluate the state of their cyber readiness. One key learning from the attack was how the business world is constantly changing, which continually exposes organisations to risk. Fortunately, internal auditors can help companies to manage this risk.

But what exactly is the role of internal audit in Enterprise Risk Management?

Besides IT threats, other examples of risk include “ethical lapses”, poor decision-making, natural catastrophes like floods and tsunamis, socio-political shocks like Marikana, financial crises and many more.

Internal audit exists to educate companies about the possibility that an event may occur. But ultimately, it is the board and senior management who are responsible for risk management, and they need to develop various risk responses, processes and structures.

The internal audit function reviews systems of internal control, to decide whether the controls are adequate and effective.

Internal auditors can't be responsible for risk management. The board and senior management are responsible for implementing a risk management process, which is a responsibility that cannot be abdicated or passed on.

Viljoen and Barac directly address this issue in their paper “Managing risk: What should internal audit do?” in the Southern African Journal of Accountability and Auditing Research.

As they point out, an internal auditor has two types of roles: core roles, and legitimate roles.

Core roles relate to assurance activities. They provide assurance to the audit committee and the board, whether their controls are working or not. Internal auditors also provide assurance on risk management and governance processes.

“The internal audit is about determining whether risks are correctly evaluated,” write Viljoen and Barac. It evaluates risk management processes, and the reporting of key risks.

They go on to say that internal audit's legitimate roles relate to “consulting activities which could be performed by internal auditors, provided that the necessary safeguards to their independence are in place”.

Internal Auditors can't effectively fulfil both roles of referee and player. In their professional capacity, they can provide a consulting service on risk management, but can't be the ones responsible for risk management. They can review the process of governance, but can't get involved in governing or do the accounting. That has to be done by roping in a third party.

The internal auditor must not be responsible for management functions, this essentially means that they can't sit on the board of directors or be shareholders of the company. If they do, this presents a self-review threat. If they were to operate in this manner, it might undermine their independence. The simple rationale for this is that when placed in such a position, they're less likely to overtly advise the board on something that is not working, if it might affect their own pocket.

The role of an internal audit service provider is to facilitate a process where the company identifies its risks and manages them.

Internal auditors can help identify and evaluate emerging risks — like when something such as #wannacry happens and threatens business operations. They can also coach management on how best to respond to risk and provide

consulting reports to facilitate or improve risk-management processes.

They have the risk-management tools, so they can consolidate all the risks and report on them. But they cannot manage the company, or set the company's risk appetite and implement the risk responses. Similarly, internal auditors cannot be accountable for risk-management processes.

In practice, internal auditors may draft a risk management policy and a framework, but the client will have to approve it.

In these uncertain times, management needs to take responsibility for risk management. Unprecedented threats can hit out of the blue — like #wannacry, a black swan. But while the ultimate responsibility rests with the board and the audit committee, internal audit consultants are there to advise, assist and facilitate.

There needs to be clarity on where the boundary is, how internal auditors can add value and where their responsibilities start and end. These are practical, legal and ethical questions.

Companies that are unclear about this delineation of roles, or suspect their internal auditors may have overstepped the boundaries, should seek counsel from external internal audit providers to gain greater assurance.

To ensure that your company's internal auditors are managing risks and that their role definition is clear, it's useful to perform a quality assurance review (QAR) of your internal audit function. This is a trusted process which has been conducted by several leading organisations and they always prove worthwhile.

Indeed, the best way to really take responsibility for your company's risk management is often to enlist the support of the consulting firms best equipped to do so.

# Time for governance oversight body

By Jonathan Lewis, Managing Director, Corporate Governance Accreditation



Following the global financial crisis of 2008 there were a number of reports, reviews and studies carried out on the reasons for the failures and governance lapses. These lead to an increased focus on governance issues in the broader sense i.e. including matters such as sustainability, environment, ethics, values and corporate social responsibility.

Ways are still being sought to encourage greater shareholder activism – or at least increased efforts of shareholders to engage with management - particularly in relating to matters of governance. However, the issue is not as simple as it may seem. Asset managers deal with many different asset classes e.g. equities, derivatives, bonds, hedge funds, unit trusts, funds of funds etc. Of these equities are the easiest to apply Environmental, Social and Governance (ESG) principles, but what of the other asset classes? How do you apply ESG issues to a hedge fund, or derivatives? Can you only invest in green bonds? Ironically, in order to achieve the best value, it's probably better to invest in a company with potential but with bad governance. Hopefully your actions in engaging with the company will lead to improved governance and a commensurate increase in share value and so you will reap the rewards of your efforts. Some of the larger funds have indeed pursued just such a policy, but you need

the capacity and resources of a dedicated team.

However, even equities are not without their challenges – for example you might be a medium size asset manager with tens or hundreds of millions invested in a particular company, yet that investment only represents a very small percentage of the share capital – 2% or 1% or often less. That doesn't give you much clout in your engagements with management.

The reality is that no matter what codes or regulations are published to give effect to these intentions, implementation will inevitably be driven either by effective oversight and monitoring or financial penalties.

Asset managers are ideally placed to influence the adoption of ESG principles by companies, but why should they bother? Why spend money on engaging additional resources and capacity to implement ESG activism? If a share is performing well, irrespective of the state of governance in a company, the asset manager is happy (and no doubt their client), and if it's not, they can sell their shares and invest in better performing stock.

The most effective manner to encourage them to implement ESG considerations in their investment strategy is to ensure that it's

required in terms of their mandates provided by the institutions whose funds they are investing and to require them to report on how they have achieved this. But how can this be achieved?

The 2009 UK Walker Review recommended inter alia the development of the Stewardship Code for asset managers. This was a voluntary code that promoted pro-active engagement of asset managers in including ESG principles in their investment strategies and engaging with companies to encourage ESG implementation. A number of asset managers signed up, with little noticeable difference in practice until the UK Financial Reporting Council (FRC) became more proactive in its oversight of signatories. They published a listing of asset manager signatories rated in three tiers of red, orange and green. Green meant that a fund was demonstrating proper compliance with the Code, orange meant that some work was still required and those ranked as red had six months to up their game or be removed as a signatory.

South Africa developed its own Code for Responsible Investment South Africa (CRISA) for asset managers which is very closely aligned to the Stewardship Code. However, there is no entity providing oversight or monitoring of implementation by signatories like the FRC in the UK.

I am fortunate to sit on the Responsible Investment Committee of the Association for Savings and Investment South Africa (ASISA). After years of lobbying the Financial Services Board (FSB) the Committee managed to achieve an amendment of the preamble of Regulation 283 to include the requirement for asset managers to incorporate ESG considerations in their investment mandates.

The listings requirements of the Johannesburg Securities Exchange (JSE) make it mandatory for companies to implement the King Code guidelines on an apply and explain basis. So, for listed companies at least, all the drivers are there.

Asset owners are compelled to require asset managers to consider ESG issues in their mandates. Asset managers are therefore obliged to execute the terms of the mandate and the CRISA requirements (assuming they're signatories).

Add to this mix the 'Freshfields Report' (the 'Report') released by the United Nations Environmental Programme - Financial Initiative (UNEP FI) in October 2005 with relatively limited fanfare, but with potentially huge implications for the asset management industry. It made the startling finding that if asset managers didn't take ESG factors into consideration in their investment strategy there "was a very real risk that they will be sued for negligence." Paul Clements-Hunt, Head UNEP FI, commented that "The Fiduciary II report provides the legal ESG keys for those institutional investors wishing to enter the responsible investment arena. There is no legal excuse now not to invest responsibly." There is nothing like the threat or potential risk of legal action to focus the minds of the board and executive management.

Surely the combination of Regulation 28 preamble, CRISA, the JSE Listings Requirements and the Report, provide sufficient motivation for asset owners, asset managers and listed companies to implement ESG principles in their mandates, investment policies and corporate strategies respectively?

Without the necessary enforcement, arguably not. While the FSB, and the JSE provide some oversight limited to their respective jurisdictions there is no overarching oversight body with the equivalent authority of the UK's FRC.

Permit me to elaborate by using examples of recent developments in the UK.

Motivated by the governance failures at British Home Stores and Sports Direct retail chains the UK House of commons tasked a committee (the 'Committee') to review the governance failures related to these incidents. On 30th March 2017 the Committee published their Report (the 'Report') intended to "make a strong contribution towards embedding the behaviours of good corporate governance in the culture and values of British businesses, to the benefit of both business and society as a whole."

It made a number of recommendations, too numerous to mention here, including improved reporting standards, greater interaction between boards and shareholders, increased accountability of non-executive directors (NEDs, tightening of executive pay oversight, the development of a new Code for large private companies and increasing the "role and powers of the FRC to enable it to engage with companies in order to improve performance and to expose poor governance practices".

Recently David Pitt-Watson - supported by a prominent group of organisations including the Institute of Directors (UK), the Trades Union Congress, the Institute of Chartered Secretaries and Administrators and the International Corporate Governance Network - drafted a letter to the Prime Minister requesting the establishment of an independent unit to police corporate governance and executive pay.

The UK Committee's findings included recommendations to extend the authority, resources and capacity of the FRC. Whether a separate independent unit is established instead remains to be seen. However, based on Committee's recommendations, the intention is clearly to increase the FRC's oversight of governance Codes and related regulations.

An excellent recent article ("Profits and pay are key areas, Financial Mail, 2 Feb 2017") by Ann Crotty on the subject endorsed the proposal by Pitt-Watson and discussed how such a similar oversight structure could be established in South Africa. However, her approaches to ASISA and the IoDSA, as the most obvious organisations to pick up this baton, were not enthusiastically received and her assessment of the capacity of the Companies and Intellectual

Property Commission (CIPC) as already being overstretched is probably accurate.

There can be no argument against the need for improved oversight of governance across all sectors, but if neither ASISA nor the IoDSA are prepared to take the lead, and the capacity of CIPC is already stretched, then who?

Pitt-Watson, in his letter to the UK Prime Minister emphasised the importance of any oversight entity to be completely independent in order to make it 'difficult for any stakeholder group to lobby.' Given government's seeming ability to influence state and even constitutional bodies, one might be reluctant to charge any with such responsibility.

The Centre for Environmental Rights (CER) is currently establishing a new activist unit known as FairShareSA "aimed at promoting good corporate citizenship by driving responsible investment in South Africa". It aims to achieve this by stimulating 'active ownership and responsible investment by shareholders, to force companies to internalise the values of corporate citizenship, and to end impunity for companies which conduct business in an unlawful, unsustainable or exploitative manner.' Whilst this is a much narrower focus than the broad objective of governance oversight responsibility, the two are not miles apart. Then there's the distinct benefit of the CER being independent.

Perhaps FairShareSA can be persuaded to broaden its scope? If not, it's high time that someone steps up to the plate to take the initiative. An NPO with the support of strategic national and international partners would be the ideal. It could develop best practice guidelines for various industry sectors and encourage conformance. Pending legislated authority, enforcement could be via naming and shaming offenders and, as a last resort, compiling reports for submission to prosecution authorities and/or initiating civil actions. Organisations such as ASISA may be more comfortable supporting such an initiative rather than leading it. The investment community need it to encourage investment, business needs it to keep it on the straight and narrow and the country needs it to curb unethical and corrupt practices that are fast becoming endemic to society.



# The business of body language

By Gilan Gork, Mentalist

## How is body language like a tin of paint?

It may sound like an absurd question, but it really isn't. In fact, I mention this question at the start of every session I give on the subject. Over the past twenty years, I must have asked this question to literally thousands of students in dozens of different countries.

Here's the answer: paint is only useful when it's applied to something. For me, the same is true of body language and the study of non-verbal communication. I never teach these subjects in isolation. In this article I will share with you how to apply a working knowledge of body language to real-life practical situations, especially to do with selling, negotiation, leadership, and so on.

Society is slightly obsessed with body language. Entire panels were dedicated to reading and analysing body language during the US presidential debates. A candid photograph at an event can trigger wild assumptions and accusations of illicit affairs. The emphasis of this article is key body language techniques you can use to ensure your communication is more influential, especially in significant business interactions. These are the same techniques taught to top politicians for use in meetings and negotiations.

## Eiffel

We all know people who seem to speak as much with their hands as with their words! But the careful use of hand gestures can make a positive difference to how effectively you communicate with other people, and how influential you are.

The below image focuses on one particular gesture that most of you will recognise: the



'Eiffel'. This is when your fingertips touch lightly together. If you are seated your hands will typically hold at about chest-height. If you are standing then they often drop to waist-height or lower.

The Eiffel gesture manages to subtly convey both competence and confidence, which has obvious implications for any business situation. If the person you're talking to gains the sense that you know what you're talking about, and that you're very relaxed and confident, they are more likely to warm to you and to feel they can trust you. This, in turn, will make it easier for you to fulfil your purpose of meeting, whether it's to influence around products, ideas or recommendations. Just remember not to use the Eiffel or any other gesture too much. Influence, like fine perfume, works best when it's subtle.

## Palm it off

When it comes to influence in business, small changes can make a big difference. The gestures in the three images below are a perfect example.



To the untrained eye, they look more or less interchangeable: palm up, palms parallel, palms down. Yet they convey three very different tones. Option 1, palms up, communicates openness and honest. Option 2, palms parallel, conveys expertise. Option 3, palms down, indicates that you feel certain about what you are saying.

Beware of over-using the palms down gesture. In my corporate sessions I demonstrate how the palms up gesture can be far more influential, especially when making requests. In this demonstration I say the same thing, in the same way, however the first time I use palms up and in the second I say it with palms down. Every single audience has agreed that they are more likely to comply in the first instance. The palms up gesture foster trust and cooperation whereas the palms down gesture makes them feel as if I am delivering orders.

By paying attention to subtle shades of meaning like this, you can greatly enhance your influence efforts more quickly, more often. The 'palm up' gesture, by infusing your meeting with the sense of a relaxed, easy going dialogue, is far more effective than either of the alternatives - yet most people would never notice the difference. Influence can be subtle, even when it looks as obvious as the hand in front of your face.

## Seating positions

It's fair to say that most business meetings are conducted sitting down. It's therefore interesting to note that even something as apparently innocuous as where you choose to sit — relative to another person — sends out signals that could either help or hinder the influence process.

Get it right and you'll foster a sense of safe, amicable cooperation. Get it wrong and you could come across as overly competitive or defensive.

Let us play a game. Refer to the image below. Imagine you have walked into a boardroom for a meeting and the person with whom you are meeting is already seated at the table at position 'A'. For each of the scenarios below, decide which seat, from 1 to 5, you would sit at for maximum influence.



Scenario 1: You are delivering a presentation to Person 'A'

Scenario 2: You are playing a game of chess with Person 'A'

Scenario 3: You are going through a contract with Person 'A'

**Here are the answers.**

Scenario 1: The most strategic position from which to deliver a presentation is position 1, called the 'corner position'. It's close enough to be personable, and the corner of the table acts as a

barrier to prevent any invasion of personal space.



Scenario 2: The most natural position when feeling competitive is position 3, known as the 'competitive defensive position'. The table acts as a firm barrier between you and you can keep a close eye on each other. This is best for some types of negotiation when you need to communicate a firm stance.

Note that this position is not best for all styles of negotiations or business interactions, although it's the most common set up in an office. If you find yourself in the 'competitive defensive position' and want to break that harsh undertone, simply swivel your chair to a 45 degree angle and rotate your body so it faces the other person.



Scenario 3: When going through a contract with someone the most desired

outcome is buy-in and agreement. The most effective seating position to get this is position 2, called the 'cooperative collaborative position'. It makes the other person feel as if you can see things from their perspective. An effective time to utilise this position is if you have a colleague with you in the meeting. You would sit next to your client in the 'cooperative collaborative position', and you would ask your colleague questions on behalf of your client.



Something as elementary as knowing where to sit in relation to someone else, and why,

could make a significant difference to how successfully lead, influence and negotiate.

As with most aspects of body language, the 'rules' may be simple to learn but this doesn't mean they are trivial or insignificant. Good communication is obviously essential to influence, and getting the non-verbal communication right is just as important as anything else. Due to the fact that 80% of what we retain is visual, body language can be the most important communication tool we can use.

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# Removing the admin of running your company's share scheme

In the last edition of Boardroom, Anthony Wilmot, unpacked the dilemma that companies faced when the Financial Services Board (FSB) released a directive clamping down on what it referred to as "illegal exchanges". These were the private companies that were facilitating trading in their own securities using platforms with matching mechanisms to execute trades.

The popularity and ease of use of trading platforms such as Equity Express came under scrutiny as the FSB cited systemic risk and investor protection as their main concerns. Mid to larger B-BBEE share schemes were some of the most negatively impacted but this also affected other private companies trading shares in this manner.

Companies were advised to apply for a temporary exemption from certain provisions of the Financial Markets Act (FMA), to continue trading in their own securities while they regularised their affairs in one of four ways:

1. Obtain an exchange licence;
2. Cease your illegal trading activity
3. List on an exchange i.e. the JSE, or
4. Rearrange operations to fall outside the definition of an exchange in terms of the FMA

For most companies, the only viable option is for the company secretary to once again take over the function of manually negotiating acceptable deals

between buyers and sellers and deal with the settlement process. Going backwards and forwards between buyer and seller to ensure that each trade takes place correctly is understandably an onerous task.

Some of the companies in question have upwards of 90 000 shareholders who require a facility to be able to 1. value their investment through a transparent price discovery mechanism and; 2. liquidate their investment in an efficient manner that eliminates settlement risks. In the case of restricted shares, there are also multiple sets of checks, controls and rules to implement which makes trading even more arduous to execute. Manually doing any of the above takes an enormous amount of time and effort for the company secretary, let alone dealing with tens of thousands of shareholders trying to execute up to hundreds of thousands of trades a year.

Clearly a solution was needed in order to overcome the above cross roads that many private companies found themselves in.

Singular Systems, the company that built Equity Express, has invested their time and resources into understanding the predicament that the FSB's directive put so many companies in. The result - OTC Express - an over-the-counter trading platform that meets the FSB's approval. OTC Express effectively allows over-the-counter share trading to take place whilst falling outside of the definition of an 'exchange' according to the FMA. The key is that the technology allows the transacting parties to negotiate bi-laterally

thereby ensuring that no 'illegal' matching takes place. By removing the matching mechanism OTC Express safely falls outside of the FSB's definition of an exchange.

OTC Express' software is a simple and efficient solution not only for trading company shares but also for price discovery. The publishing of historic trade data means that companies and their shareholders are able to understand the true market value of their shares.

OTC Express enables shareholders to transact independently of the company secretary with a guarantee that settlement will take place. This means that the onus is removed once again from the company secretary to oversee each trade. Furthermore, any queries or questions that a shareholder may have can be dealt with by contacting OTC Express's call centre share dealers or by paying a visit to the walk-in centre.

Finally, OTC Express is a proven platform that allows any restrictions that a company wishes to enforce (i.e. race based for B-BBEE shares, limits on percentage ownership etc.) to be implemented at a platform level. This means fewer checks have to be performed by company secretaries and support staff which allows them to shift their focus from administering share registers to ensuring compliance and day to day strategic administration of the company.

# A case for celebration at Awards Ceremony

By Deborah Duncan, Acting Marketing & Membership Manager, CSSA



GRADUATE LLEWELLYN POON



GRADUATE CHRISTINE FOURIE



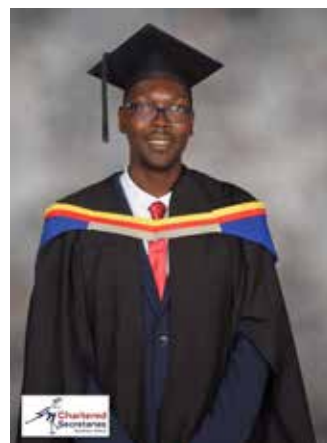
GRADUATE NOKUTHULA MACHAKA



GRADUATE FRANCOIS BREEDT



GRADUATE AND PRIZE WINNER  
LEANNE SCHREIBER  
1ST IN CORPORATE ADMINISTRATION  
1ST IN CORPORATE FINANCIAL  
MANAGEMENT



GRADUATE AND PRIZE WINNER  
LUXMORE CHIGOGO  
1ST IN ADVANCED COMMERCIAL LAW



KAREN ROBINSON AND GRADUATE PETER TSHEPHE WHO IS ALSO AN INSTITUTE STAFF MEMBER



SHAMIDA SMIT (PRESIDENT) AND KAREN ROBINSON



KAREN ROBINSON AND GRADUATE AYANDA MCHUNU

CSSA's Awards Ceremony took place on 28 September 2017 at the historical Wits Club. Graduates were welcomed by CSSA's student department and after registering, the excitement was tangible as they dressed in their formal regalia and had their photographs taken with friends or family.

Once seated in the hall, graduates were formally welcomed by CEO, Stephen Sadie. Shamida Smit, President of CSSA gave a motivational address and said of overcoming obstacles, "when you fall off that horse, and believe me – EVERYONE falls, strength of character is measured by getting up, and getting back into

that saddle because it's what YOU want...".

Adrian Skuy, lecturer at Rissik Business School, left an inspirational message, which resonates strongly in these turbulent times, that "the future belongs to those individuals, companies and nations that continually invest in their intellectual capital and maintain the highest ethics in all their dealings". We have seen some recent events in the media relating to individuals and companies to which this statement aptly applies.

The proud moment arrived when graduates were called up individually to be capped. The sense of pride in the room was overwhelming. It

was extremely encouraging to give out awards to a number of deserving 1st and 2nd prize winners.

An abundant African themed buffet dinner took place after the Awards Ceremony which allowed students to network with fellow students and guests from CSSA.

We encourage our graduates to now become members and start putting their qualification into practice. CSSA is over 108 years old and we look forward to watching your careers go from strength to strength as you go on to become Associate and Fellow members.

PRIZE WINNERS - OCTOBER 2016		
Financial Accounting 1	1st	Kerry Colley
	2nd	Yajur Chotai
Communication		Anri du Toit
General Principles of Commercial Law	1st	Desiree Jansen van Rensburg
Advanced Commercial Law	1st	Luxmore Chigogo
Corporate Administration	1st	Leanne Schreiber
	2nd	Terusha Ramchund
	2nd	Zandra Swart
	3rd	Hein Buys
Corporate Financial Management	1st	Jane Key
	1st	Jennafer te Brake
	2nd	Morne Vorster
	3rd	Ignatious Chipiro
Corporate Secretaryship	1st	Thabang Nkomo
	1st	Gladys Zemura
Corporate Governance	1st	Nicolene Collett
	2nd	Kim Abraham
Public Sector Governance	1st	Zamela Kiviet

PRIZE WINNERS - MAY 2017		
Financial Accounting 1	1st	Justin Blackbeard
Communication	1st	Michelle Taylor - Dowson
	2nd	Andrea Jacobs
	3rd	Cahley van Deventer
Managing Information Systems	1st	Desiree Jansen van Rensburg
	2nd	Anita Strodike
Managing Information Systems	1st	Desiree Jansen van Rensburg
	2nd	Anita Strodike
Management Accounting	1st	Brandon Smith
	2nd	Ayanda Hlongwa
Corporate Financial Management	1st	Leanne Schreiber
Corporate Secretaryship	1st	Juliet Pousson



GRADUATE ALIDA CRONJE AND GUESTS

# Election to membership

The Institute is pleased to welcome the following members to the grade of membership shown below

## FELLOWSHIP

- Jonathan Ngonidzashe Nyahuye, Group Company Secretary – Efficient Group
- Willem Karel Groenewald, Group Company Secretary – Allied Electronics Corporation
- Marco Du Plessis, Executive Manager – Group Risk Management Services
- Karen Elizabeth Mills, Company Secretary – Johannesburg Roads Agency
- Nompumelelo Nene, Company Secretary – National Lotteries Commission

## ASSOCIATESHIP

- Carmen Wilkinson Group Company Secretary and Legal Manager – Real People
- Caron Anne Priestley, Financial Director – Tractor Parts Centre
- Christine Fourie, Company Secretary and Public Officer – Sonae Arauco SA
- Cynthia Mputisi, Finance Officer – South African Red Cross Society
- Jenny Magodi, Finance and Legal Analyst – Accenture
- Lindy Basson, Corporate Statutory Consultant – RSM SA Consulting
- Mpendulo Prosperous Mbingo, Management Accountant – Illovo Sugar
- Nombulelo Mabuza, Head of Billing & Vending – Swaziland Electricity Company
- Luxmore Chigogo, Commercial Manager – Pacific Paper Technologies
- Mary Ann Lamb, Creditors Administrator – St John's College
- Charissa Bianca Carpenter, Manager – Company Secretarial Services – Adams & Adams
- Lizaan Nel, Administration Manager – Loot Online
- Lovejoy Chirume, Company Secretary – Mindset Network

## Welcome Nikita Theodosiou, Training and Universities Manager, to the Institute.

This is a newly established role that involves developing and facilitating CSSA training workshops and liaising with Universities to encourage greater take-up of our courses.

Nikita is an admitted attorney, who holds a BA and an LLB from the University of the Witwatersrand and has experience in both law firm and corporate environments. Nikita joins us from Ernst & Young ('EY'), where she held the position of Assistant Manager in the General Counsel's office, providing internal legal advice to the EY business teams across 26 African countries. She also fulfilled a company secretarial role for the South African entities.

Nikita has had previous experience in running workshops and enjoys the interactive aspect of this role as she loves working with people. You can contact her at: [Nikita@chartsec.co.za](mailto:Nikita@chartsec.co.za).





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Our team knows how important a company secretary or governance professional is to a business. We understand what is needed to match skilled candidates to small and large organisations, as we have run small and large company secretarial departments. In addition, we know what technical questions to put to prospective candidates, which will ensure that these aspects are thoroughly explored prior to submitting short-listed names to organisations.

## ▶ For prospective candidates

Because of our intimate knowledge of the corporate governance and company secretarial profession over a combined 42 years, our team is able to appropriately match the relevant skill to the right opportunity to further your career objectives.

### Contact details

Chartered Secretaries Placements

Tel: 011 326 0975

Email: [placements@chartsec.co.za](mailto:placements@chartsec.co.za)



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