

ABC SA NEWSLETTER



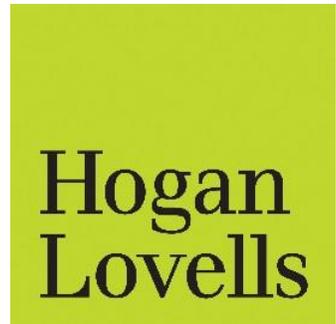
June 2017

www.abcsafrica.org

RETAIL PANEL EVENT

Invites were sent out a week or so back, but for those that missed it, we are holding a **Retail Panel** event on Friday 7th of July at **Hogan Lovells** in Sandton. The panelists will be;

- Bernie Brooks – CEO of Edcon
- Andrew Stark – MD of Flight Centre South Africa
- Chris Hamilton – CEO of Bankserv South Africa
- Laura Turner – Head of Investor Relations, Growthpoint
- Luke Roberts – Retail Director at Disney.



Rod Salmon a retail equity analyst from ABSA Capital will be facilitating the panel and this is sure to be an interesting discussion around a sector that is no doubt feeling the effects of the difficult times facing the South African consumer. The **recent closure of Stuttafords** is no doubt reflective of the market. For those of you that have not responded as yet, please rsvp to mignon@abcsafrica.org. The event starts at 7.15 am.

THE KOOKABURRAS ARE IN TOWN



For those wanting to continue Friday the 7th with another appointment, the **Kookaburras** (the Australian men's hockey team) will be in Pretoria between **3-5pm** for an afternoon tea. They are in South Africa for the **World Hockey League Semi-Finals** and the Australian High Commissioner has extended an invitation to ABCSA members who would like to join this social get-together at the High Commission Residence in Pretoria. Snacks and drinks will be supplied. Dress code is smart casual. Please rsvp to invitations.pret@dfat.gov.au by Wednesday 5 July. Members who reply to attend will then be given the High Commissioner's address.

BUILDINGS OF THE FUTURE



One of our members **Aurecon**, recently produced a white paper on **Buildings of the Future**. The paper is based on thoughts from a broad group of professionals in the built environment. The authors suggest that compared to other industries the built environment has been slower to react to the changes brought about by the digital and interconnected society we currently live in. The major themes discussed in the paper are;

- **People at the centre**, e.g. learning to share and the mobile worker
- **Designs that make sense today and tomorrow** – they talk about printed buildings (apparently the European Space Agency is already working on this)
- **Easy life – complex technology**, we might see buildings integrate with artificial intelligence
- **Bottom line benefits**, will there be a return on investment?

See the following link to for this paper; <http://www.aurecongroup.com/en/markets/property/buildings-of-the-future.aspx> . Throughout the year Aurecon will deliver a series of eMagazines on this topic so keep this link for further reading. The website also provides links to some interesting case studies. And it might be worth talking a stroll into the new **Sasol building** in Sandton to see what the latest designs and construction techniques have delivered so far for its expected 7,000 inhabitants. After all, it was built at a cost of R2 billion.

NEW MEMBERS



We would formally like to welcome one new member who joined the Chamber during the month;

Acquire is a company dealing with geoscientific data and related solutions.

We look forward to seeing Andre Oosthuizen and his team from Acquire at our upcoming events and welcome them to ABCSA.

PROTECTING YOUR BUSINESS FROM CYBER CRIME

The **Johannesburg Chamber of Commerce and Industry (JCCI)** has extended an invitation to our members to attend a seminar on **Cybercrime** to be held on Tuesday the **11th of July** at JC House (7th floor) cnr of Empire and Owl St, Milpark, 7.00 am - 10.30 am. The seminar will be presented by **Trish Jenkins from Australia** who is an author and international speaker. **As Trish says, one junior employee with a laptop can steal more than ten robbers with guns. This programme is a wake-up call to all companies. It will challenge your assumptions**

about what cybercrime is, who most often commits it and what to do about it. Go to the following link for further information (including some interesting facts about Trish) and registration details, www.jcci.co.za/events/event_view.php?schedule_id=749

The JCCI have also kindly offered this seminar to ABCSA members at their member's rate of R399 per head. And breakfast is included. With the recent spate of cyber-attacks such as **Wannacry** – which was reported to have attacked computers in over 150 countries, this is certainly a topical issue. It may also be useful to know that in December 2016 the South African Government passed the **Cybercrimes and Cybersecurity Bill**. For the interested reader, the Bill can be found at the following site; http://www.gov.za/sites/www.gov.za/files/b6-2017_cybercrimes_170221_a.pdf. To start with you will find out what the definitions of cybercrimes actually are – and they are quite wide ranging.



Johannesburg Chamber
of Commerce and Industry

THE NEW MINING CHARTER

The third **Mining Charter** was gazetted on the 15th of June and much has already been said (most of which is negative) about this document so we will not add to the many articles already published in the media. The current state of play is that the Chamber of Mines (which represents 90% of the mining industry) is approaching the Courts to have the entire Charter halted in its tracks, pending a judicial review.

For a discussion on the various aspects of the Charter, **Warren Beech the Mining Head at Hogan Lovells** has written an article outlining his thoughts and commentary, mainly around the ownership element and the transitional arrangements. This can be found at; www.hoganlovells.com/en/publications/publication-of-mining-charter-2017

Paul Miller from the Mining Finance team at Nedbank also had this to say;

From a new project or exploration perspective South Africa is now, unfortunately, un-investable. SA mining professionals and supply companies will have to aggressively pursue work north of our borders to survive. Foreign investors are also likely to look to other centres from which to enter Africa's mining industry – with Botswana and Mauritius possible beneficiaries. The decline will be inexorable, but probably slow enough for at least some industry participants to adapt and survive by moving on to friendlier jurisdictions. Investor confidence is fragile, and what still remained has been comprehensively smashed – it will take years of effort and astute political leadership to rebuild.

We will also discuss some points about the **procurement section** of the Charter as procurement in the mining industry has a wide impact on South African business and manufacturing in general and in turn a number of our members.

Targets have been put in place around procurement of mining goods (day to day consumables) and mining services. The Charter states that a minimum of **70%** of total mining goods procurement must be spent on South African Manufactured Goods meaning that at **least 60%** of the value added during the assembly and/or manufacturing of these goods is realized within the borders of South Africa. A minimum of **80%** of mining services must be sourced from South African based companies. Mining services refer to various services ranging from drilling, marketing, medical, insurance, IT and security as examples.

What the Charter allows is up to a **three year** period for existing mining rights holders to comply with the procurement targets on a progressive annual basis (although the wording of the relevant clause is rather confusing). This transition period can be extended by a **further two years** upon request. **But**, this extension is to **“allow the Holder sufficient time to develop the 50% + 1% Black Owned Companies”** (who will supply the goods and services). This then appears to place the onus on mining companies themselves to create Black Owned (supplier) Companies – an unnecessary burden on an already struggling industry. It has also been mentioned that the Charter’s procurement requirements may violate South Africa’s obligations under the General Agreement on Tariffs and Trade. And further it is likely to restrict foreign suppliers entering the local market who must deal with the ownership and 60% local content issues.

Of course the greater the amount of goods and services that can be sourced locally the better but we suggest that surely **Government (and Labour Unions)** have a role to play in creating Black Owned Companies and this should not be left to industry. **The DTI** should be prominent in this area. As example, the DTI is embarking on its **Black Industrialists Programme (BIP)**, where 100 Black industrialists have been targeted to receive support by the end of March 2018. This initiative is funded through a R3.6 bn budget with further loan finance available. The IDC in partnership with the DTI has stated that it has set aside a further R20 bn to assist black industrialists. In the BIP Policy Document, the DTI even acknowledge that investment into the manufacturing sector of the mining industry **has lagged** behind tertiary and services sectors. However no mention is made of mining manufacturing in the list of intended industrial sectors targeted to benefit from the BIP (apart from mineral beneficiation).

In a similar vein the Department of Economic Development is providing **R1.5 bn in support for down-stream steel manufacturers** and this program was to be implemented from 1 June this year, so pretty much in-line with the timing of the release of the new Mining Charter. So combined these government initiatives provide a substantial financial boost to increase local Black Owned industry but at the moment there does not appear to be a strong link to the mining sector. We would like to suggest that the DTI, the Department of Economic Development and the Department of Mineral Resources come together to align a portion of the financial support to the creation of Black Owned Companies required to supply the mining consumables and services targeted in the Charter. Pending the above mentioned court action, we anticipate that targets of some measure will remain.

AFRICA DOWN UNDER

Now in its **15th year**, the Africa Down Under Conference (ADU) was created to raise awareness of Australia’s interests in **African mining and energy**. The conference has grown into the largest African mining-focused event outside of the continent itself, and its importance is reflected in the number of high profile attendees welcomed to **Perth**, Australia’s mining capital. With a bounce-back in the global resources sector and a more positive sentiment from investors, interest in Africa’s mineral potential is continuing to gather momentum.

The 2017 program will feature a series of presentations by **senior African ministers, mining company executives, industry specialists and financial experts**. The regular discussion panels will again be programmed to maximise opportunities for discussion, networking and doing deals; while raising awareness of **the resources opportunities** available throughout Africa.

Do not miss the chance to be a part of this significant milestone as we mark 15 years of ADU! Click on the logo for all the conference information.



EVENT SPONSORSHIP

ABCSA offers a variety of event sponsorship opportunities to showcase your company’s services and strengthen your corporate brand in the ABCSA business community. Sponsorship packages are available at various price points and can be fully tailored to suit your organisation’s needs and requirements. If you have a specific idea about sponsorship and brand exposure or would like to do something out of the ordinary, please contact mignon@abcsafrica.org

If members have relevant news articles or events that they would like to bring to the Chambers attention, please contact us about adding these to the monthly newsletters.
